

Fruth Investment Management Form CRS

Item 1: Introduction

Fruth Investment Management is an SEC Registered Investment Advisor. The firm was founded in May 1992 by Richard J. Fruth, President and Owner. We provide investment management services to retail clients and small businesses. The firm specializes in building investment portfolios using individual stocks rather than through mutual funds or exchange traded funds (ETFs). All SEC Registered Investment Advisors are required by law to act in a “fiduciary” capacity. As a fiduciary, we are legally and ethically bound to act in your best interest. Brokerage and investment advisory services and fees differ, and it is important for you to understand the differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://www.investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

Item 2: Relationships and Services

What investment services and advice can you provide me?

We offer investment advisory services to retail clients and small businesses. On an ad hoc basis, we offer limited financial planning services that are included with the investment advisory services. The accounts we manage for you may include brokerage accounts, individual retirement accounts (IRAs), custodial accounts, trusts, corporate accounts, and pension plans. We review every stock position in your account(s) on a weekly basis and we review your entire account at least once a quarter. The custody of your account is held at Charles Schwab. As a client of Fruth Investment Management, you grant us ongoing discretionary authority to manage the investments in your account, the ability to move money at your request, and the ability to deduct advisor fees directly from your account. We request that you have a minimum investment amount of \$500,000. However, we may waive this request on a case by case basis. For more in-depth information, review our Form ADV, Part 2A Brochure.

To start a conversation about relationships and services, please ask us

- *Given my financial situation, should I choose an investment advisory service? Why or why not?*
- *How will you choose investments to recommend to me?*
- *What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?*

Item 3: Fees, Costs, Conflicts, and Standard of Conduct

What fees will I pay?

We are a “fee only” Investment Advisor, which means the only compensation we receive is from you. We charge you a percentage of assets under management (AUM). This fee is charged in advance, on a quarterly basis, and is deducted from your account(s). This quarterly fee is the only fee you pay us. Your custodian, Charles Schwab, may charge you a separate fee relating to account maintenance activities including but not limited to buying and selling a stock, wire transfers, and overnight checks. Please ask us about specific fees that Charles Schwab may charge you. We can provide a Charles Schwab Pricing Guide upon request. You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make

sure you understand what fees and costs you are paying. For more in-depth information, review our Form ADV, Part 2A Brochure.

What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide. Here are some examples to help you understand what this means. Charging you based on assets under management creates a conflict of interest. The more assets in your account(s), the more you will pay in fees. We have an incentive to encourage you to increase the amount of assets in your account(s) that we manage. For more in-depth information, review our Form ADV, Part 2A Brochure.

How do your financial professionals make money?

All employees are salaried employees. Employees may contribute to a SIMPLE IRA retirement plan with an employer match. Employees may receive a work performance-based bonus at year end. Any remaining revenue accrues to the firm owner. We do not base compensation on sales commissions, products sold, time and complexity required to meet client's needs, amount of client assets we serve, number of new accounts, revenue the firm earns, referrals, or anything else.

To start a conversation about fees, conflicts, and standard of conduct, please ask us

- *Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?*
- *How might your conflicts of interest affect me, and how will you address them?*

Item 4: Disciplinary History

Do you or your financial professionals have legal or disciplinary history?

No. Please visit Investor.gov/CRS for a free and simple search tool to research us and other financial professionals.

To start a conversation about our disciplinary history, please ask us

- *As a financial professional, do you have any disciplinary history? For what type of conduct?*

Item 5: Additional Information

Our phone number is 713-464-2283 and our email address is info@rjfruth.com. Our physical address is 820 Gessner Road Suite 1640 Houston, Texas 77024. You can find additional information regarding our firm by reviewing Form ADV Part 2A Brochure and the Form ADV – Part 2B Brochure Supplement. We will provide this information at no cost to you. In addition, you can find this information online at Investor.gov/CRS and/or adviserinfo.sec.gov.

To start a conversation about additional information, please ask us

- *Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?*