

SFS

SUNSET FINANCIAL

Sunset Financial Services, Inc.

3520 Broadway
Kansas City, Missouri 64111

Telephone: 816-753-7000
Email: sunsetfinancial@kclife.com

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This brochure provides information about the qualifications and business practices of Sunset Financial Services, Inc. If you have any questions about the contents of this brochure, please contact us at 816-753-7000 or sunsetfinancial@kclife.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.

Additional information about Sunset Financial Services, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 3538.

Material Changes

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure. The SFS Part 2A Firm Brochure dated 03/31/2011 was updated to report the following changes.

- The Advisor Investment Management and Advisory Retirement Programs were added as available programs.
- The amount of assets under management was updated as of December 31, 2011.

Summary of Material Changes since the Last Annual Update

- On April 16, 2012, Kelly Ullom became the interim Executive Officer of Sunset Financial Services, Inc. Janice Brandt was named the interim Chief Compliance Officer.
- The Firm's trade error policy was added.
- The Advisor Select Premier, Advisor Investment Management Program and Advisory Retirement Program have been discontinued.
- The amount of assets under management was updated as of September 2012.

The revised Part 2A of Form ADV: Firm Brochure for Sunset Financial Services, Inc. is dated October 2012.

Full Brochure Available

You may request a copy of our Part 2A of Form ADV: Firm Brochure by telephone at (816) 753-7000 or by email at Sunsetfinancial.com.

A current brochure is delivered to a client before or at the time an advisor enters into an advisory relationship. We will ensure that each client receives a summary of any material changes to this and subsequent brochures within 120 days of the close of our fiscal year. Furthermore, we will provide each client with other interim disclosures about material changes as necessary.

Item 3	Table of Contents	Page
Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents	3
Item 4	Advisory Business	4
Item 5	Fees and Compensation	7
Item 6	Performance-Based Fees and Side-By-Side Management	11
Item 7	Types of Clients	11
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	12
Item 9	Disciplinary Information	13
Item 10	Other Financial Industry Activities and Affiliations	14
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	14
Item 12	Brokerage Practices	15
Item 13	Review of Accounts	17
Item 14	Client Referrals and Other Compensation	18
Item 15	Custody	18
Item 16	Investment Discretion	18
Item 17	Voting Client Securities	19
Item 18	Financial Information	19

Item 4 Advisory Business

Sunset Financial Services, Inc. (“SFS”) is a SEC-registered investment adviser with its principal place of business located in Missouri. Sunset Financial Services, Inc. began conducting business in 1996. SFS is a wholly-owned subsidiary of Kansas City Life Insurance Company.

Sunset Financial Services, Inc. offers the following advisory services to our clients:

INVESTMENT ADVISORY SERVICES MANAGER SELECTION PROGRAMS

SFS provides its clients with access to third party independent investment managers (“Money Managers”) and Money Manager Investment models.

Our firm’s investment advisory representative provides the client with an asset allocation strategy developed through personal discussions in which goals and objectives based on the client’s particular circumstances are established.

Based on the client’s individual circumstances and needs, our investment advisor representative will perform management searches of various unaffiliated registered Money Managers to identify which registered Money Manager’s portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance, the opinion of each client and the investment philosophy of the selected registered Money Manager. Clients participating in this program are generally required to grant full discretionary authority to the Money Manager. Clients should refer to the selected registered Money Manager’s Firm Brochure or other disclosure document for a full description of the services offered. Our investment advisor representatives are available to meet with clients on a regular basis, or as determined by the client, to review the account.

Our investment advisor representatives monitor the performance of the selected Money Managers(s). If it is determined that a particular selected Money Manager(s) is not providing sufficient management services to the client, or is not managing the client’s portfolio in a manner consistent with the client’s objectives, the investment advisor representative may suggest that the client contract with a different registered Money Manager. Under this scenario, our firm assists the client in selecting a new Money Manager. However, any move to a new Money Manager is solely at the discretion of the client.

INDIVIDUAL PORTFOLIO MANAGEMENT

SFS may provide investment management services, defined as giving continuous investment advice, to a client through the Rep as Portfolio Manager (RPM) program as described herein. Investment recommendations are not limited to any specific product or service offered by a broker/dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Exchange traded funds (ETFs)
- Securities traded over-the-counter

- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- United States governmental securities

SFS serves as introducing broker/dealer for all accounts through the RPM program and clears securities transactions through National Financial Services, LLC (“NFS”).

Rep as Portfolio Manager (“RPM”)

The RPM program provides continuous advice to a client regarding the investment of client funds 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, our firm's investment advisor representative creates and manages a portfolio. During the data-gathering process, the investment advisor representative will determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. It is during this process that our investment advisor representatives will determine the client's suitability for the RPM program. As appropriate, our investment advisor representative will also review and discuss a client's prior investment history, as well as family composition and background. All transactions are done on a non-discretionary basis.

SFS has partnered with Envestnet Asset Management (“Envestnet”) and NFS to deliver the RPM program to our clients. Investment advisor representatives will utilize Envestnet's technology platform to support performance reporting, fee calculation, billing and account evaluation.

With respect to the RPM program, investment advisor representatives will primarily focus their advice on no-load and load-waived mutual funds and general securities. Investments will only be implemented and/or recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

The investment advisor representative will use the following investment management process; however, the investments and investment strategies utilized for each client may vary by investment advisor representative:

1. Define Current Assets
2. Profile Client through Risk Tolerance Questionnaire
3. Provide Client Investment Strategy Proposal and Select Investments
4. Monitor Portfolio

SFS investment advisor representatives may develop models or strategies that are generally applied to their clients while other SFS investment advisor representatives will develop truly individualized portfolios for each client.

FINANCIAL PLANNING

SFS also provides advice in the form of a Financial Plan. Clients purchasing this service will receive a written report, providing the client with a detailed financial plan designed to achieve his or her stated financial goals and objectives.

In general, the financial plan will address any or all of the following areas of concern:

- **PERSONAL:** Family records, budgeting, personal liability, estate information and financial goals.
- **EDUCATION:** Education IRAs, financial aid, state savings and 529 plans, grants and general assistance in preparing to meet dependent's continuing educational needs through development of an education plan.
- **TAX & CASH FLOW:** Tax and spending analysis and planning for past, current and future years. SFS will illustrate the impact of various investments on a client's current tax and future tax liability
- **DEATH & DISABILITY:** Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.
- **RETIREMENT:** Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.
- **INVESTMENTS:** Analysis of investment alternatives and their effect on a client's portfolio.
- **BUSINESS:** Analysis of current and future business needs.

The SFS investment advisor representative gathers required information through in-depth personal interviews. Information gathered includes a client's current financial status, future goals and attitudes towards risk. Related documents supplied by the client are carefully reviewed, which may include a questionnaire completed by the client, and a written report is prepared. Should a client choose to implement the recommendations contained in the plan, SFS suggests the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

CONSULTING SERVICES

Clients can also receive investment advice on a more focused basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. Our investment advisor representative also can provide specific consultation and administrative services regarding investment and financial concerns of the client.

Consulting recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

AMOUNT OF MANAGED ASSETS

As of 9/07/2012, we were actively managing \$53,790,482 of clients' assets on a non-discretionary basis.

Limits Advice to Certain Types of Investments

With some exceptions, our investment adviser representatives are available to offer advice on most types of investments as described in this Item 4. However, if your investment adviser representative does not hold a Series 7 General Securities Representative or comparable license with SFS, the investment adviser representative will be restricted to providing specific advice on only investment company products (such as mutual funds) and variable annuities.

Specialization

Investment strategies and philosophies differ among SFS investment adviser representatives who are responsible for determining and implementing their own investment advice under the supervision and compliance of SFS. While SFS does not consider itself as specializing in any one form of advisory service, SFS investment adviser representatives may focus or specialize on certain types of advisory services over other types.

Item 5 Fees and Compensation

INVESTMENT ADVISORY SERVICES MANAGER SELECTION PROGRAMS

SFS may receive commissions and/or fees from Money Managers with whom they act as solicitors. This will be a contractual arrangement between SFS and the Money Manager, which will be disclosed to the client in writing prior to the placement of assets. The payment of such fees will be in compliance with federal regulations as set forth in Rule 206(4)-3 of the Investment Advisors Act of 1940.

Fee schedules will vary by third party Money Manager, but will generally range between .25% - .75% per quarter. SFS may receive all or a portion of the fees. The specific fees that the client will be charged are disclosed prior to placement of the assets with a selected Money Manager through the disclosure documents and client advisory agreements.

SFS and the investment advisor representatives of SFS will share in a portion of the fee paid by the client. SFS does not control the fees or the billing arrangements of any selected Money Manager. For a complete description of the fee arrangement including billing practices, minimum account requirements and account termination provisions, clients should review the Money Manager's Firm Brochure or other disclosure document.

The total compensation received by the SFS investment advisor may be more or less than what the investment advisor representative would receive if the client participated in other programs or paid separately for investment advice, brokerage and other client services. Therefore, the investment advisor representative may or may not have a financial incentive to recommend the third party Money Manager over other services or managers who have not agreed to pay compensation to SFS.

INDIVIDUAL PORTFOLIO MANAGEMENT

RPM PROGRAM

The specific annual fee clients will be charged through the RPM Program may vary by investment advisor representative; however, the fee may not exceed 2.75% of the portfolio value. Account fees charged by the investment advisor representative may be higher or lower than another SFS investment advisor representative participating in these programs. The account fee is paid to and retained by SFS and the investment advisor representatives. The amount received and retained by the investment advisor representative will typically be no more than 90% of the total fee paid by the client.

Our fees are billed in advance at the end of each calendar quarter based upon the value (market value or fair market value in the absence of market value) of the client's account at the end of the previous quarter. The fee shall be agreed by client and the investment advisor representative prior to commencing services. Fees will be debited in accordance with the client authorization in the client agreement.

Participation in the RPM Program may cost the client more or less than purchasing program services individually. Factors that may impact the overall cost of the program in relation to the cost of the same services purchased separately include: the size of the account, expected size or number of trades in the account, the types of investments and the scope of advisory and other client services rendered by the investment advisor representative. The SFS investment advisor representative is compensated as a result of the client's participation in the program. The amount of this compensation may be more or less than what the investment advisor representative would receive if the client participated in other programs or paid separately for investment advice, brokerage, and other client services. Therefore, the investment advisor representative may or may not have a financial incentive to recommend the program over other services.

See below in this Item 5 for additional disclosure regarding Wrap Fees and the RPM Program.

FINANCIAL PLANNING FEES

Sunset Financial Services, Inc.'s Financial Planning fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our Financial Planning fees are calculated and charged on a fixed fee basis, typically ranging from \$150 to \$12,000 depending on the specific arrangement reached with the client.

We may request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will never exceed \$1,200 for work that will not be completed within six months. The balance is due upon completion of the plan.

CONSULTING SERVICES FEES

Sunset Financial Services, Inc.'s Consulting Services fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our Consulting Services fees can be paid in a variety of options as expressed in the contract with the client.

The fee may be calculated and charged on an hourly basis, ranging from \$50 to \$250 per hour. An estimate for the total hours is determined at the start of the advisory relationship.

Our Consulting Services fees can also be calculated and charged on a fixed fee basis, typically ranging from \$150 to \$2,000, subject to the specific arrangement reached with the client.

Other Compensation: Financial Planning and/or Consulting Services do not include the implementation of transactions on your behalf. To the extent you would like your investment advisor representative to implement transactions on your behalf, you will need to contract with SFS and your investment advisor representative for management services described in this section or you could invest with your investment advisor representative in his or her separate capacity of a SFS Registered Representative to establish an account and implement transactions through a non-fee, commission-based account. Management personnel and other related persons of our firm are licensed as registered representatives of SFS, a broker-dealer, and/or licensed as insurance agents or brokers. In their separate capacity(ies), these individuals are able to implement investment recommendations for advisory clients for separate and typical compensation (i.e., commissions, 12b-1 fees or other sales-related forms of compensation). This presents a conflict of interest to the extent that these individuals recommend that a client invest in a security which results in a commission being paid to the individuals. Clients are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

ADDITIONAL INCOME

Broker Dealer Business

Associated persons of SFS are also registered representatives with SFS, a registered broker-dealer (See disclosure in Item 12.). In their capacity of a registered representative, these individuals will recommend that clients place securities transactions through SFS as a broker-dealer. These transactions would be primarily investment company or variable products. The commissions for their products are dictated by the commission schedules imposed by the investment companies or their distributors. All sales charges and expenses are disclosed in the product prospectus, which precedes or accompanies the placement of assets. If general securities are executed for the client, commissions will be based on SFS' commission table. These commissions may be higher or lower than other brokers' commissions, but are believed to be reasonable and competitive.

GENERAL INFORMATION

Limited Negotiability of Advisory Fees: Although Sunset Financial Services, Inc. has established the aforementioned fee parameters; we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

Mutual Fund Fees: All fees paid to Sunset Financial Services, Inc. for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs 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. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm 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 our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Exchange-Traded Funds. Shares of ETFs held in client accounts are bought and sold on an exchange and not, like mutual funds, directly from the fund itself. The price of ETF shares fluctuates in accordance with changes in the net asset value (NAV) per share, as well as in response to market supply and demand. Accordingly, ETF shares may trade at a price which differs from NAV per share of the ETF.

Wrap Fee Programs and Separately Managed Account Fees: Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, such as the RPM Program, clients pay a single fee for advisory and brokerage services. Client's portfolio transactions are executed without commission charge in a wrap fee arrangement. In evaluating the cost of such an arrangement, the client should consider the amount of portfolio activity and other factors. The client should consider if the wrap fee does or does not exceed the aggregate costs of such services if they were to be provided separately. Our investment advisor representative will review with clients any separate program fees that may be charged to clients.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

ERISA Accounts: Sunset Financial Services, Inc. is deemed to be a fiduciary to advisory clients that are employee benefit plans pursuant to the Employee Retirement Income and Securities Act ("ERISA").

It is the client's responsibility to ensure SFS and the SFS investment advisor representative have been furnished complete copies of all documents that establish and govern the plan and evidencing client's authority to retain SFS as an Investment Adviser. Clients must promptly furnish to SFS any amendments to the plan and if any amendment affects the rights or obligations of SFS, such amendment shall be binding on SFS and the SFS investment advisor representative only when agreed to by SFS and its investment advisor representative in writing.

SFS is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, the SFS investment advisor representative must lower or offset the management fee by the amount of 12b-1 fees and other commissions received.

Advisory Fees in General: Clients should note that similar advisory services may be available from other investment advisers for similar or lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

Item 6 Performance-Based Fees and Side-By-Side Management

Sunset Financial Services, Inc. does not charge performance-based fees. Clients should review the Money Manager's disclosure brochures and advisory agreements for information regarding performance-based fees prior to entering into an agreement with them.

Item 7 Types of Clients

Sunset Financial Services, Inc. may provide advisory services to the following types of clients:

- Individuals
- High net worth individuals
- Pension and profit sharing plans and other ERISA plans not listed
- Corporations, Trusts or other businesses not listed

Minimum Investment Amounts Required

INVESTMENT ADVISORY SERVICES MANAGER SELECTION PROGRAMS

Money Managers are responsible for determining account minimums and whether such minimums are negotiable. However, SFS suggests that clients invest at least \$25,000 in an investment management service. This account size may be negotiable under certain circumstances. The Money Manager may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

INDIVIDUAL PORTFOLIO MANAGEMENT RPM PROGRAM

As a general rule, a minimum of \$25,000 of assets under management is required for the RPM Program. The minimum may be negotiable under certain circumstances. Sunset Financial Services, Inc. may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

GENERAL INFORMATION

Grandfathering of Minimum Account Requirements: Pre-existing advisory clients are subject to Sunset Financial Services, Inc.'s minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements may differ among clients.

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

METHODS OF ANALYSIS

Investment advisor representatives typically determine the methodologies, sources of information and investment strategies utilized in the Advisors Programs.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

Our investment advisor representatives, on a non-discretionary basis, may use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long-term purchases. We recommend securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases. When utilizing this strategy, we recommend securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Trading. We recommend securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

Utilizing a trading strategy creates the potential for sudden losses if the anticipated price swing does not materialize. Moreover, under those circumstances, we are left with few options:

- having a long-term investment in a security that was designed to be a short-term purchase, or
- the potential of having to taking a loss.

In addition, because this strategy involves more frequent trading than does a longer-term strategy, there will be a resultant increase in brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Margin transactions. We may recommend stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

A risk in margin trading is that, in volatile markets, securities prices can fall very quickly. If the value of the securities in your account minus what you owe the broker falls below a certain level, the broker will issue a “margin call”, and you will be required to sell your position in the security purchased on margin or add more cash to the account. In some circumstances, you may lose more money than you originally invested.

Risk of Loss. Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with your investment advisor representative to help us understand your tolerance for risk.

Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

SFS is a wholly owned subsidiary of Kansas City Life Insurance Company, whose principal business is the sale and servicing of insurance products. Associated persons of SFS may recommend and/or offer life insurance products, for which they may earn product sale commissions.

SFS is registered as a securities broker-dealer and is a member of the Financial Industry Regulatory Authority. SFS has a clearing arrangement with National Financial Services, LLC. All general securities trades for SFS, the broker-dealer, are cleared through this entity.

As indicated previously, Sunset Financial Services, Inc. is a wholly owned subsidiary of Kansas City Life Insurance Company. Many, if not most, of our representatives are affiliated with Kansas City Life insurance Company, as well as other insurance companies, to offer a variety of insurance products and services to their clients. These individuals may recommend traditional insurance products to investment advisory clients for which they will receive separate, yet customary compensation. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

While Sunset Financial Services, Inc. and these individuals endeavor at all times to put the interest of the clients first as part of our fiduciary duty, 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.

Additionally, Kansas City Life Insurance Company has retained SFS for purposes of evaluating the model allocation portfolio's that are selected as a result of a Guaranteed Minimum Withdrawal Benefit rider for the Kansas City Life Insurance Century II Variable Annuity product line. SFS as a registered investment advisor does not charge clients, nor does it receive additional compensation for this role.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Sunset Financial Services, Inc. and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement). Our code also provides for oversight, enforcement and recordkeeping provisions.

Sunset Financial Services, Inc.'s Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to sunsetfinancial@kclife.com, or by calling us at 816-753-7000.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are separately registered as licensed insurance agents/brokers. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

Item 12 Brokerage Practices

Manager Selection Program

SFS will not directly recommend broker dealers to client accounts participating in the Manager Selection Program. However, the Money Managers selected by SFS to manage client portfolio(s) may recommend broker dealers to client accounts.

Clients should refer to the disclosure document(s) of the selected registered investment advisers for information regarding brokerage policies, practices and recommendations of their respective selected Registered Investment Adviser(s).

Upon entering into agreements with Money Managers, client's brokerage transactions are normally directed to the broker-dealer affiliated with the Money Manager. For more specific information including brokerage, clearing and custody arrangements, clients should refer to the disclosure document for the third party Money Manager selected.

Commission rates may be higher or lower than other broker/dealer's commission rates, but are believed to be reasonable and competitive. In directing the use of a particular broker-dealer, it should be understood that SFS will not have authority to negotiate commissions or obtain volume discounts, and best execution and/or the lowest commission may not be received. In addition, a disparity in commission charges may exist between the commissions charged to other clients. Clients may find lower or higher commissions for similar services through other providers.

RPM Program – NFS as Custodian

By recommending the RPM Program to clients, SFS is, in essence, recommending its own brokerage services. As disclosed previously, SFS is a FINRA member broker/dealer. Clients who decide to participate in the RPM Program are also choosing the brokerage services of SFS. Through these programs, clients appoint NFS as custodian for all assets.

All transactions in RPM Program accounts at NFS will be executed through SFS, the broker-dealer. NFS shall execute all purchase and sales orders directed to it by SFS, the broker-dealer, and perform the clearance of same. Physical custody of funds and securities will be maintained by NFS or other third parties, not by SFS or our investment advisor representatives.

SFS attempts to obtain the best execution possible for their clients; however, there is no guarantee that it will be accomplished. Clients should consider whether or not this sole appointment of SFS as

broker/dealer may or may not result in certain disadvantages to the client as a result of possibly less favorable executions.

Trade Aggregation. Sunset Financial Services, Inc. will aggregate or block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Sunset Financial Services, Inc.'s block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Sunset Financial Services, Inc., or our firm's order allocation policy.
- 2) Our investment advisor representative must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) Our investment advisor representative must reasonably believe that the order aggregation will benefit, and will enable Sunset Financial Services, Inc. to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 7) Sunset Financial Services, Inc.'s client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 8) Funds and securities for aggregated orders are clearly identified on Sunset Financial Services, Inc.'s records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 9) No client or account will be favored over another.

Trade Error Policy. From time-to-time the Advisor may make an error in submitting a trade order on a client's behalf. When this occurs, Sunset Financial Services, Inc. will take prompt action to correct the trade error. Any loss or gain generated by the trade correction will be absorbed by Sunset Financial Services, Inc.

Item 13 Review of Accounts

INVESTMENT ADVISORY SERVICES MANAGER SELECTION PROGRAMS

REVIEWS: The performance of the Money Managers(s) selected to manage client portfolios is continually monitored by the client's investment advisor representative. Furthermore, accounts within this program are formally reviewed at least annually. 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.

These accounts are reviewed by the applicable investment advisor representative.

REPORTS: In addition to the statements and confirmations of transactions that these clients receive from their respective broker-dealer, the Money Manager(s) selected by Sunset Financial Services, Inc. to manage the client's portfolio(s) provides the client with written quarterly performance reports. Unless otherwise contracted for, we do not typically provide additional reports.

Clients should refer to the Money Manager's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reviews provided by that independent registered investment adviser.

RPM PROGRAM

REVIEWS: While the underlying securities within the RPM Program accounts are continuously monitored, these accounts are reviewed with the client at least annually by the SFS investment advisor representative.

Accounts are reviewed in the context of each client's stated investment objectives and guidelines. 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.

REPORTS: In addition to the monthly/quarterly statements and confirmations of transactions that the RPM Program clients receive, the applicable SFS investment advisor representative may provide quarterly reports summarizing account performance, balances and holdings.

FINANCIAL PLANNING SERVICES

REVIEWS: While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for. Such reviews will be conducted by the client's investment advisor representative.

REPORTS: Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

CONSULTING SERVICES

REVIEWS: While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Consulting Services clients unless otherwise contracted for. Such reviews will be conducted by the client's investment advisor representative.

REPORTS: These clients will receive reports as contracted for at the inception of the advisory engagement.

Item 14 Client Referrals and Other Compensation

SFS does not currently have any client referral relationships. Thus, it does not pay any fee to a third party for making client referrals to it. Also, SFS does not direct brokerage transactions to any third party in return for client referrals.

Item 15 Custody

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that advisory fees are directly debited from client accounts in the advisor programs.

In the RPM Program, NFS directly debits advisory fees from client accounts. As part of the billing process, NFS is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, NFS will send a statement to the client showing all transactions within the account during the reporting period.

It is important for clients to carefully review their custodial statements to verify the accuracy of the fee calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

Item 16 Investment Discretion

Clients utilizing a Money Manager platform are generally required to grant full discretionary authority to the Money Manager. Clients should refer to the selected requested Money Manager's Firm Brochure or other disclosure document for a full description of their services.

The RPM Program allows trading on a non-discretionary basis. Your SFS Investment Adviser Representative is required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject your SFS Investment Adviser Representative's investment recommendations. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to your SFS Investment Adviser Representative, it can have an adverse impact on the timing of trade implementations.

Item 17 Voting Client Securities

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

With respect to accounts established through a third party Money Manager, the third party Money Manager may provide proxy-voting services on a client's behalf. For a description of the third party Money Manager's proxy voting policy, you will need to refer to each third party Money Manager's Disclosure Brochure. Clients may request a complete copy of third party Money Manager's proxy voting policies and procedures as well as information on how the individual client's proxies were voted by contacting their SFS Investment Advisor Representative.

Item 18 Financial Information

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Sunset Financial Services, Inc. has not been the subject of a bankruptcy petition at any time during the past ten years.