

Item 1 – Cover Page

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**February 27, 2012**

**This brochure provides information about the qualifications and business practices of Kelly Financial Group, LLC. If you have any questions about the contents of this Brochure, please contact us at (860) 258-2600 or (800) 416-1655 and/or [GHammond@kellyfg.com](mailto:GHammond@kellyfg.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 Kelly Financial Group, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Kelly Financial Group, LLC is 136372.**

**Any references to Kelly Financial Group, LLC as a registered investment adviser or its related persons as registered advisory representatives does not imply a certain level of skill or training.**

## **Item 2 - MATERIAL CHANGES**

February 27, 2012

Item 4 – Under the heading Financial Planning and Consulting Services added a grid of services KFG offers.

Item 5 – Revised fees for Financial Planning and Consulting  
Increased maximum fee from \$10,000 to \$15,000

July 7, 2011

Inserted under Item 4 under the heading “General Information”

In addition to the services described above, KFG sells its research to other financial professionals.  
KFG receives compensation for selling its research as described under Item 5.

Inserted under Item 5

General Information

As stated above, KFG sells its research to other financial professionals. KFG receives a fee from the financial professionals calculated at the rate of 10 basis points based on the financial professional’s assets under management.

### **Part 2B**

Inserted under Other Business Activities for Robert Hammond and Scott Iles

*Greg is a Member and owner of Planned Giving Strategies, LLC. Planned Giving Strategies is a company created to consult and educate about the benefits and advantages of planned giving. Greg may spend 10% to 20% of his time with Planned Giving Strategies, LLC depending on the events in which it is participating.*

Was this also added for Scott?

At least annually, this section will discuss only specific material changes that are made to the Brochure and provide you with a summary of such changes. Additionally, reference to the date of the last annual update to this Brochure will be provided.

The material changes discussed above are only those changes that have been made to this brochure since the firm’s last annual update of the brochure. The date of the last annual update of the brochure was March 27, 2011.

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#### **Item 4 - ADVISORY BUSINESS**

Kelly Financial Group, LLC (hereinafter referred to as “KFG”) is an investment advisory firm offering a variety of advisory services customized to your individual needs.

- A. KFG was established in 2001. R. Gregory Hammond is the Managing Member and primary owner. Scott Iles is the Vice President and secondary owner. Additional business information about Greg and Scott is disclosed on the Supplemental Brochures attached to this Brochure.
- B. KFG offers the following advisory services. Each of the services is more fully described below.
  - Strategic Resource Management Program
  - Financial Planning & Consulting Services
  - Speaking Engagements
- C. KFG tailors the advisory services it offers to your individual needs. You may impose restrictions and/or limitations on the investing in certain securities or types of securities.

You should expect to have at least three meetings with KFG. The first meeting is focused on gathering information about you and your financial situation and getting to know you. KFG will complete a fact find questionnaire. Further, depending on the information gathered and the services you will receive, KFG may complete a risk tolerance questionnaire. The second meeting KFG will present recommendations. The third meeting is used for implementation, and to answer your questions. The information gathered by KFG will assist KFG to provide you with the requested services and customize the services to your financial situation. Depending on the services you have requested, KFG will gather various financial information and history from you including, but not limited to:

- Retirement and financial goals
  - Investment objectives
  - Investment horizon
  - Risk tolerance
  - Financial needs
  - Cash flow analysis
  - Cost of living needs
  - Education needs
  - Savings tendencies
  - Other applicable financial information required by KFG in order to provide the investment advisory services requested.
- D. KFG does not participate in any wrap fee programs.
  - E. As of December 31, 2011, we have approximately \$101 million of client assets under our discretionary management. KFG does not have any non-discretionary client assets under management.

## **Strategic Resource Management Program**

KFG offers asset management services whereby KFG will manage your account on a discretionary basis based upon your individual investment goals, objectives, risk tolerance, and investment time horizon. The objective of KFG's management services is wealth preservation with growth. The services include the following:

- a. Investor Profile – KFG consults with the client to obtain detailed financial information and other pertinent data using an investor profile worksheet to enable KFG to determine the appropriate investment guidelines, risk tolerance and other factors that will assist in ascertaining the suitability of the account.
- b. Portfolio Management Selection – KFG provides asset management of your funds. KFG diversifies and manages your portfolio. Investments are determined based upon your investment objectives, risk tolerance, net worth, net income and other various suitability factors. KFG manages your account on an individualized basis. You may impose restrictions and guidelines which may affect the composition and performance of your portfolios. For these reasons, performance of portfolios within the same investment objective may differ and you should not expect the performance of your portfolio to be identical to the average client of KFG.
- c. Performance Evaluation and Monitoring Services – Account reports will be provided to you on a monthly or quarterly basis by the account custodian.

Upon completing its analysis of your situation, KFG will determine an asset allocation customized to your financial goals, objectives and risk tolerance. KFG has designed various model portfolios. KFG will determine which of its model portfolios would be most suitable for you. From there, KFG customizes your portfolio allocation taking into consideration your limitations or restrictions, the market and economy at the time and your financial situation, goals and objectives.

KFG will provide continuous and ongoing management of your account. Unless otherwise expressly requested by you, KFG will manage your account on a discretionary basis and will make changes to the allocation as deemed appropriate by KFG. KFG will determine the securities to be purchased and sold in the account and will alter the securities holdings from time to time, without prior consultation with you. KFG may actively trade securities and hold such holdings for periods of 30 days or less or maintain positions for longer or shorter term periods. Discretionary authority will be granted by you to KFG by execution of the Client Agreement.

If you elect to have your accounts managed on a non-discretionary basis, no changes will be made to the allocation of your account without prior consultation with you and your expressed agreement. If you elect to have your accounts managed on a nondiscretionary basis, you are advised your account is subject to certain risks. Risks may include but not be limited to, the risk of missing market opportunities or the risk of KFG not being able to move out of the market in a timely manner until your prior authorization has been obtained before any buy, sell or exchange. Therefore, the performance of nondiscretionary accounts may fluctuate from those accounts managed on a

discretionary basis. Further, the costs associated with non-discretionary accounts may be higher since non-discretionary accounts may not participate in aggregated transaction orders.

KFG primarily uses open-ended, no-load and load waived mutual funds purchased at net asset value (NAV) and exchange traded funds (ETFs).

Transactions in the account, account reallocations and rebalancing may trigger a taxable event, with the exception of IRA accounts, 403(b) accounts and other qualified retirement accounts.

### **Financial Planning & Consulting Services**

Planning services are based on your financial situation at the time and are based on financial information disclosed by you to KFG. You are advised that certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. However, past performance is in no way an indication of future performance. KFG cannot offer any guarantees or promises that your financial goals and objectives will be met. Further, you must continue to review the plan and update the plan based upon changes in your financial situation, goals, or objectives or changes in the economy. Should your financial situation or investment goals or objectives change, you must notify KFG promptly of the changes. You are advised that the advice offered by KFG may be limited and is not meant to be comprehensive. Therefore, you may need to seek the services of other professionals such as an insurance adviser, attorney and/or accountant.

You are not obligated to implement advice through KFG or Advisory Representatives. Should you implement the plan with KFG's Advisory Representatives commissions or other compensation may be received in addition to the advisory fee paid to KFG.

### **Speaking Engagements**

KFG offers to conduct seminars on various financial related topics. Generally, the seminars or workshops are educational and informative in nature and are not meant to provide specific advice regarding any one person's specific financial situation. Any individual wanting specific analysis and/or advice will be required to schedule an individual appointment with KFG.

### **General Information**

In addition to the services described above, KFG sells its research to other financial professionals. KFG receives compensation for selling its research as described under Item 5.

Investment recommendations and advice offered by KFG are not legal advice or accounting advice. You should coordinate and discuss the impact of financial advice with your attorney and/or accountant. You are advised that it is necessary to inform KFG promptly with respect to any changes in your financial situation and investment goals and objectives. Failure to notify KFG of any such changes could result in investment recommendations not meeting your needs.

## Item 5 - FEES AND COMPENSATION

### Strategic Resource Management Program

- A. Fees are negotiable and are not based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds.

You may make additions to the Account or withdrawals from the Account, provided you notify KFG. No fee adjustments will be made for additional deposits to the account or for partial withdrawals from the account during a calendar quarter. However, accounts maintained at National Financial Services, LLC will have account values calculated based on the average daily balance. Consequently, the fee calculation will take into consideration account value fluctuations on a daily basis. No fee adjustments will be made for Account appreciation or depreciation.

Account Size	Annual Fee
\$0 to \$499,999	2.00% the first year, 1.5% thereafter
\$500,000 to \$999,999	1.50%
\$1,000,000 to \$4,999,999	1.00%
\$5,000,000 and above	Negotiable

KFG may change the above fee schedule upon 30-days prior written notice to you.

- B. The advisory fees payable upon initial implementation of the account may be paid by upon your receipt of the invoice from KFG or collected directly from your account, provided you have given KFG written authorization. Should you elect to have advisory fees deducted directly from your account, you will be provided with notice from KFG that identifies the advisory fee, the value of the Account and how the fee was calculated. Additionally, you will be provided with an account statement reflecting the deduction of the advisory fee direct from the account custodian. If the Account does not contain sufficient funds to pay advisory fees, KFG has limited authority to sell or redeem securities in sufficient amounts to pay advisory fees. You may reimburse the account for advisory fees paid to KFG, except for ERISA and IRA accounts.
- C. In addition to the advisory fees above, you will pay transaction fees for securities transactions executed in your account in accordance with the custodian's transaction fee schedule. KFG will absorb the per share trading cost for transactions in exchange traded funds. However, the flat fee transaction charge will be passed to the client. Additionally, you may pay fees for custodial services, account maintenance fees, transaction fees, and other fees associated with maintaining the Account. Such fees are not charged by KFG and are charged by the product, broker/dealer or account custodian. KFG does not share in any portion of such fees. Additionally, you may pay your proportionate share of the fund's management and

administrative fees and sales charges as well as the mutual fund adviser's fee of any mutual fund they purchase. Such advisory fees are not shared with KFG and are compensation to the fund-manager. You should read the mutual fund prospectus prior to investing.

- D. Advisory fees will be charged in advance on a calendar quarter basis. Depending on where the account is maintained will determine how the fee is calculated.
- a) The fee for accounts maintained at National Financial Services, LLC will be calculated based on the average daily market value of the portfolio for the previous calendar quarter.
  - b) The fee for accounts maintained at Pershing, LLC or Genworth will be calculated based on the value of the portfolio on the last business day of the previous quarter.
  - c) The fee for accounts maintained at Prudential will be calculated based on the average of the average monthly end value for the three months in the calendar quarter.

The initial fee will be based upon the account establishment value and based on a proportion of the number of days remaining in the quarter.

- E. You are advised Advisory Representatives of KFG are dually registered representatives of SSN ("SSN"), a registered broker/dealer, member of the Financial Regulatory Association (FINRA) and SIPC. Advisory Representatives of KFG who are Registered Representative may receive trail commissions (i.e. 12b-1 fees) for a period of time as a result of directing securities transactions through SSN. Load and no-load mutual funds may pay annual distribution charges, sometimes referred to as 12b-1 fees. 12b-1 fees come from fund assets, therefore, indirectly from your assets. 12b-1 fees may be initially paid to SSN and a portion passed to the Advisory Representatives. The receipt of such fees could represent an incentive for the Advisory Representatives to recommend funds with 12b-1 fees over funds that have no fees or lower fees. As a result, there is a potential conflict of interest.

KFG recommends mutual funds that pay 12b-1 fees and no-load funds.

You may purchase the securities recommended by KFG directly or through other brokers or agents not affiliated with KFG.

#### Termination Provisions

You may terminate investment advisory services obtained from KFG, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with KFG. You will be responsible for any fees and charges incurred from third parties as a result of maintaining the account such as transaction fees for any securities transactions executed and account maintenance or custodial fees. Thereafter, you may terminate services upon KFG's receipt of your written notice to terminate. Should you terminate services during a quarter, you will be refunded a pro-rata portion of the advisory fee for the quarter from the date of termination to the end of the calendar quarter.



## **Financial Planning & Consulting Services**

You are advised that fees for planning services are strictly for planning services. Therefore, you may pay fees and/or commissions for additional services obtained such as asset management or products purchased such as securities or insurance.

Fees are negotiable. KFG offers advisory services based on a flat fee not to exceed \$15,000. KFG will initially meet with you and provide you a quote for the services. The quote will be based on several factors including but not limited to time, number of meetings, complexity of your situation, staff time and resources, and any travel or additional consultations with other professionals.

You will be provided a quote of the fee based on the services you requested. Fees are due in full upon plan presentation.

### **Termination Provisions**

You may terminate advisory services obtained from KFG, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with KFG. Thereafter, you may terminate investment advisory services with written notice to KFG. You will be responsible for any time spent by KFG.

## **Speaking Engagements**

KFG may be compensated for its seminars or speaking engagements. Fees will not exceed \$150 per person. The fee for each workshop or seminar will be predetermined and published on the seminar invitation. The fee will be based on several factors, including but not limited to, content, length of the engagement, location, and number of attendees. Fees will generally be due in advance and will only be refundable if the attendee cancels prior to the date of the workshop. Fees will not be negotiable once determined.

## **General Information**

As stated above, KFG sells its research to other financial professionals. KFG receives a fee from the financial professionals calculated at the rate of 10 basis points based on the financial professional's assets under management.

## **Item 6 - PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT**

This section is not applicable to KFG since KFG does not charge performance based fees.

## **Item 7 - TYPES OF CLIENTS**

KFG's services are geared toward individuals both high net worth (i.e. clients with a net worth of \$1,500,000) and other than high net worth.

## **Item 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

- A. KFG conducts fundamental analysis and point and figure technical analysis. Fundamental analysis generally involves assessing a company's or security's value based on factors such as sales, assets, markets, management, products and services, earnings, and financial structure. Technical analysis generally involves studying trends and movements in a security's price, trading volume, and other market-related factors in an attempt to discern patterns.
- B. You are advised investing in securities involves risk of loss, including the potential loss of principal. Therefore, your participation in any of the management programs offered by KFG will require you to be prepared to bear the risk of loss and fluctuating performance.

KFG does not represent, warrant or imply that the services or methods of analysis used by KFG can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to major market corrections or crashes. Past performance is no indication of future performance. No guarantees can be offered that your goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by KFG will provide a better return than other investment strategies.

- C. As stated above in Item 5, KFG primarily uses mutual funds and exchange traded funds (ETFs). The risks with mutual funds include the costs and expenses within the fund that can impact performance, change of managers, and fund straying from its objective. Open ended mutual funds do not typically have a liquidity issue and the price does not fluctuate throughout the trading day. Mutual fund fees are described in the fund's prospectus, which the custodian mails directly to the client following any purchase of a mutual fund that is new to the client's account. In addition, a prospectus is available online at each mutual fund company's website. At the client's request at any time KFG will direct the client to the appropriate web page to access the prospectus.

ETFs trade on an auctionable market. Therefore, there is more price fluctuation with ETFs than with mutual funds since ETFs trade throughout the day, whereas mutual funds are priced once a day. Also, since most ETFs only mirror a market index, such as the S&P 500, they won't outperform the index.

## **Item 9 - DISCIPLINARY INFORMATION**

There is no reportable disciplinary information required for KFG or its management persons that is material to your evaluation of KFG, its business or its management persons.

## **Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

- A. As previously stated, Advisory Representatives are dually registered as an advisory representative of KFG and as a registered representative of SSN. You are under no obligation to purchase or sell securities through your Advisory Representative. However, if you choose to implement the plan, commissions may be earned in addition to any fees paid for advisory services. Commissions may be higher or lower at SSN than at other broker/dealers. Advisory Representatives may have a conflict of interest in having you purchase securities and/or insurance related products through SSN in that the higher their production with SSN the greater potential for obtaining a higher pay-out on commissions earned.

Under the rules and regulations of the FINRA, SSN has obligations to maintain records and perform other functions regarding certain aspects of the investment advisory activities of its registered representatives in relation to certain advisory accounts for which its registered representatives provide advice. These obligations require SSN to coordinate with and have the cooperation of the account custodian.

In order to fulfill its obligation, SSN has established a list of custodian and brokerage firms which it has arranged to obtain the required cooperation, and which therefore may be utilized for custody of accounts directly advised either by registered representatives of SSN who are investment adviser entities which are affiliated with registered representatives of SSN. In certain instances, SSN will collect, as a paying agent for KFG, the advisory fee remitted to the company by the account custodian, and SSN will retain a portion as a charge to the investment adviser (not the client) for the functions SSN is required to carry out by the FINRA. This fee will not increase execution or brokerage charges to the client or the fee the client has agreed to pay KFG pursuant to the client's advisory agreement. A portion of the fee retained by SSN may be re-allowed to other registered representatives of SSN who, as registered representatives of SSN, are responsible for the supervision of other representatives and assist SSN with the functions described above.

- B, C. KFG is not and does not have a related person who is a: futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities. Further, KFG is not and does not have a related person who is: broker/dealer or other similar type of broker or dealer; investment company or other pooled investment vehicle, other investment adviser or financial planner; futures commission merchant or commodity pool operator; banking or thrift institution; accountant or accounting firm; lawyer or law firm; insurance company or agency; pension consultant; real estate broker or dealer; or sponsor or syndicator of a limited partnership.

KFG attempts to mitigate the conflicts of interest with the potential receipt of commissions if recommendations are implemented by providing you with these disclosures. Further, you are encouraged to consult other professionals and may implement recommendations through other financial professionals. Furthermore, as a registered representative with SSN, Advisory Representatives are subject to a supervisory structure at SSN for his securities business.

## **Item 11 - CODE OF ETHICS, PARTICIPATION OF INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

- A. KFG has a fiduciary duty to you to act in your best interest and always place your interests first and foremost. KFG takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as KFG's policies and procedures. Further, KFG strives to handle your non-public information in such a way to protect information from falling into hands that have no business reason to know such information and provides you with KFG's Privacy Policy. As such, KFG maintains a code of ethics for its Advisory Representatives, supervised persons and staff. The Code of Ethics contains provisions for standards of business conduct in order to comply with federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about your transactions. Further, KFG's Code of Ethics establishes KFG's expectation for business conduct. A copy of our Code of Ethics will be provided to you upon request.
- B. Neither KFG nor its associated persons recommends to clients or buys or sells for client accounts any securities in which we have a material financial interest.
- C. KFG and its associated persons may buy or sell securities identical to those securities recommended to you. Therefore, KFG and/or its associated persons may have an interest or position in certain securities that are also recommended and bought or sold to you. KFG and its associated persons will not put their interests before your interest. KFG and its associated persons may not trade ahead of you or trade in such a way to obtain a better price for themselves than for you or other clients.
- D. KFG is required to maintain a list of all securities holdings for its associated persons and develop procedures to supervise the trading activities of associated persons who have knowledge of your transactions and their related family accounts at least quarterly. Further, associated persons are prohibited from trading on non-public information or sharing such information.

#### **Prohibition on Use of Insider Information**

KFG has adopted policies and procedures to prevent the misuse of "insider" information (i.e. material n, non-public information). A copy of such policies and procedures is available to any person upon request.

## **Item 12 - BROKERAGE PRACTICES**

As previously stated, Advisory Representatives are registered representatives of SSN. As a result they are subject to FINRA Conduct Rule 3040 which may restrict such them from conducting

securities transactions away from SSN unless SSN provides them with written authorization. KFG is independently owned and operated and not affiliated with SSN.

You are advised that not all investment advisers require you to maintain accounts at a specific broker/dealer. You are advised you may maintain accounts at another broker/dealer. However, the services provided by KFG will be limited to only advice and will not include implementation. If you who select another brokerage firm for custodial and/or brokerage services you will not be able to receive asset management services from KFG.

In initially selecting SSN, KFG conducted due diligence. KFG's evaluation and criteria includes:

- Ability to service you
- Staying power as a company
- Industry reputation
- Ability to report to you and to KFG
- Availability of a efficient trading platform
- Products and services available
- Technology resources
- Educational resources
- Execution capability
- Financial responsibility and viability
- Confidentiality and security of your information
- Responsiveness
- Other factors that may bear on the overall evaluation of best price and execution

Additionally, periodically KFG will review transaction costs in light of current market circumstances, available published statistical analysis as well as other relevant information.

Best execution does not simply mean the lowest transaction cost. Therefore, no single criteria will validate nor invalidate a custodian, but rather, all criteria taken together will be used in evaluating the currently utilized custodian.

You are advised there is an incentive for KFG and the Advisory Representatives to recommend a broker/dealer over another based on the products and services that will be received rather than your best interest.

SSN has a wide range of approved securities products for which SSN performs due diligence prior to selection. SSN's registered representatives are required to adhere to these products when implementing securities transactions through SSN. Commissions charged for these products may be higher or lower than commissions you may be able to obtain if transactions were implemented through another broker/dealer. SSN also provides Advisory Representatives, and therefore the KFG, with back-office operational, technology, and other administrative support. Other services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. Such services are intended to help Advisory Representatives and KFG manage and further develop its business enterprise.

SSN and its clearing broker/dealer also make available to KFG other products and services that benefit KFG but may not directly benefit you. Some of these other products and services assist KFG with managing and administering your accounts. These include software and other technology that provide access to your account data (such as trade confirmation and account statements); facilitate trade execution; provide research, pricing information and other market data; facilitate payment of KFG's fees from your accounts; and assist with back-office functions; record-keeping and client reporting. Many of these services generally may be used to service all or a substantial number of KFG's accounts, including accounts not held through SSN.

KFG may aggregate ("bunch") transactions in the same security on behalf of more than one client in an effort to strive for best execution and to possibly reduce the price per share and/or other costs to clients. However, aggregated or bunched orders will not reduce the transaction costs to participating clients. KFG conducts aggregated transactions in a manner designed to ensure that no participating client is favored over another client. Participating clients will obtain the average share price per share for the security executed that day. To the extent the aggregated order is not filled in its entirety and when possible, securities purchased or sold in an aggregated transaction will be allocated on a random basis. Under certain circumstances, the amount of securities maybe increased or decreased to avoid holding odd-lot or a small number of shares for particular clients.

### **Item 13 - REVIEW OF ACCOUNTS**

- A. If you are participating in the Strategic Resource Management Program you will be invited to participate in reviews not less than at least annually or as agreed by you and your Advisory Representative. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. The review process contains the following elements: a) assess your goals and objectives; b) evaluate the strategy which has been employed; c) monitor the portfolio; and d) address the need to rebalance. Your Advisory Representative will monitor for changes or shifts in the economy, changes to the management and structure of a mutual fund or company in which your assets are invested, and market shifts and corrections.

If you are participating in Financial Planning & Consulting Services you will not receive regular reviews. KFG recommends you have at least an annual review and update to any plans. However, the time and frequency of the reviews is solely your decision. Additionally, you will be charged review fees based on the fee schedule disclosed under the program. Other than the initial plan or analysis, there will be no other reports issued.

- B. You are advised that you must notify your Advisory Representative promptly of any changes to your financial goals, objectives or financial situation as such changes may require him review the potfolio allocation and make recommendations for changes.
- C. You will be provided statements at least quarterly direct from the account custodian. Additionally, you will receive confirmations of all transactions occuring direct from the account custodian.

#### **Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

- A. Product vendors recommended by KFG may provide monetary and non-monetary assistance with client events, provide educational tools and resources. KFG does not select products as a result of any monetary or non-monetary assistance. The selection of product is first and foremost. KFG's due diligence of a product does not take into consideration any assistance it may receive. Therefore, this is not considered a conflict of interest but a benefit for you and KFG.
- B. KFG does not directly or indirectly compensate any person who is not a supervised person of KFG for referrals.

#### **Item 15 - CUSTODY**

With the exception of deduction of KFG's advisory fees from your accounts, KFG does not take custody of your funds or securities.

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct your account custodian to deduct our advisory fees directly from your account or if you grant us authority to move your money to another person's account. Your account custodian maintains actual custody of your assets. You will receive account statements directly from your account custodian at least quarterly. They will be sent to the email or postal mailing address you provided. You should carefully review those statements promptly when you receive them.

#### **Item 16 - INVESTMENT DISCRETION**

You may grant KFG authorization to manage your account on a discretionary basis. Discretionary authority will give KFG the authority to buy, sell, exchange, convert securities in your managed accounts. You will grant such authority to KFG by execution of the advisory agreement. You may terminate discretionary authorization at any time upon receipt of written notice by KFG.

Additionally, you are advised that:

- You may set parameters with respect to when account should be rebalanced and set trading restrictions or limitations;
- Your written consent is required to establish any mutual fund, variable annuity, or brokerage account;
- KFG requires the use of the broker/dealer with which your Advisory Representative is registered for sales in commissionable mutual funds or variable annuities, if you elect to implement recommendations through your Advisory Representative;
- With the exception of deduction of KFG's advisory fees from the account, if you have authorized automatic deductions, KFG will not have the ability to withdraw your funds or securities from the account.

**Item 17 - VOTING CLIENT SECURITIES**

KFG does not vote your securities. Unless you suppress proxies, securities proxies will be sent directly to you by the account custodian or transfer agent. You may contact KFG about questions you may have an opinions on how to vote the proxies. However, the voting and how you vote the proxies is solely your decision.

**Item 18 - FINANCIAL INFORMATION**

- A. KFG will not require you to prepay more than \$1,200 and six or more months in advance of receiving the advisory service.
- B. As stated above, KFG has discretionary authority over client accounts; however that authority does not extend to the withdrawal of any client assets, with the exception of deduction of KFG's advisory fees from your accounts. We are financially stable. There is no financial condition that is likely to impair our ability to meet our contract actual commitment to you or any other client.
- C. Neither KFG nor any of its Advisory Representatives has ever been the subject of a bankruptcy petition.

**Item 19 - REQUIREMENTS FOR STATE REGISTERED ADVISERS**

This section is not applicable to KFG. KFG is not state registered. KFG is registered with the Securities and Exchange Commission.