

KDA Wealth Management, LLC

FORM ADV PART 2A

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Item 1 – Cover Page

This Brochure provides information about the qualifications and business practices of KDA Wealth Management, LLC (“KDA”). If you have any questions about the contents of this Brochure, please contact us at (646) 218-9848. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

KDA Wealth Management, LLC is an investment adviser registered with the SEC.

Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about KDA Wealth Management, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This is our first brochure and there are not material changes to report.

Item 3 - Table of Contents

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

Item 4 – Advisory Business

KDA is a limited liability company formed under the laws of Delaware and is registered with the Securities and Exchange Commission as an investment adviser. Jonathan Krane indirectly owns 50% of KDA. KDA provides investment management, financial planning and accounting services .

KDA uses four basic methods of account/portfolio management:

- The first and primary method is based upon a written set of investment objectives and constraints from which the client selects the objective deemed most appropriate for their individual situation. KDA then seeks to meet these objectives on a discretionary account basis.
- The second method involves initially customizing such objectives for a client (primarily institutional) and then reviewing the objective periodically through consultation with the client. Although such consultation is held, these accounts are managed on a discretionary basis, subject to selected investment objectives.
- The third method consists of rendering of investment advice on a non-discretionary basis for individual securities designed by the client. Such advice is rendered by taking into account factors that have been previously agreed upon by the client and our firm, and which, in our opinion, are appropriate investments for the client based upon their selected investment objectives.
- The fourth method consists of incorporating (among other investment vehicles) "Managed Accounts" (aka "separate accounts") into a client's portfolio. Managed Accounts are sub-accounts managed by separate investment advisory firms selected by KDA. They are selected after initial consultation with the client and in conjunction with the investment objective chosen by the client. We generally have discretion to select, change and/or terminate such Managed Account advisers. A separate fee (generally not to exceed 1.0% of the client's assets under management) is charged to the client by the Managed Account adviser and custodian. Such fees include custodial, trading and Managed Account investment advisory services and are in addition to KDA's advisory fee.

As part of the new client review process, each client is asked to complete a KDA "Investor Profile" (a detailed questionnaire regarding the client, their financial assets, risk tolerance and expectations). Based upon initial client discussions, the Investor Profile and a detailed review of available account statements, a comprehensive analysis is made of each client's individual needs, circumstances and risk/return profile. This helps establish the client's "investment objective", which in turn determines the target asset allocation of the client's portfolio. KDA explains the various objectives, the related asset allocations and risk/return expectations – and the client selects the appropriate investment objective for their unique circumstance. We request that each client inform us if their circumstances change, which may require altering their stated investment objective and/or rebalancing their portfolio. The client may change their investment objective at any time.

Once the investment objective and target asset allocation has been selected, the portfolio is constructed. The investment vehicles used by KDA in the construction of a portfolio may include individual equities, cash-equivalents, fixed-income securities, and/or select mutual funds as appropriate relative to the clients stated investment objective and unique circumstances. Within these parameters, additional investment vehicles may include options, real estate investment trusts, exchange-traded funds, convertible securities, and/or any investment vehicle which KDA believes may add value to its client's portfolios.

Securities inherited for management by KDA may be held in a taxable account and have significant capital gains, which may necessitate holding them and managing the gains / taxes over time. Inherited securities may also be attractive on a fundamental basis, and KDA may choose to continue to hold them. In rare circumstances, KDA may hold or purchase a security at the client's specific request. Similarly, KDA may also refrain from purchasing a certain security or type of security at the client's request.

Further, under certain circumstances and at KDA's discretion, we may accept an account where a Client opts to restrict from purchase certain individual securities or types of securities – necessitating a customized investment objective reflecting such a restriction. For example, (1) certain high level government officials; (2) corporate insiders; (3) securities attorneys; or (4) political figures, may have securities which they are prohibited from purchasing during certain time periods.

KDA monitors the advice provided to clients through frequent interactions with employees as well as through a regular review of client files and reports to ensure the investment advice is consistent with the client's investment objectives and constraints. Jennifer Krane, Chief Compliance Officer, is responsible for supervising advisory activities on behalf of KDA.

KDA does not represent, warrant, or imply that the services or methods of analysis employed by the firm can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

KDA will offer clients financial planning services. KDA's financial planning process includes an initial assessment as well as ongoing review. In the initial assessment financial goals and material life events will be identified, desired timing to accomplish those goals, a cash flow assessment to understanding saving requirements to accomplish the goals and tax plan to ensure that the client's tax expense is accurate. KDA will review the client's financial plan on an annual basis, if not more frequently. The annual review will assess if any material changes have occurred with the client's financial goals or if any expected or unexpected life events have occurred that would require the plan to be updated. Additionally, KDA may monitor, analyze and provide recommendations to the client on how cash flows may be altered to ensure that financial goals are accomplished.

KDA will offer clients accounting services. KDA's accounting services will include;

- individual tax return filing

- individual tax planning
- business tax return filing
- business bookkeeping
- other accounting services that clients may request

As of February, 11 2013, KDA had total assets under management of \$0.

Item 5 – Fees and Compensation

Fees will be based on (1) a percentage of the market value of assets under management at the beginning of each calendar quarter, and billed to clients after the start of each such quarter, (2) a flat fee and/or (3) an hourly rate.

Percentage of assets under management fees

Percentage of assets under management fees may be charged for investment/portfolio advice, financial planning and/or accounting services.

KDA charges quarterly fees, payable in advance, based upon the following schedule:

- 1.50% on assets under management

KDA requires that a client's account(s) have a minimum total market value of \$100,000. The account minimum may be waived and/or reduced at our discretion. All fees to be charged are incorporated into the investment advisory agreement, and are fully explained to the client prior to - or in conjunction with - the execution of the agreement.

While a fee may be reduced, the fee shall not exceed the established fee schedule. Generally, our standard investment advisory agreement provides for commencement of fees upon execution of the investment advisory agreement. KDA may, however, in its sole discretion, waive fees for a period of time for a new account. Either the client or KDA may terminate an investment advisory agreement at any time upon 5 days written notice personally delivered or mailed. Electronic mail is not acceptable for this purpose. If a contract is terminated, the client is charged a pro-rata fee through the last day of service. Although the fee schedule is established, KDA may negotiate, at its discretion, a fee which is different than the established fee schedule. Examples of such exceptions may include, but are not limited to, the following:

- In certain circumstances, KDA may accept non-discretionary advisory accounts. For such accounts, we may negotiate its fee considering such factors as: (1) the complexity of the arrangement; (2) the size of the account; and (3) the nature of the services the client wishes KDA to perform.
- In accounts where there are securities not actively managed and/or supervised by KDA (i.e., holdings of low-cost securities, securities purchased/managed by the client, etc.) such securities may be specifically excluded from the base of assets upon which fees are computed or a reduced fee may be negotiated. In cases where KDA has some, but not complete, responsibility for management and/or is solely

providing information, reporting or advice with respect to such securities, a fee may be negotiated with the client consistent with the degree of services provided.

- In accounts comprised primarily of cash and/or fixed-income securities which are not managed on a relatively "active" basis (i.e., such as a "laddered" bond portfolio, intended primarily to be held until maturity - with some degree of monitoring of credit quality, reinvestment of interest and/or maturing bonds, etc.), a fee may be negotiated between KDA and the client consistent with the degree of such responsibility.

All fees are subject to negotiation. The specific manner in which KDA charges fees is established in a client's written agreement with the firm. Clients authorize KDA to directly debit fees from their account(s). At our sole discretion, fees may be prorated for each large capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee.

KDA's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties. Examples of such fees may include, fees charged by managed account advisers (see Item 4) custodial fees, transfer taxes, wire transfer and electronic fund fees, overnight mailing fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to our fee, and KDA may receive any portion of these commissions, fees, and costs.

KDA supervised persons may accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Flat fees

KDA may charge flat fees for financial planning and/or accounting services. Flat fees will be charged quarterly and billed at the beginning of each quarter. These fees may be deducted directly from the clients account.

Hourly fees

KDA may charge hourly fees for financial planning and/or accounting services. Hourly fees will be billed after services are performed. These fees may be deducted directly from the clients account.

Item 6 – Performance Based Fees and Side By Side Management

KDA 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

KDA provides portfolio management services to individuals, high net worth individuals, corporations, professional practices, corporate and individual qualified and non-qualified retirement plans, trusts, charitable institutions, foundations, and endowments, among others. The KDA minimum account size is \$100,000. The account minimum may be waived and/or reduced at our discretion.

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

The goal of KDA is to provide value to its clients by helping to establish and meet their long-term investment objectives. We invest assets in a manner consistent with the stated investment objectives of our clients, vis-à-vis the expected performance of various asset classes. A comprehensive analysis is made of each client's individual needs, circumstances and risk/return profile. This helps establish the client's "investment objective", which in turn determines the target asset allocation of the client's portfolio. Broadly defined, this allocation includes equities, fixed-income and cash and equivalents. KDA explains the various objectives, the related asset allocations and risk/return expectations – and the client selects the appropriate investment objective for their unique circumstance. The corresponding asset allocation percentages are target ranges, and the actual asset allocation percentages may differ significantly depending upon market factors, and the discretion of KDA. Cash percentages in particular may exceed target percentages under certain circumstances. We request that each client inform us if their circumstances change, which may require altering their stated investment objective and/or rebalancing their portfolio. The client may change their investment objective at any time.

Once an investment objective and target asset allocation has been selected, the portfolio is constructed. The investments used by KDA in the construction of a portfolio may include individual equities, cash-equivalents, fixed-income securities, and/or select mutual funds, as appropriate relative to the client's stated investment objective and unique circumstances. Within these parameters, additional investment vehicles may include options, real estate investment trusts, exchange-traded funds, convertible securities, commodities, precious metals, and/or any investment vehicle which we believe may add value to a client's portfolio.

Each security represents a target percentage within a portfolio. As may be expected, the performance of individual securities in a portfolio will vary over time. As investments grow or decline as a percentage of their target weight, the positions may be rebalanced to their desired "target" portfolio weighting. A security is sold when its fundamental prospects have changed, or when a security with better prospects is discovered to replace it. Securities are generally held on a long-term basis, although short-term trades may occur. Portfolio turnover tends to be relatively low.

KDA primarily uses fundamental analysis in formulating investment advice and managing assets (although technical and cyclical analyses may be used as well). Sources of

information include annual and semi-annual reports, prospectuses and other filings with the Securities and Exchange Commission, inspections of corporate activities, company press releases, research materials prepared by others, financial newspapers and magazines, financial broadcast media (including the internet), corporate rating services, and subscription services and newsletters. Additional sources of information may include presentations/discussions with corporate managers, research analysts, portfolio managers and other individuals with relevant expertise/insight.

Clients should understand that investing in securities involves risk of loss that clients should be prepared to bear.

EQUITY MANAGEMENT

KDA's individual equity analysis generally focuses upon selection of well-managed companies/stocks at reasonable valuations that can be held for the long term (i.e., "growth-at-a-reasonable-price").

KDA generally uses the following criteria in its individual equity selection process:

- High, consistent levels of return on capital;
- Ability to generate positive cash flow;
- A leadership position within a growing industry, providing the company with the ability to reinvest its earnings at high rates of return;
- Non-diversified business which dominates/leads its market segment;
- Significant barriers to entry into the industry;
- Exceptional management and a corporate culture of excellence;
- High levels of management stock ownership and/or shareholder-oriented management compensation;
- Clean balance sheet and clean accounting practices;
- Reasonable leverage for the business; and
- Attractive valuation relative to sustainable growth and profitability.

Additionally, KDA's individual equity investments typically comprise a broad range of companies with a history of relatively stable earnings growth, and which are positioned to maintain continued growth in the future. Generally, these companies enjoy fundamental characteristics superior to the average. Their sales, earnings, book value and dividends have usually grown faster than average, while debt (financial leverage) has remained lower than average. Return-on-Equity, Cash Flow Return-on- Investment and Price/Earnings Ratios are typically higher than average as well.

KDA may also invest in "value" stocks, in companies facing difficulties, but with compelling valuations, or in strong, well-managed companies in out-of-favor industries, if it believes that the companies will achieve superior performance when company-specific or industry conditions improve. We may also write "covered" calls on individual securities – a relatively conservative option strategy designed to add value to a portfolio – as appropriate.

Diversification

KDA places significant emphasis upon diversifying investments across industries and economic sectors in order to reduce company specific (non-market) risk. We may purposely over- or under-weight certain companies, industries and/or economic sectors, but the primary objective is to maintain well-diversified portfolios. Additionally, in order to achieve this diversification goal, we may include exchange traded funds and/or mutual funds in its portfolios. Often, such funds are intended to augment and complement its “growth-at-a-reasonable-value” style for individual stocks. For example, selected funds may be utilized to add specific characteristics to a portfolio such as a “value”, “small-cap”, “real estate”, “precious metals”, “foreign”, etc.

Mutual Funds

KDA utilizes a sophisticated selection process to screen, analyze, select and monitor mutual funds. Selected funds are then integrated into a portfolio in a manner consistent with the investment objectives of the client. We may select “no-load” or “load-waived” mutual funds for client accounts – that is, mutual funds where shares are sold without a commission or sales charge - or funds with commissions and/or sales charges.

Foreign Investment

KDA advocates investment in international securities markets in order to provide increased portfolio diversification, and thus, the potential for greater long term, risk-adjusted returns. KDA adds international exposure through the purchase of:

- Stock of United States domestic companies with exposure to foreign markets.
- Select mutual funds which specialize in foreign or global equity investment.
- Select exchange-traded funds which specialize in foreign or global equity investment.
- Stock of foreign companies.

FIXED INCOME MANAGEMENT

KDA offers “active” fixed-income management with the goal of achieving above-average total returns with relatively low volatility. We strive to attain a reasonable level of income, with the potential for moderate capital appreciation. The critical factors that KDA focuses upon vis-à-vis our goal of reducing risk (volatility) and achieving above average returns are:

- Diversification: We seek to maintain well-diversified fixed-income portfolios designed to reduce non-market risk (volatility). Such portfolios are diversified across industries, asset - types, maturities, etc., as appropriate.
- Interest Rate Anticipation: In a diversified fixed-income portfolio, interest rate movements generally have the greatest impact upon portfolio performance, thus we track relevant macro-economic trends and, upon careful analysis, may implement an appropriate interest rate anticipation strategy.
- Credit Quality: We typically invest in high quality fixed-income securities, primarily investment grade bonds. However, KDA may also invest a portion of a portfolio in

below investment grade fixed-income securities and/or any such investment vehicle which we believe may add value to a client's portfolios.

- Valuation: Occasionally, certain securities and/or sectors (i.e. industry, credit, etc.) of the fixed-income market become attractive or unattractive relative to their historical valuations. We strive to add value by investing in such undervalued securities/sectors as they are identified, and selling those identified as over-valued.

KDA's "active" fixed-income strategy consists of a sophisticated process of portfolio construction and comparison relative to an appropriate benchmark index. We may invest in any fixed-income security deemed appropriate vis-à-vis the client's stated investment objectives.

Fixed Income Mutual Funds

KDA invests in select fixed-income mutual funds to afford "active" fixed-income management to our clients, and/or to meet a client's specific risk and return objectives. Such mutual funds may encompass a range of fixed income investment styles, and may comprise all or a portion of a client's portfolio, depending upon the client's unique needs and circumstances, and the size of the portfolio. Select exchange-traded funds may be used as well.

General Risks

There is no guarantee that a client's portfolio will meet their selected investment objective. The firm's past performance cannot guarantee future results. All investments are subject to market risk, including possible loss of principal. There are additional risks for investing in certain types of investments.

Types of Risk

Investors face many different forms of risk depending on the kinds of investments they choose.

- Market Risk: General market fluctuations can affect securities trading in that market.
- This type of risk is caused by external factors independent of a security's particular underlying circumstances. Stocks tend to fluctuate more than other asset classes (such as bonds) and may pose more risk over short periods of time. The price of a security, bond or mutual fund may drop in reaction to tangible and intangible events and conditions. For example, political, economic and social conditions may trigger market events. Diversification does not eliminate this type of risk.
- Industry/ Business/ Company Risk: Security values can decline due to negative developments within an industry or company. These risks are associated with a particular industry or a particular company within an industry. It is the risk that a company will not have adequate cash flow to meet its operating expenses. A company's risk is composed of financial risk, which is linked to debt, and risk, which is often linked to economic climate. If a company is entirely financed by equity, it would pose almost no financial risk, but, it would be susceptible to business risk or changes in the overall economic climate. For example, highly-regulated businesses face the risk that a change in government regulations could adversely impact the

industry. For a particular company, a change in competitive position, a change in management or a change in management's capital allocation decisions could adversely impact the business.

- **Credit Risk:** This is the risk of a bond issuer not being able to make timely payments of principal and interest. The value of a bond may also decrease due to financial difficulties or the declining creditworthiness of the issuer.
- **Interest rate Risk:** Interest rate risk is the risk that an investment's value will change as a result of a change in interest rates. This risk affects the value of bonds more directly than stocks. All bonds tend to rise in value when interest rates fall and to fall in value when interest rates rise. (i.e., when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline). Typically, there is greater price volatility associated with bonds with a longer maturity.
- **Call/Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed-income securities. For example, as interest rates fall, bonds with call provisions may be called in by the issuer prior to maturity. This may leave the investor with the problem of reinvesting the principal at a lower interest rate.
- **Inflation Risk:** This is also known as purchasing power risk. Inflation is a rise in the general level of prices for goods and services. If investments do not keep up with inflation, an investor's money will purchase less in the future than it did in the past.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash.
- Generally, assets are more liquid if many traders are interested in a standardized product. Some investments may not be widely held by the public and may be difficult to sell if prices drop dramatically. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Currency Risk:** Foreign investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is referred to as exchange rate risk. Currency exchange can affect the returns of a foreign security because foreign exchange rates constantly fluctuate with changes in the supply and demand of each country's currency. Thus, returns achieved by local investors are often quite different from the returns that U.S. investors achieved—even though both are investing in the same security.
- **Political/Economic Risk:** Investments in a foreign country can be affected by the political and economic developments within that country.
- **Market timing Risk:** By attempting to time market movements, investors risk being out of the market at opportune times and may invest in the market at disadvantageous times.

Item 9 – Disciplinary Information

There are no legal or disciplinary events that would be material to a client's evaluation of the integrity of KDA or its management.

Item 10 – Other Financial Industry Activities and Affiliations

KDA is affiliated with Krane Funds Advisors, which provides investment advice to ETFs. KDA may invest in Krane ETFs for clients.

KDA is affiliated with Harvest Global Investments USA, which provides investment advice to mutual funds (“Harvest Funds”). KDA may invest in Harvest Funds for clients.

Certain owners of KDA’s parent also indirectly own an interest in a registered broker-dealer Harvest Krane Investments. KDA may use Harvest Krane Investments to effect transactions for clients in shares of the Harvest funds and may collect sales commissions.

Item 11 – Code of Ethics

KDA 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, 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.

While it is not possible to define all situations that might pose a risk of securities laws violations or create conflicts of interest, KDA’s Code of Ethics is designed to address those circumstances where such concerns are most likely to arise. By complying with KDA’s Code of Ethics, its employees can minimize their and the firm’s potential exposure from violations of laws governing securities transactions and fiduciary relationships. Proscriptions against self-dealing, insider-trading and the appearance of actual conflicts of interest are all set forth in KDA’s Code of Ethics. KDA provides orientation on its Code of Ethics to all new employees.

The firm’s clients or prospective clients may request a copy of the firm’s Code of Ethics by contacting Jennifer Krane.

Transactions by Principals

The KDA Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of the firm will not interfere with (1) making decisions in the best interest of advisory clients and (2) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of KDA’s clients.

The principals, directors, officers and/or employees of KDA may, from time to time, purchase and/or sell securities that the firm also recommends be bought and/or sold by clients. KDA principals, directors, officers, and/or employees will not buy securities from, or sell securities to, clients. Further, in purchasing or selling securities in which they and a

client have an interest, or as to which such interest may reasonably be expected to occur, no such principals, directors, officers and/or employees may act in a manner as would favor his or her own interest over those of any client. All client trades take priority over trades executed on behalf of the principals, directors, officers and/or employees of the firm.

In addition, KDA has procedures to facilitate compliance with the firm's policies designed to prevent transactions that may be deemed to be in conflict with those of our clients. Because the Code of Ethics in some circumstances would permit employees to invest in the same securities as a client, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between the firm and its clients.

Further, in purchasing or selling securities in which any of KDA's principals, directors, officers and/or employees and a client have an interest, or as to which such interest may reasonably be expected to occur, no such principals, directors, officers and/or employees may act in a manner that would favor his or her own interest over those of any client. All client trades take priority over trades executed on behalf of the principals, directors, officers and/or employees of KDA.

The firm's Code of Ethics also forbids any employee from trading, either personally or on behalf of others, on material non-public information or communicating material non-public information to others in violation of the law. The Code provides that every employee must report his or her personal securities transactions (quarterly) and holdings (upon hiring and annually) to the Chief Compliance Officer. In addition, an employee must seek approval of the Chief Compliance Officer prior to participating in an initial public offerings or private placements.

KDA will not cross trades between client accounts. Additionally, KDA will not execute any principal or agency cross securities transactions for client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. An agency- cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser acts as broker for both the advisory client and for another person on the other side of the transaction.

Restrictions on Gifts

Employees of KDA may not seek or accept gifts of material value or any preferential treatment in dealings with any broker/dealers or other organizations with which KDA does business.

Item 12 – Brokerage Practices

Directed Brokerage

KDA clients are required to execute brokerage transactions through the broker that KDA specifies. KDA may pay a commission in excess of what another broker might have charged for effecting the same transaction in recognition of the value of the execution, technology platform and/or research services provided by the broker. At times, research services furnished by the broker through whom KDA executes securities transactions may be used in servicing all of our accounts and not all such services may be used by KDA in connection with the accounts which actually paid the commissions to the broker for providing such services. KDA may, where appropriate, have an understanding, but no binding agreement, with a broker that a specified dollar amount of commissions will be paid to that broker in return for research/ execution services - if KDA believes that the value of the research/execution received warrants such an informal understanding.

Selection of Brokers/Custodians

KDA does not maintain custody of our clients' assets, although we may be deemed to have custody of client assets if our client gives us authority to withdraw assets from their account (*see Item 15 – Custody, below*). Client assets must be maintained in an account at a "qualified custodian," generally a broker dealer or bank. KDA requires a custodian/broker who will hold client's assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody);
- Capability to execute, clear, and settle trades (buy and sell securities for client's accounts);
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- Breadth of available investment products (stocks, bonds, mutual funds, exchange traded funds, etc.);
- Availability of investment research and tools that assist us in making investment decisions. For example, research services offered by brokers may consist of written
- research reports, contacts/meetings with security analysts, market technicians, economists, portfolio-theory experts and others who may be helpful in formulating investment policy; contacts highlighting a firm's best ideas; and broker-sponsored meetings with the management of individual companies;
- Expertise provided regarding investment advisory industry best practices, and legal, regulatory and compliance issues, among others;
- Quality of services;
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices;
- Reputation, financial strength, and stability;
- Prior service to us and our clients; and
- Availability of other products and services that benefit our firm.

KDA requires that our clients use [Custodian], a registered broker dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with [Custodian]. [Custodian] will hold client assets in a brokerage account and buy and sell securities when instructed. Each client will be required to open their account with [Custodian] by entering into an account agreement directly with them. KDA does not open the account, although we may assist a client in doing so. Even though a client account is maintained at [Custodian], we can still use other brokers to execute trades for a client's account. KDA may change brokers or custodians at any time at its discretion.

Brokerage and Custody Costs

For our clients' accounts that [Custodian] maintains, [Custodian] generally does not charge a separate fee for custody services, but is compensated by charging commissions or other fees on trades that it executes or that settle into client accounts. This commitment benefits our clients because the overall commission rates a client pays are lower than they would be otherwise. In addition to commissions, [Custodian] charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer, but where the securities bought or the funds from the securities sold are deposited (settled) into a client's [Custodian] account. These fees are in addition to the commissions or other compensation that a client pays the executing broker-dealer. Because of this, in order to minimize trading costs, we have [Custodian] execute most trades for our clients' accounts.

We have determined that having [Custodian] execute most trades is consistent with our duty to seek "best execution" of our clients' trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "*Selection of Brokers/Custodians*").

Products and Services Available to KDA from [Custodian]

[Custodian] is [Custodian]'s business serving independent investment advisory firms like KDA. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting, and related services – many of which are not typically available to [Custodian] retail customers. [Custodian] also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. [Custodian]'s support services generally are available on an unsolicited basis and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at [Custodian].

[Custodian] Services That Benefit KDA Clients

[Custodian]'s institutional brokerage services include access to a broad range of investment products, execution of securities transactions and custody of client assets. The products available through [Custodian] include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. [Custodian]'s services described in this paragraph generally benefit our clients.

Services That May Not Directly Benefit KDA's Clients

[Custodian] also makes available to us other products and services that benefit us but may not directly benefit a client's individual account. These products and services assist us in managing and administering our clients' accounts overall. They include investment research, both [Custodian]'s own and that of third parties. KDA may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at [Custodian]. In addition to investment research, [Custodian] also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements);
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- Provide pricing and other market data;
- Facilitate payment of our fees from our clients' accounts; and
- Assist with back-office functions, recordkeeping, and client reporting.

Services That Generally Benefit Only KDA

[Custodian] also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events;
- Consulting on technology, compliance, legal, and business needs;
- Publications and conferences on practice management and business succession;
- Access to employee benefits providers, human capital consultants, and insurance providers.

[Custodian] may provide some of these services itself. In other cases, it will arrange for third party vendors to provide the services to us. [Custodian] may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. [Custodian] may also provide us with other benefits, such as occasional business entertainment of our personnel. KDA uses many of the services [Custodian] offers, especially their software and technology that permits us to more efficiently manage and administer client accounts. We also occasionally take advantage of the educational conferences and events [Custodian] offers.

Our Interest in [Custodian]'s Services

The availability of these services from [Custodian] benefits KDA because we do not have to separately produce or purchase these services for our firm. These services are not contingent upon us committing any specific amount of business to [Custodian] in trading commissions or assets in custody. [Custodian]'s services may give us an incentive to require that clients maintain their account with [Custodian], based on our interest in receiving [Custodian]'s services that benefit our business rather than based on our clients' interest in receiving the best value in custody services and the most favorable execution of their transactions. This is a potential conflict of interest. We believe, however, that our selection of [Custodian] as custodian and broker is in the best interests of our clients. Our

selection is primarily supported by the scope, quality, and price of [Custodian]'s services (see "*Selection of Brokers/Custodians*") and not [Custodian]'s services that benefit only us.

Aggregation of Trades

KDA may aggregate multiple trade orders, to be executed together as a single "block" in order to facilitate orderly and efficient execution. Each account then receives the total average price of the overall order, which will then be allocated to all accounts participating in the aggregated trade. KDA will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Usually, partially filled orders will be allocated on a prorate basis. Any exceptions will be explained on the order.

Trade Error Correction Procedures

On infrequent occasions, an error may be made in a client account. For example, a security may be erroneously purchased for a client account instead of sold. In these situations, KDA generally seeks to rectify the error by placing the client account in a similar position as it would have been had there been no error. Depending on the circumstances, various corrective steps may be taken, including but not limited to, canceling the trade, adjusting an allocation, and/or reimbursing the account.

Item 13 – Review of Accounts

KDA investment personnel are responsible for all reviews of accounts we manage. All accounts are reviewed at least once annually.

Additionally, there are many factors which may trigger account reviews. Such factors include, but are not limited to, sales and/or purchases of securities, maturity of securities, additions or withdrawals of cash or securities, performance reviews, tax-impact reviews, change of investment objectives, changes in economic conditions and/or client request for review.

Unless KDA and the client agree otherwise, investment reports are provided at least annually for individual and institutional clients. Additionally, reports may be prepared per client request and/or meetings. These reports may contain such account information as asset allocation, individual holdings, income and yield, performance data, all as appropriate, etc.

All clients will receive, directly from the custodian, a monthly statement that sets forth all transactions and activity in the account and details the market value for each investment position held in the account. Clients are also sent confirmations following most brokerage account transactions.

On a quarterly basis, clients receive a written report from KDA that includes a cover document summarizing the details of their account(s), a Portfolio Appraisal, and a copy of their invoice. The Portfolio Appraisal details the security holdings, including the number of shares owned, the unit cost of each investment, the current market value of each investment and the percent that investment represents of the total market value of the portfolio.

Additionally, KDA will generally provide a Realized Gains and Losses report for each taxable account to help clients with their annual tax preparation. Other reports may also be periodically provided as requested by the client.

Item 14 – Client Referrals and Other Compensation

Economic Benefit Received by KDA

KDA receives an economic benefit from [Custodian] in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at [Custodian]. These products and services, how they benefit our firm and our client, and the related conflicts of interest are described above (see Item 12 – *Brokerage Practices*). The availability to us of [Custodian]’s products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Item 15 – Custody

Our firm is deemed to have custody of client assets if, for example, a client authorizes us to instruct [Custodian] to deduct our advisory fees directly from their account. [Custodian] or another custodian of the client’s choice maintains actual custody of the assets. Each client will receive account statements directly from [Custodian] or another custodian at least quarterly and in most cases monthly. They will be sent to the email or postal mailing address the client has provided to [Custodian] or another custodian. KDA urges clients to carefully review such statements and compare such official custodial records to the account statements that we may provide. If a client is not receiving monthly brokerage statements either electronically or in hardcopy or if they notice any discrepancies between our reports and the brokerage statements, please contact us at (646)-218-9848.

Our statements may vary slightly from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Further, KDA will concurrently (1) send the Custodian notice of the amount of the fee to be deducted from the client’s account, and (2) send the client an invoice itemizing the fee including the formula used to calculate the fee, the amount of assets under management upon which the fee is based, and the time period covered by the fee.

Item 16 – Investment Discretion

KDA usually receives discretionary authority from the client at the outset of an advisory relationship to invest in a manner consistent with the stated investment objectives of the particular client account, using KDA's discretion regarding the investments, timing of investments and asset allocation.

Custodians and KDA require that the client grant us limited power of attorney with regard to buying, selling and trading in stocks, bonds and, mutual funds, or other securities. Such an appointment allows KDA to (a) buy or sell securities, as well as specify the amount of securities to invest, at its discretion without having to obtain the client's specific consent for each specific transaction. In addition, the limited power of attorney gives the Adviser authority to (b) vote proxies; (c) transfer funds on behalf of Client at their request, and (d) debit advisory fees in accordance with the procedures described in Item 15. Upon termination of our investment management services, we will have no obligation or authority to recommend or take any action with regard to the previously managed assets.

The primary method of determining an account restriction is via mutual agreement (upon client request, and at KDA's discretion) regarding the composition of a portfolio. This may include holding a certain security, refraining from purchasing a certain security or type of security, managing the time frame over which cash is invested or certain inherited positions are sold, and adjusting the target asset allocation, among others. Restrictions may apply to individual securities or the entire portfolio.

Item 17 – Voting Client Securities

Under its standard Investment Advisory Agreement, KDA is delegated the power to exercise voting, conversion, subscription and any other rights regarding the client's securities for which it has discretionary management. We recognize and adhere to the principle that one of the privileges of owning stock in a company is the right to vote in the election of the company's directors and on matters affecting certain important aspects of the company's structure and operations that are submitted to shareholder vote. As an investment adviser with a fiduciary responsibility to its clients, KDA analyzes the proxy statements of issuers whose stock is owned by clients who have requested that KDA be involved in the proxy process. In addition, for those clients who have not delegated their voting responsibility or for a non-discretionary security, KDA may provide advice regarding proxy voting for Clients who specifically request it. Such clients will receive proxy materials directly from the custodian and may vote them directly with the custodian (via mail, phone or internet).

In cases where KDA has authority to vote a clients' proxy, we will consider their request (via phone or in writing) to cast a proxy vote a certain way. However, KDA will use its discretion as to how the proxy is ultimately voted. KDA has adopted Proxy Voting Policies and Procedures for the purpose of establishing and documenting its fiduciary duty with regard to the voting of client proxies. Clients may receive a copy of KDA Proxy Voting

Policies and Procedures upon request. Certain information regarding the voting of proxies may be obtained by our clients through written request to KDA.

Proxies are voted solely in the interests of the client, or where employee benefit plan assets are involved, in the interests of plan participants and beneficiaries. Our intent is always to vote proxies in a manner consistent with our fiduciary obligations and responsibilities. Given the size and structure of our firm and the nature of our investment business, we have not and do not expect to encounter situations involving a conflict of interest or where we would be unable to vote in our client's best interests. If such a conflict were to arise, KDA would disclosure the relevant conflict to our client and obtain their consent to the proposed vote prior to voting the securities.

Item 18 – Financial Information

KDA 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.