

## Key Capital Management, Inc. Relationship Summary

Key Capital Management is an investment adviser registered with the Securities and Exchange Commission. Brokerage and investment advisory services and fees differ, and it is important for you to understand these 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 adviser, and investing.

### What investment services and advice can you provide me?

We provide investment management and financial planning services to retail clients, typically bundled together for a **single ongoing asset-based fee based upon the value of cash and investments in the advisory account**. We will examine your current financial situation, and then work with you to identify an appropriate Investment Plan, considered in the context of your overall financial plan, investment objectives, and risk tolerance. Based upon these conversations, we will select an appropriate asset allocation based upon your objectives, goals, and risk tolerance. Once we construct an investment portfolio for you, we will monitor performance and rebalance your portfolio's performance on an ongoing basis. We offer our investment management services on both a **discretionary** and **non-discretionary** basis. If you choose to retain our services as a non-discretionary manager, you will retain the ultimate decision-making authority on investments. While, if you choose to engage our firm as a discretionary manager, our firm will make all decisions regarding investment selection and timing of trading. Some client portfolios will be managed by third-party money managers. These managers will oversee the day-to-day management of your portfolio. Currently the firm employs Sound Income Strategies as a third-party money manager.

As part of our portfolio management services, in addition to other types of investments, we customarily invest your assets according to one or more model portfolios developed by our firm. These models are designed for investors with varying degrees of risk tolerance ranging from a more aggressive investment strategy to a more conservative investment approach. Clients whose assets are invested in model portfolios may not set restrictions on the specific holdings or allocations within the model, nor the types of securities that can be purchased in the model. Nonetheless, clients may impose restrictions on investing in certain securities or types of securities in their account. In such cases, this may prevent a client from investing in certain models that are managed by our firm.

For additional information, please see Key Capital's Form ADV Part 2, Items 4, 7, 8, and 13.

#### **Conversation Starters.** Ask your financial professional –

- *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?*

### What fees will I pay?

You will be charged an **ongoing management fee** based on the assets under management in accordance with the fee schedule contained in your agreement. Fees are typically charged monthly in arrears based on the value of the portfolio on the last day of the period. The firm's current fee schedule is described in Item 5 of the Form ADV Part 2. There is a conflict of interest when charging an asset-based fee, as the firm has an incentive to encourage you to increase the assets in your account. At times the firm directs funds to third-party money managers. You will be responsible for paying the fees charged by these third-party managers. The maximum fee charged for third-party managers' services will be no more than 0.30%.

In addition to the fee(s) above, you will be responsible for certain charges imposed by the custodian and/or broker, including transaction fees, custodian fees (e.g. wire fees), and internal fees related to mutual funds.

Clients who choose to participate in our wrap fee program will also be charged an ongoing management fee based on the assets under management in accordance with the fee schedule contained in the agreement. Wrap fee clients are typically charged a higher ongoing management fee because that program will include most transaction costs and fees a broker-dealer

or custodian may charge. Participation in the wrap fee program presents the firm with a conflict of interest as the firm pays the transactional costs associated with the management of the account. This may incent the firm to trade your account less and therefore incur fewer transactional costs, while continuing to charge a higher asset-based fee.

***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. See [Key Capital Management Inc., Form ADV 2, Items 5 and 7](#).***

**Conversation Starters.** Ask your financial professional –

- *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?*

**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 must 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 you. Here are some examples to help you understand what this means.

- Our firm has an inherent conflict of interest in recommending you rollover or transfer your accounts to an account managed by Key Capital Management, Inc. since we have an incentive to generate compensation for the firm.
- The financial professionals at our firm are independent, licensed insurance agents and receive commissions for the sales of products, therefore they have a conflict of interest when they recommend you purchase insurance products.

**For additional information, please see [Key Capital's Management, Inc's Form ADV 2, Item 10](#).**

**Conversation Starters.** Ask your financial professional –

- How might your conflicts of interest affect me, and how will you address them?

**How do your financial professionals make money?**

Our financial professionals are paid a salary plus discretionary bonuses based on company, team, and individual performance, which includes metrics like client retention, referrals, and because the firm's salaries are ultimately derived, from revenue the firm earns from the financial professional's advisory services or recommendations. Our financial professionals are also licensed insurance agents and, in this capacity, are permitted to receive fees and commissions in connection with the sale of insurance products.

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

Yes. Visit [Investor.gov/CRS](https://www.investor.gov/crs) for a free and simple search tool to research us and our financial professionals.

**Conversation Starters.** Ask your financial professional –

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

### **Additional Information**

For additional information about our services, including up-to-date information about the firm and/or a copy of this disclosure, please call Kevin McCann at (615) 826-5749. To report a problem to the SEC, visit [Investor.gov](https://www.investor.gov) or call the SEC's toll-free investor assistance line at (800) 732-0330. If you have a problem with your investments, investment account or a financial professional, you may contact us in writing at 181 East Main St. Suite 7 Hendersonville, TN 37075

**Conversation Starters.** Ask your financial professional –

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