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This brochure provides information about the qualifications and business practices of Kanon Bloch Carré. If you have any questions about the contents of this brochure, please contact us at: 781 792 2934, or by email at: info@kanon.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 Kanon Bloch Carré is available on the SEC's website at www.adviserinfo.sec.gov

March 31, 2013

Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 781 849 0034 or by email at: info@kanon.com.

Table of Contents

Material Changes.....	i
Annual Update	i
Material Changes since the Last Update	i
Full Brochure Available	i
Advisory Business	1
Firm Description.....	1
Principal Owners.....	1
Types of Advisory Services.....	1
Tailored Relationships	2
Types of Agreements.....	2
Advisory Service Agreement.....	2
Retainer Agreement.....	2
Investment Management Agreement.....	2
Tax Preparation Agreement.....	2
Hourly Planning Engagements	2
Asset Management	2
Termination of Agreement	3
Fees and Compensation	3
Description	3
Fee Billing	3
Other Fees.....	3
Expense Ratios.....	4
Past Due Accounts and Termination of Agreement	4
Performance-Based Fees	4
Sharing of Capital Gains	4
Types of Clients.....	4
Description	4
Account Minimums.....	4
Methods of Analysis, Investment Strategies and Risk of Loss.....	5
Methods of Analysis.....	5
Investment Strategies	5

Risk of Loss	5
Disciplinary Information	6
Legal and Disciplinary.....	6
Other Financial Industry Activities and Affiliations	7
Financial Industry Activities.....	7
Affiliations	7
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	7
Code of Ethics	7
Participation or Interest in Client Transactions.....	7
Personal Trading.....	7
Brokerage Practices.....	8
Selecting Brokerage Firms.....	8
Best Execution	8
Soft Dollars	8
Order Aggregation	8
Review of Accounts	8
Periodic Reviews	8
Review Triggers.....	8
Regular Reports.....	8
Client Referrals and Other Compensation	9
Incoming Referrals.....	9
Referrals Out	9
Other Compensation.....	9
Custody.....	9
Account Statements.....	9
Performance Reports.....	9
Net Worth Statements.....	9
Investment Discretion.....	9
Discretionary Authority for Trading.....	9
Limited Power of Attorney.....	10

Voting Client Securities	10
Proxy Votes	10
Financial Information	10
Financial Condition	10
Business Continuity Plan	10
General	10
Disasters	11
Alternate Offices	11
Loss of Key Personnel	11
Information Security Program.....	11
Information Security	11
Privacy Notice	11
Brochure Supplement (Part 2B of Form ADV)	12
Education and Business Standards	12
Professional Certifications	12
Robert P. McCarthy, CERTIFICATIONS.....	Error! Bookmark not defined. 3
Diane Halverson, CERTIFICATIONS.....	14

Advisory Business

Firm Description

Kanon Bloch Carré, (“KBC”) was founded in 1988.

KBC provides investment management and consulting services to retirement plan sponsors, other institutional investors and high net worth individuals.

For retirement plan sponsors, KBC assists the client’s investment committees in the due diligence, investment selection, ongoing review of retirement plan offerings to plan participants, and participant education.

KBC’s institutional investor clients include banks and trust companies, insurance companies, charitable institutions and other registered investment companies. Services provided to these clients include development of asset allocation models, investment due diligence and ongoing investment review.

KBC provides personalized investment management to individuals through consultation with the client and their financial planning professional. KBC does not provide financial planning advice, but works in conjunction with an affiliate, KBC Financial Services to provide financial planning.

KBC is strictly a fee-only investment consulting and management firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder’s fees are accepted.

Principal Owners

Robert P. McCarthy is a 66.667% stockholder. Jason Ingraham is a 33.333% stockholder.

Types of Advisory Services

Services for each KBC client vary upon circumstances and needs. The primary areas of common involvement with all clients include overall asset allocation recommendations, recommendations of investments to be included in corporate retirement plans or asset allocation models, and on-going due diligence.

KBC’s basic annual fee for advisory services is negotiated. KBC’s advisory fees are generally a flat annual retainer or a percentage of assets under advisement and are paid in arrears with no prepayment of fees.

Tailored Relationships

The goals and objectives for each client are documented in our client relationship management system. Investment policy statements are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

Types of Agreements

The following agreements define the typical client relationships.

Advisory Service Agreement

KBC does not offer advisory, or financial planning, services, but refers high net worth clients to our affiliate, KBC Financial Services. Asset management services are described addressed in our Investment Management Agreements.

Retainer Agreement

For a majority of KBC clients, a *Retainer Agreement* is executed in lieu of an *Advisory Service Agreement*. The annual fee for a *Retainer Agreement* is based on the services performed by KBC and is negotiable.

Investment Management Agreement

An *Investment Management Agreement* may be executed for non institutional investors where investment consulting is not appropriate. The annual fee for an *Investment Management Agreement* is based on assets, starting at 0.70% and is negotiable.

Tax Preparation Agreement

KBC does not offer tax preparation work services

Hourly Planning Engagements

KBC does not provide hourly planning services.

Asset Management

Assets are invested primarily in no-load mutual funds and exchange-traded funds, usually through discount brokers or fund companies. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Discount brokerages may charge a transaction fee for the purchase of some funds.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond

trades. KBC does not receive any compensation, in any form, from fund companies.

KBC does not recommend individual equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit or municipal securities for its clients.

Initial public offerings (IPOs) are not available through KBC.

Termination of Agreement

A Client may terminate any of the aforementioned agreements at any time by notifying KBC in writing 30 days in advance and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. Institutional agreements contain an initial engagement period. If the client terminates an agreement within that initial period, the client is responsible for a discounted portion of the annual retainer

KBC may terminate any of the aforementioned agreements at any time by notifying the client in writing 30 days in advance.

Fees and Compensation

Description

Retainer Agreements are priced based on the complexity of work, especially when asset management is not the most significant part of the relationship.

For asset management clients, KBC bases its fees on a percentage of assets under management.

Fees are negotiable.

Fee Billing

Investment management fees are billed quarterly, in *arrears*, meaning that we invoice clients after the three-month billing period has ended. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

Other Fees

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

KBC, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical

relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

Expense Ratios

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid to KBC.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

Past Due Accounts and Termination of Agreement

KBC reserves the right to stop work on any account that is more than 90 days overdue.

Performance-Based Fees

Sharing of Capital Gains

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

KBC does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

Types of Clients

Description

KBC generally provides investment consulting services to banks or thrift institutions, investment companies, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations or business entities.

Client relationships vary in scope and length of service.

Account Minimums

The minimum account size is \$500,000 of assets under management, which equates to an annual fee of \$4,000.00.

When an account falls below \$500,000 in value, the minimum annual fee of \$4,000.00 is charged.

KBC has the discretion to waive the account minimum. Other exceptions will apply to employees of KBC and their relatives, or relatives of existing clients.

Clients receiving ongoing asset management services will be assessed a \$4,000.00 minimum annual fee. Clients with assets below the minimum account size may pay a higher percentage rate on their annual fees than the fees paid by clients with greater assets under management.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that KBC may use include Morningstar Direct mutual fund information, Morningstar Principia stock information, Charles Schwab & Company's "SchwabLink" service, Advisor Intelligence, and the World Wide Web.

Investment Strategies

KBC follows a basic investment strategy encouraging diversification within and among various asset classes. In order to achieve proper diversification for clients with varied objectives and risk tolerances, KBC has developed a series of investment portfolios with varying degrees of risk ('graduated risk portfolios'). For each portfolio an asset allocation is developed which is appropriate for that portfolio's level of risk.

Each portfolio of mutual funds is offered to clients and each client selects the portfolio with the risk level they feel most comfortable with. The asset allocation analysis and procedures followed in structuring the graduated risk portfolios utilize both packaged asset allocation modeling software and the cumulative judgment and investment expertise of the principals and officers of KBC.

Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on

existing bonds become less attractive, causing their market values to decline.

- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **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.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **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. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Disciplinary Information

Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

Other Financial Industry Activities and Affiliations

Financial Industry Activities

KBC has no affiliations with securities broker-dealers, or a futures commission merchant, commodity pool operator or commodity trading advisors.

Affiliations

KBC is affiliated with KBC Financial Services, a firm with common ownership, that performs financial planning and tax compliance. KBC does not have any other arrangements that are material to its advisory or its clients with a related person who is a broker-dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships.

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

Code of Ethics

The employees of KBC have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

KBC and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the KBC *Compliance Manual*.

Personal Trading

The Chief Compliance Officer of KBC is Robert P. McCarthy. He reviews all employee trades each quarter. His trades are reviewed by Thomas B. Willard, Director of Operations. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

Brokerage Practices

Selecting Brokerage Firms

KBC does not have any affiliation with product sales firms. Specific custodian recommendations are made to Clients based on their need for such services. KBC recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

KBC recommends discount brokerage firms and trust companies (qualified custodians), such as Charles Schwab or Fidelity Brokerage.

KBC does not receive fees or commissions from any of these arrangements.

Best Execution

KBC reviews the execution of trades at each custodian each quarter. Trading fees charged by the custodians is also reviewed on a quarterly basis. KBC does not receive any portion of the trading fees.

Soft Dollars

KBC has no soft dollar arrangements with any financial organization.

Order Aggregation

Most trades are mutual funds or exchange-traded funds where trade aggregation does not garner any client benefit.

Review of Accounts

Periodic Reviews

Account reviews are performed quarterly by Robert McCarthy, President. Account reviews are performed more frequently when market conditions dictate.

Review Triggers

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

Regular Reports

Account reviewers are members of the firm's Investment Committee. They are instructed to consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

Clients receive periodic communications on at least an quarterly basis. Reports consist of a market commentary, performance rankings and evaluations, portfolio holdings and other relevant portfolio statistics.

Client Referrals and Other Compensation

Incoming Referrals

KBC has been fortunate to receive many client referrals over the years. The referrals came from current clients, ERISA attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

Referrals Out

KBC does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Other Compensation

KBC receives no other forms of compensation.

Custody

Account Statements

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly.

Performance Reports

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by KBC.

Net Worth Statements

KBC does not offer financial planning services. KBC will provide investment reports to a client's financial planners for integration into the planners reports. KBC does coordinate its investment management services with an affiliated entity, KBC Financial Services. KBC Financial Services provides tax compliance and financial planning services to individuals and families.

Investment Discretion

Discretionary Authority for Trading

KBC accepts discretionary authority to manage securities accounts on behalf of clients. KBC has the authority to determine, without obtaining specific

client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, KBC consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

The client approves the custodian to be used and the commission rates paid to the custodian. KBC does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose. Clients sign a limited power of attorney so that KBC may execute the trades that have been agreed upon.

Voting Client Securities

Proxy Votes

KBC does not vote proxies on securities. Clients are expected to vote their own proxies.

When assistance on voting proxies is requested, KBC will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

Financial Information

Financial Condition

KBC does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because KBC does not serve as a custodian for client funds or securities, and does not require prepayment of fees.

Business Continuity Plan

General

KBC has a Disaster Recovery Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key personnel.

Disasters

The Disaster Recovery Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

Loss of Key Personnel

KBC has a Business Continuation Plan to support KBC in the event of Robert McCarthy's serious disability or death. The plan would be implemented by Jason Ingraham, a partner of the firm.

Information Security Program

Information Security

KBC maintains an information security program to reduce the risk that your personal and confidential information may be breached.

Privacy Notice

KBC is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.

Education and Business Standards

KBC requires that all employees dealing directly with clients on a consulting basis have college degrees and advanced training and/or degrees in accounting, business, finance, law or investment. Each professional furnishes investment advisory advice. Specific recommendations are reviewed and approved by the management of KBC with the professional staff contributing to the analysis. Additionally, advisors must have work experience that demonstrates their aptitude for investment management.

Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

Certified Financial Planner (CFP): Certified Financial Planners are licensed by the CFP Board to use the CFP mark. CFP certification requirements:

- Bachelor's degree from an accredited college or university.
- Completion of the financial planning education requirements set by the CFP Board (www.cfp.net).
- Successful completion of the 10-hour CFP® Certification Exam.
- Three-year qualifying full-time work experience.
- Successfully pass the Candidate Fitness Standards and background check.

Chartered Financial Analyst (CFA): Chartered Financial Analysts are licensed by the CFA Institute to use the CFA mark. CFA certification requirements:

- Hold a bachelor's degree from an accredited institution or have equivalent education or work experience.

- Successful completion of all three exam levels of the CFA Program.
- Have 48 months of acceptable professional work experience in the investment decision-making process.
- Fulfill society requirements, which vary by society. Unless you are upgrading from affiliate membership, all societies require two sponsor statements as part of each application; these are submitted online by your sponsors.
- Agree to adhere to and sign the Member's Agreement, a Professional Conduct Statement, and any additional documentation requested by CFA Institute.

Enrolled Agent (EA): Enrolled Agents are enrolled by the Internal Revenue Service and authorized to use the EA designation. EA enrollment requirements:

- Successful completion of the three-part IRS Special Enrollment Examination (SEE), or completion of five years of employment by the IRS in a position which regularly interpreted and applied the tax code and its regulations.
- Successfully pass the background check conducted by the IRS.

Robert P. McCarthy

Educational Background:

- Date of birth: May 5, 1958
- BSBA, Suffolk University, 1982

Business Experience:

- Bank of New England (1982 – 1985)
- Higgins Associates (1985 – 1994)
- RINET Company (1994 – 2008)
- KBC Holdings (Kanon Bloch Carré) (2008 – present)

Disciplinary Information: No disciplinary history

Other Business Activities: None

Additional Compensation: None

Responsibilities:

Robert McCarthy is President of KBC. His responsibilities include client relationship management, investment management and business development.

Diane S. Halverson**Educational Background:**

- Date of birth: December 6, 1953
- BS Journalism, Texas Women's University 1982

Business Experience:

- Horizon House (1977 – 1979)
- The Glaser Office, Abelson & Cohen, (1979 – 1984)
- C&D Registry Services (1985 – 1988)
- Spectrum Financial Corp.(1988 – 1991)
- Bank of Boston (1991 – 1994)
- Smith Barney (1995 – 1995)
- PFE Group 1995 - 2004
- NYLIM, 2004 - 2007
- KBC Holdings (Kanon Bloch Carré) (2007 – present)

Disciplinary Information: No disciplinary history

Other Business Activities: None

Additional Compensation: None

Supervision:

Ms. Halverson is supervised by Robert McCarthy, President.