

# Kibble & Prentice

A USI COMPANY

## Kibble & Prentice Holding Company

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Seattle, WA 98101

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[www.kpcom.com](http://www.kpcom.com)

March 30, 2011

This Brochure provides information about the qualifications and business practices of Kibble & Prentice Holding Company [“K&P”]. If you have any questions about the contents of this Brochure, please contact K&P’s Chief Compliance Officer, Todd McMahon, at 206.441.6300 or [compliance@kpcom.com](mailto:compliance@kpcom.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Kibble & Prentice Holding Company is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Kibble & Prentice Holding Company also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 30, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure (which was 12/31/2009).

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Todd McMahon, Chief Compliance Officer, at (206) 441-6300 or [compliance@kpcom.com](mailto:compliance@kpcom.com).

Additional information about Kibble & Prentice Holding Company is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with Kibble & Prentice Holding Company who are registered, or are required to be registered, as investment adviser representatives of Kibble & Prentice Holding Company .

**Item 3 -Table of Contents**

Item 1 – Cover Page.....	i
Item 2 – Material Changes .....	ii
Item 3 - Table of Contents.....	iii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	3
Item 6 – Performance-Based Fees and Side-By-Side Management.....	8
Item 7 – Types of Clients .....	9
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	10
Item 9 – Disciplinary Information .....	11
Item 10 – Other Financial Industry Activities and Affiliations.....	11
Item 11 – Code of Ethics.....	13
Item 12 – Brokerage Practices .....	15
Item 13 – Review of Accounts .....	18
Item 14 – Client Referrals and Other Compensation .....	19
Item 15 – Custody .....	20
Item 16 – Investment Discretion .....	21
Item 17 – Voting Client Securities .....	21
Item 18 – Financial Information.....	21
Brochure Supplement(s)	

#### **Item 4 – Advisory Business**

Kibble & Prentice Holding Company (hereinafter “K&P”) has been in business since 1972 and in the investment advisory business since 1983. As of December 31, 2010, K&P manages approximately \$2.7 billion in client assets, giving ongoing investment advice to hundreds of clients across the Northwest.

K&P is a professional services firm that offers both investment advisory and non-investment advisory services to clients. K&P is a wholly owned subsidiary of USI Insurance Services (USI Holding Company). USI Holding Company is a wholly owned subsidiary of Compass Acquisition. Historically, K&P was owned by principals in the Company. In November 2006, the Company was sold to USI Holdings Corporation ([www.usi.biz](http://www.usi.biz)) which is owned by GS Capital Partners, an affiliate of Goldman Sachs & Co. and therefore K&P also has the strength of these entities standing behind it. The K&P service divisions are as follows: the Private Client Services (hereinafter “PCS”); Retirement Plan Services (hereinafter “RPS”); Employee Benefits Division (hereinafter “EBD”); and Property and Casualty (hereinafter “P&C”). In addition, K&P has a Finance & Administration Division (hereinafter “F&A”), which is responsible for the ongoing internal operations of K&P and a Corporate Sales and Marketing Group (hereinafter “CSMG”), which is responsible for creating prospect relationships and centers of influence.

K&P offers investment advisory services through its PCS and RPS service divisions described above. K&P offers these investment advisory services, where appropriate, to individuals, banks or thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

#### **PRIVATE CLIENT SERVICES (“PCS”):**

K&P offers the following advisory services through the Private Client Services (“PCS”):

##### **1. Portfolio Management:**

K&P provides Investment Supervisory Services, defined as giving continuous advice to a client or making investments for a client based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client’s particular circumstances are established, K&P develops a client’s personal investment policy and creates and manages a portfolio based on that policy. K&P manages advisory accounts on a

non-discretionary basis only. Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, or growth and income).

K&P will generally create a portfolio consisting of mutual funds. K&P will allocate the client's assets among various investments taking into consideration the overall management style selected by the client. The mutual funds will be selected on the basis of any or all of the following criteria: the fund's performance history; the industry sector in which the fund's investment objectives; the fund's management style and philosophy; and the fund's management fee structure. Portfolio weighting between fund's and market sectors will be determined by each client's individual needs and circumstances. Clients will have the opportunity to place reasonable restrictions on the types of investments that will be made on the client's behalf. Clients will retain individual ownership of all securities.

## **2. Consulting:**

K&P, through PCS, also offers clients investment advice on a more limited basis. This may include advice on only an isolated area(s) of concern. K&P also provides specific consultation and administrative services regarding investment and financial concerns of the client. Additionally, K&P provides advice on non-securities matters. K&P typically provides Consulting services to clients in connection with estate and/or business planning.

## **RETIREMENT PLAN SERVICES ("RPS"):**

K&P offers the following advisory services through its Retirement Plan Services division ("RPS"):

- 1. Retirement Plan Consulting:** K&P provides several advisory services separately or in combination. Retirement Plan Consulting services are comprised of four distinct components. Clients may choose to use any or all of these components.
  - A. Investment Policy Statement Preparation (hereinafter referred to as "IPS"):
  - B. K&P will meet with the client (in person or over the telephone) to determine the client's investment needs and goals. K&P will then prepare a written IPS stating those needs and goals and encompassing a policy under which these goals are to be achieved. The IPS will also list the criteria for selection of investment vehicles and the procedures and timing interval for monitoring of investment performance.
  - C. Selection of Investment Vehicles: K&P will review various investments, consisting exclusively of variable annuity products and mutual funds (both

index and managed) to determine which of these investments are appropriate to implement the client's IPS. The number of investments to be recommended will be determined by the client, based on the IPS.

- D. **Monitoring of Investment Performance:** Plan investment vehicles will be monitored continuously based on the procedures and timing intervals delineated in the IPS. K&P will monitor the Plan's investment vehicles and will make periodic recommendations to the client as market factors and the client's needs may dictate.
  - E. **Employee Communications:** For pension, profit sharing and 401(k) plan clients wherein there are individual accounts with participants exercising control over assets in their own account ("self directed plans"), K&P also provides periodic educational support and investment workshops designed for the Plan participants. The nature of the topics to be covered will be determined by K&P and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide Plan participants with individualized, tailored investment advice or individualized tailored asset allocation recommendations.
- 2. Pension Consultant Referral Service:** When K&P's Retirement Plan Consulting services are not appropriate for a client, or upon client request, K&P may provide the client with a referral to another Pension Consultant, based on a client's individual circumstances and needs.

## **Item 5 – Fees and Compensation**

### **PRIVATE CLIENT SERVICES ("PCS"):**

K&P offers the following advisory services through the Private Client Services ("PCS"):

#### **1. Portfolio Management:**

**Fee Schedule:** K&P will generally charge a percentage of assets under management, according to the schedules below, for this service:

Assets Under Management	Quarterly Rate (%)	Total Annual Fee (%)
First \$1,000,000.....	0.3750%.....	1.50%
Next \$2,000,000.....	0.2500%.....	1.00%
Next \$2,000,000.....	0.1875%.....	0.75%
*Next \$5,000,000.....	0.1250%.....	0.50%

(\*or all remaining amounts)

Clients will be invoiced in advance at the beginning of each quarter based upon the value (market value or fair market value in the absence of market value) of the client's account as of the last day of the quarter immediately prior to that quarter (for example: invoiced on 4/1 based on 3/31 value for the period 4/1-6/30).

K&P may charge a new client set-up fee to clients at the inception of the advisory relationship to cover administrative expenses incurred by K&P at the outset of the advisory relationship. K&P will charge up to \$3,000 as a set-up fee, depending on the nature and complexity of each client's circumstances. The new client set-up fee will be due and payable upon the inception of the advisory relationship.

K&P requires a minimum account size for "qualified trust" clients of \$250,000. For all other clients, the minimum account size requirement is \$650,000. Under certain circumstances, both K&P's Portfolio Management fees, set-up fees and account minimums may be negotiable.

## **2. Consulting:**

Fee Schedule: K&P may charge clients on an hourly basis, ranging from \$75 to \$275 per hour, depending on the nature and complexity of each client's circumstances and upon mutual agreement with the client. Under this billing arrangement, an estimate for total hours will be determined at the start of the advisory relationship. Hourly billings will be due and payable as earned. However, K&P typically waives or reduces its hourly fees if an advisory client executes recommended insurance product transactions through associated persons of K&P in their separate capacities as licensed insurance agents.

As such, these individuals will earn insurance commissions and/or incentive awards that are separate and distinct from fees charged for investment advisory services. Insurance commissions and/or incentive awards will not be credited towards future advisory fees.

K&P may charge a new client set-up fee to clients at the inception of the advisory relationship to cover administrative expenses incurred by K&P at the outset of the advisory relationship. K&P will charge up to \$3,000 as a set-up fee, depending on the nature and complexity of each client's circumstances. The new client set-up fee will be due and payable upon the inception of the advisory relationship.

### **RETIREMENT PLAN SERVICES ("RPS"):**

K&P offers the following advisory services through its Retirement Plan Services division ("RPS"):

**1. Retirement Plan Consulting:** K&P provides several advisory services separately or in combination. Retirement Plan Consulting services are comprised of four distinct components. Clients may choose to use any or all of these components.

#### *FEE SCHEDULE 1:*

FOR PLAN CLIENTS WITH GREATER THAN \$150,000 OF PLAN ASSETS, K&P'S FEE WILL BE CALCULATED AND CHARGED A PERCENTAGE OF PLAN ASSETS, ACCORDING TO THE SCHEDULES BELOW, FOR THIS SERVICE:

Plan Assets	Quarterly Rate (%)	Total Annual Fee (%)
First \$1,000,000.....	0.3125%.....	1.25%
Next \$2,000,000.....	0.2500%.....	1.00%
Next \$2,000,000.....	0.1875%.....	0.75%
*Next \$5,000,000.....	0.1250%.....	0.50%

(\*or all remaining amounts)

Clients will be invoiced in advance at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value) of the Plan's



assets as of the last day of the quarter immediately prior to that quarter (for example: invoiced on 4/1 based on 3/31 value for the period 4/1-6/30).

K&P may charge a new client set-up fee to clients at the inception of the advisory relationship to cover administrative expenses incurred by K&P at the outset of the advisory relationship. K&P will charge up to \$7,500 as a set-up fee, depending on the nature and complexity of each client's circumstances. The new client set-up fee may be due and payable upon the inception of the advisory relationship or it may be amortized over a period of time.

*Fee Schedule 2:* For Retirement Plan clients with less than \$1,000,000 of Plan assets, K&P's fee will be a minimum of \$5,000 annual fixed fee. Clients will be invoiced in quarterly increments of \$1,250.

K&P may charge a new client set-up fee to clients at the inception of the advisory relationship to cover administrative expenses incurred by K&P at the outset of the advisory relationship. K&P will charge up to \$7,500 as a set-up fee, depending on the nature and complexity of each client's circumstances. The new client set-up fee may be due and payable upon the inception of the advisory relationship or it may be amortized over a period of time.

**2. Pension Consultant Referral Service:** When K&P's Retirement Plan Consulting services are not appropriate for a client, or upon client request, K&P may provide the client with a referral to another Pension Consultant, based on a client's individual circumstances and needs.

**Fee Schedule:** K&P will be paid a referral fee by the Pension Consultant to whom the client is referred. Such referral fee will generally be 0.50% of the referred Plan's assets per annum. K&P will not directly charge any fees to the client for this service.

## **GENERAL INFORMATION ON FEES AND SERVICES**

**Negotiability of Fees:** In certain circumstances, all of K&P's fees, set-up fees and minimum requirements may be negotiable. Refer to your Fee Schedule for final amounts.

**Fee Calculation:** The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of funds or any portion of the funds of an advisory client. (Section 205(a)(1) of the Investment Advisers Act of 1940, as amended).

**Termination of Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 90 days prior written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

**Mutual Fund Disclosure:** All fees paid to K&P for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge or a contingent redemption fee. A client could invest in a mutual fund directly, without the services of K&P. In that case, the client would not receive the services provided by K&P, which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by K&P to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**Direct Debiting:** Advisory fees may be directly debited from a client account (without K&P being deemed to have "custody") if the following conditions are met:

- 1) K&P sends a statement to the client showing the amount of the fee, the value of the client's assets upon which the fee was based, and the specific manner in which the fee was calculated; and
- 2) K&P discloses to the client that it is the client's responsibility to verify the accuracy of the fee calculation and that the custodian will not determine whether the fee is properly calculated; and
- 3) K&P sends a bill to the custodian (simultaneously with the statement sent to the client in item 1 above) indicating only the amount of the fee to be paid by the custodian.
- 4) The client authorizes K&P in writing to receive fee payments directly from the client's account being held by an independent custodian; and
- 5) The independent custodian agrees to send the client, at least quarterly, a statement indicating all amounts disbursed from the account.

**FEES OFFSET BY COMMISSIONS:** INDIVIDUALS OF K&P ARE REGISTERED REPRESENTATIVES OF VARIOUS FINRA REGISTERED BROKER-DEALERS, INCLUDING M

HOLDINGS SECURITIES, INC. ADVISORY RECOMMENDATIONS OF K&P MAY INCLUDE THOSE PRODUCTS OR SERVICES OFFERED BY THESE COMPANIES. IF A PRODUCT OR SERVICE IS NOT OFFERED BY THESE COMPANIES, OTHER SUCH COMPANIES OFFERING THE PRODUCTS OR SERVICES WILL BE RECOMMENDED. AS SUCH, THESE INDIVIDUALS WILL BE ABLE TO RECEIVE SEPARATE, YET CUSTOMARY COMMISSION COMPENSATION RESULTING FROM IMPLEMENTING SECURITIES TRANSACTIONS ON BEHALF OF ADVISORY CLIENTS.

THESE BROKERAGE COMMISSIONS AND/OR 12B-1 TRAILS ARE SEPARATE AND DISTINCT FROM ADVISORY FEES CHARGED BY K&P. IN SOME INSTANCES, DEPENDING ON THE SIZE OF THE TRANSACTION, ADVISORY FEES MAY BE DISCOUNTED, AT K&P'S DISCRETION, FOR COMMISSIONS AND/OR 12B-1 TRAILS EARNED. COMMISSIONS AND/OR 12B-1 TRAILS WILL NOT BE CREDITED TOWARDS FUTURE ADVISORY FEES. IN ADDITION, INSURANCE PRODUCT TRANSACTIONS PLACED THROUGH INDIVIDUALS OF K&P, AS LICENSED INSURANCE AGENTS, MAY GENERATE INSURANCE COMMISSIONS AND/OR INCENTIVE AWARDS.

THESE INSURANCE COMMISSIONS AND/OR INCENTIVE AWARDS ARE SEPARATE AND DISTINCT FROM K&P'S ADVISORY FEES. IN SOME INSTANCES, DEPENDING ON THE SIZE OF THE TRANSACTION, ADVISORY FEES MAY BE DISCOUNTED OR WAIVED, AT K&P'S DISCRETION, FOR INSURANCE COMMISSIONS AND/OR INCENTIVE AWARDS. INSURANCE COMMISSIONS AND/OR INCENTIVE AWARDS WILL NOT BE CREDITED TOWARDS FUTURE ADVISORY FEES.

#### **Item 6 – Performance-Based Fees and Side-By-Side Management**

K&P does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7 – Types of Clients**

K&P provides portfolio management services to individuals, high net worth individuals, retirement plans, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, trust programs, and other U.S. institutions.

### **CONDITIONS FOR MANAGING ACCOUNTS**

#### **PRIVATE CLIENT SERVICES (“PCS”):**

1. Portfolio Management: As disclosed above, K&P may charge a new client set-up fee to clients at the inception of the advisory relationship to cover administrative expenses incurred by K&P at the outset of the advisory relationship. K&P will charge up to \$3,000 as a set-up fee, depending on the nature and complexity of each client’s circumstances. The new client set-up fee will be due and payable upon the inception of the advisory relationship. K&P requires a minimum account size for “qualified trust” clients of \$250,000. For all other clients, the minimum account size requirement is \$650,000.

Under certain circumstances, K&P’s Portfolio Management account minimums and set-up fees may be negotiable.

2. Consulting: As disclosed above, K&P may charge a new client set-up fee to clients at the inception of the advisory relationship to cover administrative expenses incurred by K&P at the outset of the advisory relationship. K&P will charge up to \$3,000 as a set-up fee, depending on the nature and complexity of each client’s circumstances. The new client set-up fee will be due and payable upon the inception of the advisory relationship.

#### **RETIREMENT PLAN SERVICES (“RPS”):**

1. Retirement Plan Consulting: As disclosed above, K&P may charge a new client set-up fee to clients at the inception of the advisory relationship to cover administrative expenses incurred by K&P at the outset of the advisory relationship. K&P will charge up to \$7,500 as a set-up fee, depending on the nature and complexity of each client’s circumstances. The new client set-up fee will be due and payable upon the inception of the advisory relationship.

2. Pension Consultant Referral Service: K&P does not maintain any fee minimums for this service. K&P does not charge a new client set-up fee for this service.

## Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

K&P provides Investment Supervisory Services, defined as giving continuous advice to a client or making investments for a client based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, K&P develops a client's personal investment policy and creates and manages a portfolio based on that policy. K&P manages advisory accounts on a non-discretionary basis only. Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, or growth and income).

K&P will generally create a portfolio consisting of mutual funds. K&P will allocate the client's assets among various investments taking into consideration the overall management style selected by the client. The mutual funds will be selected on the basis of any or all of the following criteria: the fund's performance history; the industry sector in which the fund's investment objectives; the fund's management style and philosophy; and the fund's management fee structure. Portfolio weighting between fund's and market sectors will be determined by each client's individual needs and circumstances. Clients will have the opportunity to place reasonable restrictions on the types of investments that will be made on the client's behalf.

K&P does not guarantee that the investment advice of any method or strategy will be profitable or that it will be able to meet the investment objectives of any Client. Past performance should never be viewed as a guarantee of future performance.

All investments bear different types and degrees of risk. While the methods and investment strategies are designed to provide appropriate investment diversification, some investments have significantly greater risks than others. And while diversification and asset allocation are effective strategies to help you manage risk, they do not guarantee against loss. Clients should always be cognizant of the fact that obtaining higher rates of return on investments entails accepting higher levels of risk. The methods and investment strategies are designed to seek a balance between risks and rewards to achieve the stated investment objectives. Clients need to ask questions about investment risks they do not understand. K&P's advisory representatives would be pleased to discuss any questions you may have regarding these methods and strategies or, where appropriate, refer you to the appropriate representative of the investment strategy.

**Investing in securities involves risk of loss that clients should be prepared to bear.**

## **Item 9 – Disciplinary Information**

K&P, as a registered investment adviser, is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of our firm or the integrity of our firm’s management. K&P has no information applicable to this Item.

## **Item 10 – Other Financial Industry Activities and Affiliations**

K&P is a wholly owned subsidiary of USI Insurance Services (USI Holding Company). USI Holding Company is a wholly owned subsidiary of Compass Acquisition. Compass Acquisition is a portfolio company of Goldman Sachs Capital Partners, a private equity affiliate of Goldman Sachs & Co. Historically, K&P was owned by principals in the Company. In November 2006, the Company was sold to USI Holdings Corporation ([www.usi.biz](http://www.usi.biz)) which is owned by GS Capital Partners, an affiliate of Goldman Sachs & Co. and therefore K&P also has the strength of these entities standing behind it. This affiliate structure creates related person relationships and indirectly puts K&P in other business activity that it would not have traditionally been conducting without this affiliation. We’ve disclosed these related person activities even if in practice K&P does not conduct those activities. Also note that in March 2010, K&P acquired certain assets of RA Bench, Inc.

K&P is a professional services firm that offers both investment advisory and non-investment advisory services to clients. The K&P service divisions are as follows: the Private Client Services (“PCS”); Retirement Plan Services (“RPS”); Employee Benefits Division (“EBD”); and Property & Casualty (“P&C”). In addition, K&P has a Finance & Administration Division (“F&A”), which is responsible for the ongoing internal operations of K&P and a Corporate Sales and Marketing Group (“CSMG”), which is responsible for creating prospect relationships and centers of influence.

In addition to the advisory services K&P’s RPS division provides clients third party administrator (“TPA”) services to RPS clients. The TPA services provided through RPS are non-advisory in nature. K&P’s advisory clients may also utilize the TPA services offered through RPS. However, no advisory client is obligated to use any TPA services offered through RPS. Approximately 9% of K&P’s overall time and resources are allocated to RPS’ TPA services activities.

K&P's PCS division provides individuals with portfolio management and insurance products to PCS clients. The portfolio services provided through PCS are advisory. The insurance products are non-advisory in nature. K&P's advisory clients may also utilize the services offered through PCS. However, no advisory client is obligated to use any services offered through PCS. PCS is not itself an insurance agency or company. Instead, individuals of K&P's PCS division are licensed insurance agents of various insurance companies. As such, these individuals will be able to receive separate, yet customary commission compensation resulting from implementing insurance product transactions on behalf of advisory clients. Approximately 11% of K&P's overall time and resources are allocated to PCS activities.

K&P's EBD division provides administrative and employee benefits broker services to EBD clients. The services provided through EBD are non-advisory in nature. K&P's advisory clients may also utilize the services offered through EBD. However, no advisory client is obligated to use any services offered through EBD. EBD is not itself an insurance agency or company. Instead, individuals of K&P's EBD division are licensed insurance agents of various insurance companies. As such, these individuals will be able to receive separate, yet customary commission compensation resulting from implementing insurance product transactions on behalf of advisory clients. Approximately 34% of K&P's overall time and resources are allocated to EBD activities.

K&P's P&C division provides insurance products and services to P&C clients. The services provided through P&C are non-advisory in nature. K&P's advisory clients may also utilize the insurance products and/or services offered through P&C. However, no advisory client is obligated to use any insurance product and/or service offered through P&C. P&C is not itself an insurance agency or company. Instead, individuals of K&P's P&C division are licensed insurance agents of various insurance companies. As such, these individuals will be able to receive separate, yet customary commission compensation resulting from implementing insurance product transactions on behalf of advisory clients. Approximately 46% of K&P's overall time and resources are allocated to P&C activities.

In addition, some individuals of K&P are also registered representatives of M Holdings Securities, Inc., an FINRA registered broker-dealer. As such, these individuals, in their separate capacities as registered representatives, will be able to effect securities transactions and will receive separate, yet customary compensation for effecting any securities transactions. These K&P individuals generally spend up to 50% of their time on M Holdings Securities, Inc. activities.

K&P is also affiliated with USI Securities, Inc. and USI Advisor, Inc., both registered investment advisors, which are wholly owned by USI Insurance Services LLC (which wholly owns K&P).

## Item 11 – Code of Ethics

K&P has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at K&P must acknowledge the terms of the Code of Ethics annually, or as amended.

This Code establishes rules of conduct for all associates of Kibble & Prentice and is designed to, among other things, govern personal securities trading activities in the accounts of associates. The Code is based upon the principle that Kibble & Prentice and its associates should conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

The Code is designed to ensure that the high ethical standards long maintained by Kibble & Prentice continue to be applied. The purpose of the Code is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct. The excellent name and reputation of our firm continues to be a direct reflection of the conduct of each associate. Kibble & Prentice and its associates are prohibited from engaging in fraudulent, deceptive or manipulative conduct. Compliance with this Code involves more than acting with honesty and good faith alone. It means that Kibble & Prentice has an affirmative duty of utmost good faith to act solely in the best interest of its clients. **You may request a copy of the Code of Ethics at any time.** K&P's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Todd McMahon, Chief Compliance Officer at [compliance@kpcom.com](mailto:compliance@kpcom.com) or (206) 441-6300.



## **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

K&P or individuals associated with K&P may buy or sell securities identical to, or different than, those recommended to customers for their personal accounts. In addition, any related person(s) may have an interest of position in a certain security(ies) that may also be recommended to a client.

It is the expressed policy of K&P that no person employed by K&P may purchase or sell any security prior to a transaction(s) being implemented for an advisory account; therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts.

As these situations represent a conflict of interest, K&P has established the following restrictions in order to ensure its fiduciary responsibilities:

- 1) A director, officer or employee of K&P shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of K&P shall prefer his or her own interest to that of the advisory client.
- 2) K&P maintains a list of all securities holdings for itself, and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a periodic basis by Todd McMahon, Chief Compliance Officer, and/or one or more of the other executive officers/directors of K&P.
- 3) All clients are fully informed that certain individuals may receive separate compensation when effecting transactions during the implementation process.
- 4) K&P emphasizes the unrestricted right of the client to decline to implement any advice rendered.
- 5) K&P requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
- 6) Any individual not in observance of the above may be subject to termination.

## Item 12 – Brokerage Practices

K&P's related persons (GSCP) does maintain brokerage discretion, thus do to our affiliate relationship, we are noting answers in the affirmative. However, K&P does not have the discretionary authority to determine the broker-dealer to be used or the commission rates to be paid, clients must direct K&P as to the broker-dealer to be used. In directing the use of a particular broker-dealer, it should be understood that K&P will not have authority to negotiate commissions or obtain volume discounts. In addition, a disparity in commission charges may exist between the commissions charged to other clients.

### **PRIVATE CLIENT SERVICES ("PCS"):**

1. Portfolio Management: As K&P does not have the discretionary authority to determine the broker-dealer to be used or the commission rates to be paid, clients must direct K&P as to the broker-dealer to be used. In directing the use of a particular broker-dealer, it should be understood that K&P will not have authority to negotiate commissions or obtain volume discounts. In addition, a disparity in commission charges may exist between the commissions charged to other clients.

For clients in need of brokerage or custodial services, and depending on client circumstances and needs, K&P may recommend any one of several brokers (including but not limited to Schwab for custodial services as part of K&P's RIA business and/or M Holdings Securities, Inc. for brokerage services as part of K&P's securities commission business), provided that such recommendation is consistent with K&P's fiduciary duty to the client, as a registered investment advisor. K&P's clients must independently evaluate these brokers before opening an account. The factors considered by K&P when making this recommendation are the broker's ability to provide professional services, K&P's experience with the broker, the broker's reputation, and the broker's quality of execution services and costs of such services, among other factors.

K&P generally requests that clients direct K&P to place all trades through Schwab or M Holdings Securities, Inc. K&P has evaluated Schwab and M Holdings Securities, Inc. and believes that these broker-dealers will provide K&P clients with a blend of execution services, commission costs and professionalism that will assist K&P in servicing client accounts. While K&P has a reasonable belief that Schwab and M Holdings Securities, Inc. are able to obtain best execution and competitive prices, K&P will not be independently seeking best execution price capability through other broker-dealers. K&P reserves the

right to decline acceptance of any client account in which the client directs the use of a broker-dealer other than Schwab and M Holdings Securities, Inc.

Clients should understand that trades placed through affiliated individuals of K&P as registered representatives of these broker-dealers will generate separate yet typical commissions and/or 12b-1 trail fees. These brokerage commissions and/or 12b-1 trails are separate and distinct from advisory fees charged by K&P. In some instances, depending on the size of the transaction, advisory fees will be discounted or waived, at K&P's discretion, for commissions and/or 12b-1 trails earned. Commissions and/or 12b-1 trails will not be credited towards future advisory fees.

In addition, insurance product transactions placed through individuals of K&P, as licensed insurance agents, may generate insurance commissions and/or incentive awards. These insurance commissions and/or incentive awards are separate and distinct from K&P's advisory fees. In some instances, depending on the size of the transaction, advisory fees may be discounted or waived, at K&P's discretion, for insurance commissions and/or incentive awards. Insurance commissions and/or incentive awards will not be credited towards future advisory fees.

Not all registered investment advisors require client-directed brokerage as is the case with K&P. Clients may be able to receive investment management services from other registered investment advisers who either operate with full brokerage discretion or some blend of brokerage discretion and client-directed brokerage.

2. Consulting: These clients will be required to select their own broker-dealers and insurance companies for the implementation of Retirement Plan Consulting recommendations. K&P may recommend any one of several brokers (including but not limited to Schwab for custodial services as part of K&P's RIA business and/or M Holdings Securities, Inc. for brokerage services as part of K&P's securities commission business), provided that such recommendation is consistent with K&P's fiduciary duty to the client, as a registered investment advisor. K&P's clients must independently evaluate these brokers before opening an account. The factors considered by K&P when making this recommendation are the broker's ability to provide professional services, K&P's experience with the broker, the broker's reputation, and the broker's quality of execution services and costs of such services, among other factors.

Clients should understand that trades placed through affiliated individuals of K&P as registered representatives of these broker-dealers will generate separate yet typical commissions and/or 12b-1 trail fees. These brokerage commissions and/or 12b-1 trails

are separate and distinct from advisory fees charged by K&P. In some instances, depending on the size of the transaction, advisory fees will be discounted or waived, at K&P's discretion, for commissions and/or 12b-1 trails earned. Commissions and/or 12b-1 trails will not be credited towards future advisory fees.

In addition, insurance product transactions placed through individuals of K&P, as licensed insurance agents, may generate insurance commissions and/or incentive awards. These insurance commissions and/or incentive awards are separate and distinct from K&P's advisory fees. In some instances, depending on the size of the transaction, advisory fees may be discounted or waived, at K&P's discretion, for insurance commissions and/or incentive awards. Insurance commissions and/or incentive awards will not be credited towards future advisory fees.

**RETIREMENT PLAN SERVICES ("RPS"):**

1. Retirement Plan Consulting: These clients will be required to select their own broker-dealers and insurance companies for the implementation of Retirement Plan Consulting recommendations. K&P may recommend any one of several brokers (including but not limited to Schwab, Fidelity, Sterling/Matrix, American Funds and/or M Holdings Securities, Inc.), provided that such recommendation is consistent with K&P's fiduciary duty to the client, as a registered investment advisor. K&P's clients must independently evaluate these brokers before opening an account. The factors considered by K&P when making this recommendation are the broker's ability to provide professional services, K&P's experience with the broker, the broker's reputation, and the broker's quality of execution services and costs of such services, among other factors.

Clients should understand that trades placed through affiliated individuals of K&P as registered representatives of these broker-dealers will generate separate yet typical commissions and/or 12b-1 trail fees. These brokerage commissions and/or 12b-1 trails are separate and distinct from advisory fees charged by K&P. In some instances, depending on the size of the transaction, advisory fees will be discounted or waived, at K&P's discretion, for commissions and/or 12b-1 trails earned. Commissions and/or 12b-1 trails will not be credited towards future advisory fees.

In addition, insurance product transactions placed through individuals of K&P, as licensed insurance agents, may generate insurance commissions and/or incentive awards. These insurance commissions and/or incentive awards are separate and distinct from K&P's advisory fees. In some instances, depending on the size of the transaction, advisory fees may be discounted or waived, at K&P's discretion, for insurance commissions and/or

incentive awards. Insurance commissions and/or incentive awards will not be credited towards future advisory fees.

2. Pension Consultant Referral Service: Due to the nature of the service, K&P does not generally recommend broker-dealers, insurance companies, or custodians to Pension Consultant Referral Service clients.

### **Item 13 – Review of Accounts**

#### **PRIVATE CLIENT SERVICES (“PCS”):**

1. Portfolio Management: While the underlying securities within Portfolio Management accounts are continuously monitored, these accounts will be formally reviewed at least quarterly by the K&P individual in charge of the account. In addition, accounts will be reviewed and supervised by Chris Prentice, President of PCS, and/or one or more of the other executive officers/directors of K&P. More frequent reviews may be triggered by material changes in variables such as the client’s individual circumstances, or the market, political or economic environment.
2. Consulting: These accounts will be reviewed as contracted for at the inception of the advisory relationship.

#### **RETIREMENT PLAN SERVICES (“RPS”):**

1. Retirement Plan Consulting: Retirement Plan Consulting accounts will be reviewed as contracted at the inception of the advisory relationship.
2. Pension Consultant Referral Service: Pension Consulting Referral Service accounts will be reviewed as contracted at the inception of the advisory relationship.

#### **REGULAR REPORTS**

#### **PRIVATE CLIENT SERVICES (“PCS”):**

1. Portfolio Management: In addition to the monthly and/or quarterly statements and confirmations of transactions that Portfolio Management clients receive from their broker-dealer and/or custodian, K&P may provide quarterly or semi-annual account performance reports to clients.

2. Consulting: These clients will receive reports as contracted at the inception of the advisory relationship.

#### **RETIREMENT PLAN SERVICES (“RPS”):**

1. Retirement Plan Consulting: Retirement Plan Consulting accounts will receive reports as contracted at the inception of the advisory relationship.
2. Pension Consultant Referral Service: Pension Consulting Referral Service accounts will receive reports as contracted at the inception of the advisory relationship.

### **Item 14 – Client Referrals and Other Compensation**

#### **CLIENT REFERRALS**

K&P receives client referrals from Charles Schwab & Co., Inc. (“Schwab”) through K&P’s participation in Schwab Advisor Network (“the Service”). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with K&P. Schwab does not supervise K&P and has no responsibility for K&P’s management of clients’ portfolios or K&P’s advice or services. K&P pays Schwab fees to receive client referrals through the Service. K&P’s participation in the Service may raise potential conflicts of interest described as follows. K&P pays Schwab a Participation Fee on all referred clients’ accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by K&P is a percentage of the fees the client owes to K&P or a percentage of the value of the assets in the client’s account, subject to a minimum Participation Fee. K&P pays Schwab the Participation Fee for so long as the referred client’s account remains in custody at Schwab. The Participation Fee is billed directly to K&P quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by K&P and not by the client. K&P may charge clients referred through the Service fees or costs greater than the fees or costs K&P charges clients with similar portfolios who were not referred through the Service. The fee differential is typically 25bps (.25%) higher than a similar client who was not referred through the service [Disclosure pursuant to SEC rule 206(4)-3(b)(6)].

#### **OTHER COMPENSATION**

Individuals of K&P may, from time to time, receive insurance commissions and/or incentive awards for the recommendation/introduction of insurance investment products.

Individuals of K&P may, from time to time, receive 12b-1 distribution fees from investment companies in connection with the placement of client funds into investment companies.

Individuals of K&P may, from time to time, receive brokerage commissions in connection with the purchase and/or sale of securities on behalf of advisory clients.

As disclosed in prior sections above, K&P may provide the client with a referral to another Pension Consultant, based on a client's individual circumstances and needs. For this service, K&P will be paid a referral fee by the Pension Consultant to whom the client is referred. Such referral fee will generally be 0.50% of the referred Plan's assets per annum. K&P will not directly charge any fees to the client for this service. K&P is aware of the special considerations promulgated under Section 206(4)-3 of the Investment Advisers Act of 1940, as amended. As such, appropriate disclosure shall be made, all written instruments will be maintained by K&P and all applicable federal and/or state laws will be observed.

While these individuals endeavor at all times to put the interest of the clients first as part of K&P's fiduciary duty as a registered investment advisor, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

### **Item 15 – Custody**

K&P does not take possession of client money or securities, although K&P generally has the authority to deduct its advisory fees from client accounts. Schwab serves as custodians for most client accounts.

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. K&P urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Item 16 – Investment Discretion**

K&P is a non-discretionary adviser and never has discretion over Client assets.

Investment guidelines and restrictions must be provided to K&P in writing.

### **Item 17 – Voting *Client* Securities**

As a matter of firm policy and practice, K&P does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. K&P may provide advice to clients regarding the clients' voting of proxies.

### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about K&P's financial condition. K&P has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.