



KLAAS FINANCIAL ASSET ADVISORS, LLC

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Disclosure Brochure | April 16, 2014

This brochure provides information about the qualifications and business practices of Klaas Financial Asset Advisors, LLC ("Klaas"). If you have any questions about the contents of this brochure, please contact us at (815) 877-8440. 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.

Klaas is an investment adviser registered with the U.S. Securities and Exchange Commission. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an investment adviser are intended to provide you with information to assist in your determination as to whether or not to retain the services of that investment adviser.

Additional information about Klaas is also available on the SEC's website at www.adviserinfo.sec.gov.



Item 2. Material Changes

Klaas Financial Asset Advisors, LLC ("Klaas", "we", "us", "our", "ours") delivers its brochure initially when we enter into an advisory agreement with you. We then offer or deliver our brochure on an annual basis, no later than April 29th of each year.

The last update to our brochure was dated March 25, 2014. We have made the following material changes to our Brochure since the last update:

In addition to financial planning services offered in the past, our services now include referrals to unaffiliated third party managers, including Ladenburg Thalmann Asset Management, Inc. ("LTAM"), and portfolio management directly by our firm.

We have also become registered with the U.S. Securities and Exchange Commission as our assets under management have grown to over \$100,000,000.00. We were formerly registered with the States of Illinois and Wisconsin.

We will provide our disclosure brochure ("brochure") to you when we enter into an advisory agreement with you. Our brochure will be updated no less than annually. Within 120 days of our fiscal year end we will deliver a summary of material changes which have been made to our brochure since its last annual update. This summary will include information about how you may obtain an updated brochure at no charge, and it will include the date of the last annual update. We will provide updated disclosure information about material changes more frequently as needed.

Currently, our brochure may be requested by contacting us at (815) 877-8440. We will provide you with a copy of our current brochure at any time without charge.

Information about your Advisory Representative may be found in the supplements to our brochure.

*Klaas Financial Asset Advisors, LLC
CRD Number 121399*



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Item 4. Advisory Business

Klaas is located in Loves Park, Illinois and Fitchburg, Wisconsin. Craig M. Klaas is the firm's President and Chief Executive Officer, Steven L. Schou is the firm's Chief Compliance Officer and Chief Financial Officer, Craig J. Klaas is the firm's Chief Operations Officer and Maleeah L. Wernsing-Cuevas is the firm's Chief Administrative Officer. Messrs. Craig M. Klaas and Steven L. Schou each own 35% of the firm while Craig J. Klaas and Maleeah L. Wernsing-Cuevas each own 15% of the firm. Klaas is registered as an investment adviser with the U.S. Securities and Exchange Commission.

Our services include:

- Portfolio Management
- Referrals to unaffiliated third party asset managers, including LadenburgThalmann Asset Management, Inc. ("LTAM")
- Financial Planning

Portfolio Management Services

We offer discretionary portfolio management services through the Klaas Investment Portfolios Wrap Fee Program on a wrap fee basis. Our wrap fee program is more fully described in our Klaas Financial Asset Advisors, LLC Wrap Fee Program Brochure, which is available upon request. We do not manage wrap fee accounts in a manner that differs from how we manage non-wrap fee accounts.

Third Party Investment Management Advisory Services

We may recommend or select a third-party investment manager to provide investment management services for all or a portion of your investment assets. Generally, we will recommend a wrap fee program sponsored by Klaas. In order to assist you in the selection of a particular third-party portfolio manager, we will use the information you have provided about your investment objectives, goals, and risk tolerances, as well as other relevant information, to identify a third-party investment manager(s) whose investment strategies appear appropriate for you.



Some of the other relevant information considered in recommending a third-party investment manager include (but are not limited to):

- your preference for certain types of investments or investment strategies;
- your investment time horizon;
- the size and composition of your investment account;
- your tax considerations;
- your Advisory Representative's prior experience with and preferences for particular investment managers;
- the fees charged by the investment manager; and
- the experience and capabilities of the investment manager.

We will provide the respective manager's disclosure brochure which will more fully describe the recommended program.

Through discussions, interviews and questionnaires we will assist you in determining your investment objectives. We will recommend managers based on your objectives, risk tolerance, liquidity needs, tax considerations and any other issues related to your financial situation.

We will contact you annually to discuss the performance of your investments and update your financial information.

You should notify us promptly if there are any changes in your financial situation or investment objectives or if you wish to impose any reasonable restrictions upon the management of your account.

Assets Under Management

As of April 2, 2014 we managed approximately \$135 million in client assets for approximately 1300 clients on a discretionary basis (where our IARs made all of the investment decisions).



Financial Planning

The financial plan that Klaas prepares usually includes one of two key elements:

1. An Analysis of Current Investments.

The adviser analyzes current investments using research from various sources. In this case, our representative does not make investment recommendations or assume control of the investments. This is simply an analysis and commentary on the current portfolio.

2. A Retirement Plan Summary.

This analysis considers retirement goals, current assets, risk tolerance, rates of return, family history, other assets, and years to retirement. An advisory representative of the firm first conducts an initial consultation to collect pertinent information about the client's current financial status, future goals, and attitude towards risk. Once the Investment Advisory Representative has reviewed and analyzed the information provided, the Investment Advisory Representative will create and present a written financial plan, designed to help the Client achieve her/his stated financial goals and objectives.

In general, a financial plan will address the following areas as applicable to the client:

- **PERSONAL:** Family records, budgeting, personal liability, estate information, and financial goals.
- **TAX & CASH FLOW:** Income tax and spending analysis and planning for past, current and future years. We will illustrate the impact of various investments on a client's current income tax and future tax liability.
- **DEATH & DISABILITY:** Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.
- **RETIREMENT:** Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.
- **INVESTMENTS:** Analysis of investment alternatives and their effect on a client's portfolio.



In addition to the aforementioned services, we provide advice on non-securities matters, such as estate planning, insurance and/or annuities.

Klaas bases its financial plans on the client's financial situation at the time the plan is presented, using the financial information the client discloses to us. The firm advises clients that in creating its financial plan, we may use certain assumptions with respect to interest and inflation rates and past trends and performance of the market and economy. Past performance is in no way a necessary indication of future performance. We cannot offer any guarantees or promises that the client's financial goals and objectives will be met. Further, the client must continue to review any plan and update the plan based when there are changes in the client's financial situation, goals, or objectives or changes in the economy. When a client's financial situation, goals, objectives, or needs change, we request that the client notify us promptly.

Should a client choose to implement the recommendations contained in the financial plan, we suggest the client work closely with her/his advisory representative, attorney, accountant, insurance agent, and/or stockbroker.

Implementation of the financial plan is entirely at the client's discretion.

NOTE: Our advisory representatives are registered representatives of Investacorp, Inc., a registered broker-dealer, members of FINRA/SIPC. Recommendations made in financial plans may include products offered through the Investacorp. If a product is not offered through this company, we may recommend other such companies offering the product.

Item 5. Fees and Compensation

Our services are offered on a fee only basis. Fees for our wrap fee program are described in the Klaas Investment Portfolios ("KIP") Wrap Fee Program Brochure, which is available upon request.



Fees assessed by third party asset managers we may recommend will be described in the respective manager's disclosure brochure and the advisory agreement you sign. We will provide copies of the brochure for each manager we recommend to you. Klaas will receive a portion of the advisory fee you pay to a third party asset manager.

However, the amount of the total advisory fee you pay will not be higher because you were referred by us.

Fees for Financial Planning and Consulting Services

Financial Planning Fees Fixed Fees

Depending upon the complexity of the situation and the needs of the client, the fees charged for creating client financial plans can be a range based on consulting services selected. Fees are paid in advance, but never more than six months in advance, with the remainder due upon presentation of the plan. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

The fee refunded will be the balance of the fees collected in advance minus the hourly rate times the number of hours of work that has been completed up to and including the day of termination.

Hourly Fees

Depending upon the complexity of the situation and the needs of the client, the hourly fee for these services is between \$100 and \$500. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Fees are paid in advance, but never more than six months in advance, with the remainder due upon presentation of the plan. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

The fee refunded will be the balance of the fees collected in advance minus the hourly rate times the number of hours of work that has been completed up to and including the day of termination.



Payment of Financial Planning Fees Hourly Fees

Hourly Financial Planning fees are paid via check in advance, but never more than six months in advance. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination.

Klaas reserves the right to require prepayment of up to one-half of the above quoted consulting fee upon execution of this Agreement. When charging on an hourly basis, payment of all unpaid fees will be due in full at the completion of the services outlined in this Agreement. All pre-paid financial planning fees are fully refundable within the first five days of agreement. Thereafter, all ongoing financial planning consulting services may be terminated by any Party to this agreement with thirty (30) days prior written notice to the other Party, and the agreed upon fees shall be refunded based on the prorated amount of time and resources expended by Klaas and the Investment Advisory Representative.

Fixed Fees

Fixed Financial Planning fees are paid via check a debit of the consulting fee from an existing non-qualified account held at an Investacorp contracted clearing firm, all authorized parties named in the account registration are required to sign this Agreement. A debit will not occur until Klaas accepts this Agreement. Fees are paid in advance, but never more than six months in advance. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination.

Klaas reserves the right to require prepayment of up to one-half of the above quoted consulting fee upon execution of this Agreement. When charging as a one- time flat fee, payment of all unpaid fees will be due in full at the completion of the services outlined in this Agreement. All prepaid financial planning fees are fully refundable within the first five days of this Agreement. Thereafter, all ongoing financial planning consulting services may be terminated by any Party to this Agreement with thirty (30) days prior written notice to the other Party, and the agreed upon fees shall be refunded based on the prorated amount of time and resources expended by Klaas and Investment Advisory Representative.

On-going financial planning services may be charged based as a percentage of the value of your investment account. The manner in which you are charged and the amount you will be charged will be negotiated with you, and described in your investment advisory agreement.



As mentioned previously, our investment advisory representatives are also registered representatives of Investacorp, Inc., an SEC registered broker/dealer, member FINRA/SIPC. Klaas and Investacorp, Inc. are not affiliated. Your advisory representative may also be licensed to sell insurance products. If you choose to implement your financial plan through your advisory representative in his capacity as a registered representative, he will earn commissions on products and services you purchase through him.

If you choose to implement your plan, you are not obligated to do so through your advisory representative, or our firm.

In addition to our fee, you may be required to pay other charges related to your account(s) such as:

- custodial fees;
- brokerage commissions;
- transaction fees;
- internal fees and expenses charged by mutual funds, ETFs and variable annuities;
- fees charged by third party money managers;
- maintenance and termination fees for IRAs, certain retirement and qualified accounts; and,
- other fees and taxes on brokerage accounts and securities transactions.

Mutual fund companies, ETFs, and variable annuity issuers charge internal fees and expenses for their products. These fees and expenses are in addition to any advisory fees charged by us. Complete details of these internal fees and expenses are explained in the prospectuses for each investment.

If you purchase mutual fund shares through the custodian, you may pay a transaction fee that would not be charged if the transaction were made directly through the mutual fund company. Also, mutual funds held in accounts at brokerage firms may charge internal fees that are different from mutual funds held at the mutual fund company.

You may purchase shares of mutual funds directly from the mutual fund company without a transaction fee. Those investments, however, may not be part of a managed account.



This means that they will not be included in the investment strategies, investment performance monitoring, or investment reallocation performed by an investment manager.

Please be sure to read **Item 12** entitled "Brokerage Practices," which follows later in this brochure.

Item 6. Performance-Based Fees

We do not charge performance-based fees for any of the services described in this brochure. Performance-based fees are generally based on a percentage of the capital gains on and/or appreciation of the client account assets.

Item 7. Types of Clients

We provide advisory services primarily to high net worth individuals and their families, including their trusts, estates and retirement accounts. We also provide services to small businesses, including their pension and profit sharing plans.

We do not impose a minimum investment account size to start and maintain an advisory relationship with us.

The minimum account sizes imposed by third party asset managers are described in their respective disclosure brochures.

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

Methods of Analysis

Charting analysis strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in solely using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.





Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

Investment Strategies

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading generally holds greater risk and clients should be aware that there is a material risk of loss using any of those strategies.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

Risks of Specific Securities Utilized

Klaas generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

Mutual Funds: Investing in mutual funds carries the risk of capital loss. Mutual funds are not guaranteed or insured by the FDIC or any other government agency. You can lose money investing in mutual funds.

All mutual funds have costs that lower investment returns. They can be of bond "fixed income" nature (lower risk) or stock "equity" nature (mentioned above).

Equity investment generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an inherent risk involved when purchasing a stock in that it may decrease in value and the investment may incur a loss.

Treasury Inflation Protected/Inflation Linked Bonds: The Risk of default on these bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing value, albeit rather minimal.



Fixed Income is an investment that guarantees fixed periodic payments in the future that may involve economic risks such as inflationary risk, interest rate risk, default risk, repayment of principal risk, etc.

Debt securities carry risks such as the possibility of default on the principal, fluctuation in interest rates, and counterparties being unable to meet obligations.

Stocks & Exchange Traded Funds (ETF): Investing in stocks & ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Investments in these securities are not guaranteed or insured by the FDIC or any other government agency.

Real Estate funds face several kinds of risk that are inherent in this sector of the market. Liquidity risk, market risk and interest rate risk are just some of the factors that can influence the gain or loss that is passed on to the investor. Liquidity and market risk tend to have a greater effect on funds that are more growth-oriented, as the sale of appreciated properties depends upon market demand. Conversely, interest rate risk impacts the amount of dividend income that is paid by income-oriented funds.

REITs have specific risks including valuation due to cash flows, dividends paid in stock rather than cash, and the payment of debt resulting in dilution of shares.

Precious Metal ETFs (Gold, Silver, Palladium Bullion backed “electronic shares” not physical metal): Investing in precious metal ETFs carries the risk of capital loss.

Item 9. Disciplinary Information

We have not been the subject of any legal or disciplinary events that would be material to your evaluation of our business or the integrity of our management.

Item 10. Other Financial Industry Activities and Affiliations

Investment Adviser Representatives associated with KLAAS are securities licensed through Investacorp, Inc., a registered broker/dealer, member FINRA, SIPC. Clients are not obligated to execute securities transactions through these individual. However, should clients choose to execute securities transactions through these individuals, then clients are advised that they will pay a commission to them and a conflict of interest exists?

Neither KLAAS nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.



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

We have adopted a *Code of Ethics* (“Code”) to address the standard of business conduct required of our Investment Advisory Representatives and employees. The Code includes our policies and procedures developed to protect your interests in relation to the following:

- the duty at all times to place your interests ahead of ours;
- that all personal securities transactions of our Investment Advisory Representatives and employees be conducted in a manner consistent with the Code and avoid any actual or potential conflict of interest, or any abuse of an advisory representative’s or employee’s position of trust and responsibility;
- that Investment Advisory Representatives may not take inappropriate advantage of their positions;
- that information concerning the identity of your security holdings and financial circumstances are confidential; and
- that independence in the investment decision-making process is paramount.

We will provide a copy of the Code to you or any prospective client upon request.

We do not buy or sell securities for our own account that we also recommend to you. Our Investment Advisory Representatives and employees are permitted to buy or sell the same securities for their personal and family accounts that are bought or sold for your account.

The personal securities transactions by our advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is owned by you, or is being considered for purchase or sale for your account.

We have adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in your best interest,
- prohibit favoring one client over another, and
- monitor and review of transactions to discover and correct any same-day trades that result in an advisory representative or employee receiving a better price than a client.



Our advisory representatives and employees must follow our procedures when purchasing or selling the same securities purchased or sold for your account.

Item 12. Brokerage Practices

We will generally recommend Fidelity Institutional Wealth Services ("Fidelity") to you for custody and brokerage services. Fidelity, a member FINRA/SIPC, is an SEC-registered broker/dealer. Fidelity provides brokerage and custody through its affiliates, National Financial Services, LLC or Fidelity Brokerage Services, LLC, which are also SEC-registered broker/dealers and members FINRA/SIPC. Fidelity offers independent investment advisers services which include custody of securities, trade execution, clearance and settlement of transactions.

Third party asset managers may require the use of certain custodians. Please refer to the Brokerage Practices sections of their respective brochures for more information.

We are independently owned and operated and not affiliated with the custodian we recommend. Our use of a particular custodian is, however, a beneficial business arrangement for us and for the custodian. Information regarding the benefits of this relationship is described below.

Our recommendation of a specific custodian is based in part on our existing relationships; the custodian's financial strength; reputation; breadth of investment products; and, the cost and quality of custody and brokerage services provided

to you and our other clients.

The determining factor in the selection of a particular custodian to execute transactions for your accounts is not the lowest possible transaction cost, but whether they can provide what is in our view the best qualitative execution for investment transactions for your account.

In addition to brokerage and custody services, Fidelity may provide access to investments generally available to institutional investors; research; software; and, educational opportunities. Fidelity may also make available or arrange for discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. Thus, we receive economic benefits as a result of our relationship with Fidelity, because we do not have to produce or purchase the products and services listed above.



These services are not contingent upon us committing any specific amount of business to the custodians in trading commissions. Klaas does not enter into any “soft dollar” arrangements with custodians and broker/dealers through which we receive research or other services based on commissions generated in your account or the number transactions effected in your account.

Our recommendation of specific custodians may be based in part on the economic benefit to us and not solely on the nature, cost or quality of custody and brokerage services provided to you and our other clients. This may create a conflict of interest for us. We nonetheless strive to act in your best interests at all times.

Custodians may not charge separately for holding our client accounts, but may be compensated by you through other transaction-related fees associated with the securities transactions they execute for your account.

Commissions and other fees for transactions executed through the custodians we recommend may be higher than commissions and other fees available if you use another custodian firm to execute transactions and maintain custody of your account. We believe, however, that the overall level of services and support provided to our clients by our recommended custodians outweighs the benefit of possibly lower transactions cost which may be available under other brokerage arrangements.

Many of the services described above may be used to benefit all or a substantial number of our accounts, including accounts not maintained through our recommended custodians. We do not attempt to allocate these benefits to specific clients.

Directed Brokerage

You may direct us in writing to use a particular custodian to execute some or all of the transactions for your account. If you do so, you may be responsible for negotiating the terms and arrangements for the account with that custodian.

We may not be able to negotiate commissions, obtain volume discounts, or best execution with custodians with which we do not have a pre-existing relationship. A difference in transaction fees and expenses may also exist between those charged to clients who direct us to use a particular custodian and other clients who do not.

Bunched Trading

Aggregated or “bunched trading” allows for the purchase or sale of a security for the accounts of multiple clients in a single transaction. If a bunched trade is executed,



each participating client receives a price that represents the average of the prices at which all of the transactions in a given bunch were executed.

Executing a bunched trade allows transaction costs to be shared equally and on a pro rata basis among all of the participating clients. If the order is not completely filled, the securities purchased or sold are distributed among participating clients on a pro rata basis or in some other equitable manner.

We may aggregate trades only when we reasonably believe that the combination of the transactions provides better prices for clients than had individual transactions been placed for clients.

Transactions for non-discretionary client accounts are generally not bunched with transactions for discretionary client accounts. Transactions for the accounts of our advisory representatives and employees may be included in bunched trades. They will receive the same average price and pay the same commissions and other transaction costs, as clients.

Transactions for the accounts of our advisory representatives or employees will not be favored over transactions for client accounts.

We are not obligated to include any client transaction in a bunched trade. Bunched trades will not be effected for any client's account if doing so is prohibited or otherwise inconsistent with that client's investment advisory agreement. No client will be favored over any other client.

Item 13. Review of Accounts

Client accounts are reviewed at least periodically by Steven LaVerne Schou, Chief Compliance Officer, and Craig J. Klaas, Chief Operating Officer. Steven LaVerne Schou and Craig J. Klaas are the chief advisors and are instructed to review clients' accounts with regard to clients' respective investment policies and risk tolerance levels. All accounts at Klaas are assigned to these reviewers.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Steven LaVerne Schou and Craig J. Klaas. There is only one level of review and that is the total review conducted to create the financial plan.

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

You will receive account statements directly from your account custodian. Please review these carefully.



Item 14. Client Referrals and Other Compensation

We may enter into written agreements with certain unaffiliated investment advisers and other institutions (such as credit unions or banks) to compensate them for referring clients to us. We will pay these individuals (referred to as “solicitors”) a percentage of the advisory fee that you pay us if it is determined that you have become a client of ours as a result of their direct or indirect efforts.

The payments we make to a solicitor will not result in an increase in the amount of the advisory fee that the referred client will pay.

Our solicitation or referral arrangements will comply with applicable laws that govern:

- the nature of the services provided;
- the fees to be paid;
- disclosure of solicitor arrangements to clients; and
- client consents, as required.

Item 15. Custody

Klaas does not take custody of client accounts at any time. Custody of client’s accounts is held primarily at the custodian. Clients will receive account statements from the custodian and should carefully review those statements.

Item 16. Investment Discretion

As previously noted, we offer our advisory services on a discretionary basis (meaning that we do not need advance approval from you to determine the type and amount of securities to be bought and sold for your account) and a non-discretionary basis (meaning that we need advance approval from you to determine the type and amount of securities to be bought and sold for your accounts).

We may only exercise discretion if you have provided that authority to us in writing.



This authorization is typically included in the investment advisory agreement you enter into with us.

The discretionary authority you grant to us does not authorize us to choose the custodian through which transactions for your account will be executed or to negotiate brokerage fees or expenses. Additionally, our discretionary authority does not allow us to withdraw funds from your account (other than to withdraw our advisory fees which may only be done with your prior written authorization).

We will exercise discretion in a manner consistent with the stated investment objectives for your account.

Typically under third-party investment management arrangements, the third-party investment manager exercises discretion in the management of your account. All securities transactions are selected and executed by that manager. We do not manage or obtain discretionary authority over the assets in those accounts. You do, however, grant us the discretionary authority to hire and fire such third-party managers on your behalf.

Item 17. Voting Client Securities

Klaas will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

Third party investment managers will generally vote the securities in the portfolios they manage. Their proxy policies and procedures will be described in their respective disclosure brochures.

Item 18. Financial Information

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to you. We have not been the subject of any bankruptcy proceedings.