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Part 2A Brochure

This brochure provides information about the qualifications and business practices of KHP Capital, LLC. If you have any questions about the contents of this brochure, please contact us at (918) 999-0120. 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. KHP Capital, LLC. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Additional information about KHP Capital, LLC is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for KHP Capital, LLC. is 281169.

ITEM 2 – MATERIAL CHANGES

Summary of Material Changes

This section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) www.adviserinfo.sec.gov.

If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact our CCO Julie Hazzard at (918) 779-3735 or jhazzard@khpcapital.com.

We encourage you to read this document in its entirety.

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ITEM 4 – ADVISORY BUSINESS

This Disclosure document is being offered to you by KHP Capital, LLC (“KHP”) in connection with the investment advisory services we provide. It discloses information about the services that we provide and the manner in which those services are made available to you, the client.

We are an investment management firm located in Tulsa, OK, specializing in investment advisory services for high-net-worth individuals, families, trusts, estates and profit sharing plans. The firm was established by Louise Short and Ryan Kruger, the firm’s principal owners, in 2015.

We are committed to helping clients build, manage, and preserve their wealth, and to providing assistance that helps clients to achieve their stated financial goals. We may offer an initial complimentary meeting upon our discretion; however, investment advisory services are initiated only after you and KHP execute an engagement letter or client agreement.

Investment Management and Supervision Services

We offer discretionary and non-discretionary investment management and investment supervisory services for a fee based on a percentage of your assets under management. These services include investment analysis, allocation of investments, quarterly portfolio statements, financial commentaries, and ongoing monitoring of client portfolios.

We determine your portfolio composition based on your needs, your portfolio restrictions, if any, your financial goals and your risk tolerances. We will work with you to obtain necessary information regarding your financial condition, investment objectives, liquidity requirements, risk tolerance, time horizons, and any restrictions on investing. This information enables us to determine the portfolio best suited for your investment objective and needs.

In performing our services, we shall not be required to verify any information received from you or from other professionals. If you request, we may recommend and/or engage the services of other professionals for implementation purposes. You are under no obligation to engage the services of any such recommended professional.

Once we have determined the types of investments to be included in your portfolio and allocated them, we will provide ongoing portfolio review and management services. This approach requires us to review your portfolio at least quarterly.

We will rebalance the portfolio, as we deem appropriate, to meet your financial objectives. For discretionary accounts, we will trade these portfolios and rebalance them on a discretionary basis based on our market views and on your objectives, using our investment process. For non-discretionary accounts, we will render investment advice

and recommendations, but all investment decisions will be made by you. No purchase, sale, or other transaction(s) will be made with respect to any security or other assets in the Account without your authorization. You retain control over all investment decisions in your Account. You have the discretion to follow or not to follow the investment advice provided to you by KHP.

Our advisory services are tailored to meet your individual needs. You will have the ability to leave standing instructions with us to refrain from investing in particular industries or invest in limited amounts of securities. However, when using mutual funds or Exchange Traded Funds (“ETFs”), this multi-fund manager approach makes it difficult for us to ensure that your portfolio will not invest in a particular industry or security. However, we are happy to discuss your preferences regarding socially-conscious or other investment concerns and, we will try wherever possible, to accommodate them.

In all cases, you have a direct and beneficial interest in your securities, rather than an undivided interest in a pool of securities. We do have limited authority to direct the Custodian to deduct our investment advisory fees from your accounts, but only with the appropriate authorization from you.

You are advised and are expected to understand that our past performance is not a guarantee of future results. Certain market and economic risks exist that may adversely affect an account’s performance. This could result in capital losses in your account.

Retirement Plan Advisory Services

Retirement Plan Advisory Services consist of assisting employer plan sponsors to establish, monitor and review their company's retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: investment selection and monitoring, plan structure, and participant education.

We will establish your plan’s needs and objectives through an initial meeting to collect data, review plan information, and assist you in developing or updating the plan’s provisions. Ongoing services to you may include recommendations regarding the selection and review of unaffiliated mutual funds or ETFs that, in our judgment, are suitable for investment of plan assets. We will periodically review the investment options you select and make recommendations to keep or to replace plan investment options as we feel appropriate. We will perform a comprehensive review of potential service providers or vendors and will assist you with converting from your incumbent service provider to a new service provider selected by you. You are under no obligation to follow the recommendations we make.

Services available under an Investment Advisory Agreement permit us to provide financial education to your plan participants. The scope of education provided to participants at your request will not constitute “investment advice” within the meaning of ERISA and participant education will relate to general investment principles and information about the investment options currently in the plan. We may also participate

in initial enrollment meetings and periodic workshops and future enrollment meetings for new participants as we agree upon.

All Retirement Plan Advisory Services shall be in compliance with any applicable Federal and State law(s) regulating the services provided by our Agreement. This section applies to an Account that is a pension or other employee benefit plan (a “Plan”) governed by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). If your Account is part of a Plan and we accept appointments to provide our services to your Account, we acknowledge that we are a fiduciary within the meaning of Section 3(21) of ERISA (but only with respect to the provision of services described in section 1 of this agreement). You represent that (i) Our appointment and services are consistent with the Plan documents, (ii) You have furnished us true and complete copies of all documents establishing and governing the Plan and evidencing your authority to retain our firm. You further represent that you will promptly furnish us with any amendments to the Plan, and you agree that, if any amendment affects our rights or obligations, such amendment will be binding on us only with our prior written consent. If your Account contains only a part of the assets of the Plan, you understand that we will have no responsibilities for the diversification of the Plan’s investments, and we have no duty, responsibility or liability for the assets that are not in the account. If ERISA or other applicable law requires bonding with respect to the assets in your account, you will obtain and maintain at your expense bonding that satisfies this requirement and covers KHP and any of our affiliates.

Financial Planning Services

Financial planning services provided by us may include the analysis of your current situation and assistance in identifying and implementing appropriate financial planning and investment management techniques to help you to meet your specific financial objectives. Such services may include preparation of a written financial analysis and specific or general investment and/or planning recommendations.

In preparing your financial plan, we may address any or all of the six areas of financial planning established by the National Endowment for Financial Education and endorsed by the Certified Financial Planner Board of Standards, depending on your specific needs. These include: financial position, protection planning, investment planning, income tax planning, retirement planning, and estate planning.

Our specific services in preparing your plan may include:

- Review and clarification of your financial goals.
- Assessment of your overall financial position including cash flow, balance sheet, investment strategy, risk management and estate planning.
- Creation of a unique plan for each goal you have including personal and business real estate, education, retirement or financial independence, charitable giving, estate planning, business succession and other personal goals.

- Development of a goal-oriented investment plan around tax suggestions, asset allocation, expenses, risk and liquidity factors for each goal. This includes IRA and qualified plans, taxable and trust accounts that require special attention.
- Design of a risk management plan including risk tolerance, risk avoidance, mitigation and transfer, including liquidity as well as various insurance and possible company benefits.
- Crafting and implementation of, in conjunction with your estate and/or corporate attorneys as tax advisor, an estate plan to provide for you and/or your heirs in the event of an incapacity or death.
- Generation of a benefits plan, risk management plan and succession plan for your business, if applicable.

Consulting Services

We also provide clients investment advice on a more-limited basis on one-or-more isolated areas of concern such as estate planning, real estate, retirement planning, or any other specific topic. Additionally, we may provide advice on non-securities matters in connection with the rendering of estate planning, insurance, real estate, and/or annuity advice. In these cases, you may be required to select your own investment managers, broker-dealer and/or insurance companies for the implementation of consulting recommendations. If your needs include brokerage and/or other financial services, we may recommend the use of one of several investment managers, brokers, banks, custodians, insurance companies or other financial professionals ("Firms"). You must independently evaluate these Firms before opening an account or transacting business, and have the right to effect business through any firm you choose. You are under no obligation to follow the consulting advice that we provide.

Wrap Fee Programs

Our services include a wrap fee program for portfolio management. There is no difference between how we manage wrap fee accounts and how we manage other accounts. We will receive a portion of the wrap fee for our services.

Assets

As of September 1, 2015, we do not have any assets under discretionary management as this is a newly-formed entity and this is our initial ADV filing. We do not have any non-discretionary assets under management.

ITEM 5 - FEES AND COMPENSATION

Investment Management Fees and Compensation

KHP charges a fee as compensation for providing Investment Management services on your account. These services include advisory and consulting services, trade entry, investment supervision, transaction costs, and other account-maintenance activities. Our custodian may charge custodial fees, redemption fees, retirement plan and administrative fees or commissions. See Additional Fees and Expenses below for additional details.

In addition, some mutual fund assets deposited in your accounts may have been subject to other mutual fund annual management and administrative fees as described in the funds' prospectuses. These fees are independent of our fees and should be disclosed by the custodian or contained in each fund's prospectus. You should also note that fees for comparable services vary and lower fees for comparable services may be available from other sources.

The fees for portfolio management are based on an annual percentage of assets under management and are applied to the account asset value on a pro-rata basis and billed quarterly in advance. The initial fee will be based upon the date the account is accepted for management by execution of the advisory agreement by KHP or when the assets are transferred through the last day of the current calendar quarter. Thereafter, the fee will be based at each previous quarter's last business day. The market value will be determined as reported by the Custodian. Fees are assessed on all assets under management, including securities, cash and money market balances.

Our standard investment advisory fees are reflected in the chart below:

Account size		KHP Standard Fee
-	\$500,000	1.35%
\$500,001	\$2,000,000	1.25%
\$2,000,001	\$5,000,000	1.10%
\$5,000,001	\$10,000,000	0.95%
Above \$10,000,001		0.70%

The specific advisory fees are set forth in your Investment Advisory Agreement. Fees may vary based on the size of the account, complexity of the portfolio, extent of activity in the account or other reasons agreed upon by us and you as the client. In certain circumstances, our fees and the timing of the fee payments may be negotiated.

Advanced billing is done on a quarterly basis and is the primary way we assess fees in advisory accounts. To calculate advanced billing KHP assumes a 360 day year and quarters lasting 90 days. Calculations are as follows:

$$[(\text{Quarter End Value} \times \text{Advisory Fee}) / 360] \times 90 \text{ days} = \text{Advance Billing}$$

At our discretion, we will aggregate asset amounts in accounts from your same household together to determine the advisory fee for all your accounts. We may do this, for example, where we also service accounts on behalf of your minor children, individual and joint accounts for a spouse, and/or other types of related accounts. This consolidation practice is designed to allow you the benefit of an increased asset total, which could potentially cause your account(s) to be assessed a lower advisory fee based on the asset levels available in our fee schedule.

The independent qualified custodian holding your funds and securities will debit your account directly for the advisory fee and pay that fee to us. At the same time KHP instructs the custodian to deduct fees from the client's account, KHP will send the client an invoice itemizing the fee. Itemization shall include the formula used to calculate the fee, the amount of assets under management the fee is based on, and the time period covered by the fee. You will provide written authorization permitting the fees to be paid directly from your account held by the qualified custodian. Further, the qualified custodian agrees to deliver an account statement at least quarterly directly to you indicating all the amounts deducted from the account including our advisory fees. See Item 15 for details. At our discretion, you may pay the advisory fees by check. You are encouraged to review your account statements for accuracy.

Either KHP or you may terminate the management agreement immediately upon written notice to the other party. The management fee will be pro-rated to the date of termination, for the quarter in which the cancellation notice was given and refunded to you. Upon termination, you are responsible for monitoring the securities in your account, and we will have no further obligation to act or advise with respect to those assets.

Financial Planning Fees

KHP will negotiate planning fees with you. Fees may vary based on the extent and complexity of your individual or family circumstances and the amount of your assets under our management. We will determine your fee for the designated financial advisory services based on one of the following methods:

Fixed Fee: Under a fixed fee arrangement, any fee will be agreed in advance of services being performed. The fee will be determined based on factors including the complexity of your financial situation, agreed upon deliverables, and whether or not you intend to implement any recommendations through your financial advisor. Fixed fees for financial plans are \$1,000.00.

Hourly Rate: Under an hourly rate agreement, your total cost for financial planning services will be based on the amount of time your advisor and our staff spend developing your financial plan. This includes time spent meeting with you, analyzing your financial objectives, and evaluating and documenting your strategies. Our hourly rate is \$175.00 per hour. The fee and the number of hours will be determined based on factors including, the complexity of your financial situation, agreed upon deliverables and the level of experience of the advisor(s) completing your plan. Either party may terminate the agreement. Upon termination, fees will be prorated to the date of termination and any unearned portion of the fee will be refunded to you.

Typically, we complete a plan within a week or two and will present it to you within 90 days of the contract date, provided that you have provided us all information needed to prepare the financial plan. If the work is not completed in such a time, we may refund your fee on a pro-rated basis. One half of the estimated fee will be due and payable at the time you enter into the financial planning agreement, with the balance due and payable at the time the financial plan is delivered.

In no case are our fees based on, or related to, the performance of your funds or investments.

When both investment management or plan implementation and financial planning services are offered, there is a potential conflict of interest since there is an incentive for the party offering financial planning services to recommend products or services for which KHP may receive compensation. However, KHP will make all recommendations independent of such considerations and based solely on our obligations to consider your objectives and needs. As a financial-planning client, you are under no obligation to act upon any of our recommendations or effect the transaction(s) through us if you decide to follow the recommendations.

We will not require prepayment of more than \$1200 in fees per client, six (6) or more months in advance of providing any services.

You may terminate the financial planning agreement by providing us with written notice. Upon termination, fees will be prorated to the date of termination and any unearned portion of the fee will be refunded to you based on an hourly rate of \$175.00.

Retirement Plan Advisory Services

For Retirement Plan Advisory Services compensation, we charge an annual fee as negotiated with the client and disclosed in the Investment Advisory Agreement. The compensation method is explained and agreed upon in advance before any services are rendered. Fees range from 0.25% to 1.35% annually.

Plan advisory services begin with the effective date of the Agreement, which is the date you sign the Investment Advisory Agreement. For that calendar quarter, fees will be

adjusted pro rata based upon the number of calendar days in the calendar quarter that the Agreement was effective. Our fee is billed in arrears on the last business day of the calendar quarter. Invoices are sent out each quarter to either the client or the custodian of the Plan. For Plans where our fee is billed to the custodian, the fee is deducted directly from the participant accounts. Written authorization permitting us to be paid directly from the custodial account is outlined in the Investment Advisory Agreement.

Either party may terminate the Agreement at any time upon 90 days written notice. You are responsible to pay for services rendered until the termination of the agreement.

Consulting

KHP provides hourly planning services for clients who need advice on a limited scope of work. KHP will negotiate consulting fees with you. Fees may vary based on the extent and complexity of the consulting project. The hourly rate for limited scope engagements is \$175. You will be billed monthly as services are rendered.

Either party may terminate the agreement. Upon termination, fees will be prorated to the date of termination and any unearned portion of the fee will be refunded to you as described above.

You should be aware that lower fees for comparable services may be available from other sources.

Additional Fees and Expenses:

Advisory fees payable to us do not include all the fees you will pay when we purchase or sell securities for your Account(s). The following list of fees or expenses are what you may pay directly to third parties only, whether a security is being purchased, sold or held in your Account(s) under our management.

- Transaction fees;
- SEC fees;
- Custodial Fees;
- Transfer taxes;
- Wire transfer and electronic fund processing fees;

Please refer to the “Brokerage Practices” below for discussion of KHP’ brokerage practices.

ITEM 6 - PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance-based fees). Our advisory-fee compensation is charged only as disclosed above in Fees and Compensation.

ITEM 7 - TYPES OF CLIENTS

We provide investment advice to individuals, high-net-worth individuals, families, small businesses, foundations, trusts and estates. Our minimum initial account value is \$250,000; however, we may accept accounts for less than the minimum.

ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

KHP created its investment approach based on the philosophy that straightforward, systematic investment management using lower-cost, liquid instruments will provide clients with a lower-stress and more-favorable investment experience over time. The team has based its approach on well published academic financial research, such as Modern Portfolio Theory, Time-Series Momentum, Active-vs-Passive Performance Comparison, and research in the area of behavioral finance. The approach includes two primary components: strategic asset allocation and tactical shifts based on the market environment.

The *strategic component* relies on three fundamental concepts:

1) **Asset allocation is important:** Many investment research studies have shown that the asset allocation decision (e.g., how much to hold in stocks vs. bonds) contributes much more significantly to investment performance than the security selection decision (e.g., whether to buy Stock A vs. Mutual Fund B). As such, the team focuses its efforts on defining a weighting of various asset classes that is suitable for client objectives and then selecting well-diversified investments to represent each asset class.

2) **The best long-term relative investment returns will come from the strongest economies:** Over time, the strongest investment performance tends to come from economies and market sectors that exhibit the best prospects for economic growth (e.g., GDP growth), attract foreign direct investment, and have favorable demographic and regulatory conditions. The economies and sectors that best meet these criteria, however, will change over time. To account for this, the KHP team reviews macroeconomic data from governments and NGOs (e.g., International Monetary Fund), along with analyst reports from respected economists, academics, and asset managers. Based on this

information and internal analysis, the team makes adjustments to the maximum allocation to each asset class two times a year.

3) Active investment managers will underperform their benchmarks over time: It is well-publicized that, due to a variety of factors, the majority (nearly 60%) of active investment managers underperform their benchmarks in a given year. Since 2010, only 5% of top-performing funds are able to remain in the top-quartile for three years in a row. Consequently, the investment strategy relies on large, passively-constructed ETFs to reduce the risks of underperformance associated with style drift, higher fees, and manager biases.

KHP uses the following process to manage its strategic allocation:

- A- Gather economic and financial data from reputable sources.
- B- Identify long-term investment themes and sources of possible risk and opportunity.
- C- Conduct scenario analysis to identify the relationships between themes and asset class returns, as well as possible risk factors.
- D- Increase or decrease allocation to asset classes, sectors, or maturity terms based on the results of the analysis.
- E- Reflect allocation changes in client portfolios as a part of the account review process.

The *tactical component* of the strategy relies on four concepts:

1) Market returns do not follow a normal distribution: Historically, major market indices (e.g., S&P 500, etc.) have exhibited expected returns and volatility that traditional statistical models would not predict. Specifically, there are significantly more "major" declines (i.e., greater than 10% in a quarter) than predicted. Our expectation is that this will continue or increase in the future and that investors will be exposed to greater-than-expected risk of substantial market drops.

2) Investors tend to have greater interest in mitigating losses in bad markets than they do in maximizing gains in good markets: The tactical component of the strategy functions to reduce an investor's exposure to indices that appear to be in a downward trend and to increase the exposure to indices that appear to be in an upward trend. The underpinning of this design is to provide clients with peace-of-mind that there is a systematic process to reduce their exposure to markets in prolonged decline.

3) Market returns move with momentum: Through extensive analysis and back-testing, the team has determined a combination of rolling return and moving-average indicators, collectively referred to as "momentum-based returns." Over a historical

period, it appears that, weekly returns are more often negative when the momentum-based return is negative and more often positive when the momentum-based return is positive. The KHP investment models rely on the expectation that this relationship will continue in the future and therefore seek to use the momentum-based returns as an indicator of when temporary changes to investment allocation may be appropriate.

4) Liquidity and cost are important considerations: High expenses can be a significant detractor from investment returns. Similarly, wide trading spreads increase the risk of poor trade execution in thinly-traded securities which historically has had a negative effect on portfolio performance. As such, the KHP strategy uses ETFs that are among the most-heavily traded and efficient (in terms of spread) in their asset classes. These ETFs also have some of the lowest expense ratios in their asset classes.

KHP uses the following process to manage its tactical shifts:

- A- On a weekly basis, calculate momentum-based returns of each asset class
- B- Compare the momentum-based returns to defined sensitivity points, which the team determined using historical return and volatility testing.
- C- If the value of the momentum-based return is less than its specified “loss trigger,” sell a portion of the "triggered" asset class and move the cash created into a short-term US Treasury ETF.
- D- If the value of the momentum-based return is greater than its specified “buy trigger” and there is an allocation to the ST US Treasury ETF, then sell some or all of the ST US Treasury ETF (depending on the size of the ST US Treasury position) and use the cash created to buy the equity ETF that reached the buy trigger.
- E- Periodically test and re-optimize trigger points, taking into consideration changes in market conditions.

Investment Strategies

KHP manages several investment strategies, each designed to serve a different purpose or to provide a different market exposure. When creating a client’s investment allocation, the team will combine these strategies in different proportions to meet a given client’s situation based on four dimensions:

1. Risk Tolerance, which influences how much to hold in equity investments vs. other types of investments,
2. Account Size, which affects how many investment positions to include,
3. Income need, which influences whether the team includes income-focused investments, and

4. Tax-efficiency need, which primarily determines the type of fixed income investments used (e.g., corporate vs. municipal bonds).

The strategies include:

A- Dynamic Global Equity: The Dynamic Equity strategy aims to provide global equity market returns with decreased risk and forms the core of many KHP client portfolios. The strategy includes five primary ETFs representing US large-cap companies, US small-cap companies, international developed-market companies, and international emerging-market companies. A sixth short-term US Treasury ETF represents a “low risk” position and comes into the allocation from time-to-time. The team makes adjustments to the weightings among these ETFs based on the strategic allocation analysis and tactical momentum shifts described in the general approach.

B- Dynamic Equity with Sectors: The Dynamic Equity with Sectors strategy uses the same approach and investments of the Dynamic Global Equity strategy but also includes nine additional ETFs that sub-divide the US large-cap exposure into market sectors (e.g., industrials, technology, health care, etc.). Using the market sectors enables the team to reduce exposure to one sector while maintaining allocation to the others if warranted by market conditions.

C- Dynamic Income: The Dynamic Income strategy seeks to provide higher levels of dividend income to investors by providing exposure to asset classes such as high-yield bonds and master-limited partnerships. The strategy uses strategic and tactical analyses that are similar to the Equity strategies in an attempt to reduce the risk of loss.

D- Investment-Grade Fixed Income: The Investment-Grade Fixed Income strategy uses instruments that provide exposure to government, agency, and corporate bonds. The positions include a combination of fixed-maturity and perpetual-maturity investments in an attempt to manage interest rate and reinvestment risks.

E- Tax-Efficient Investment-Grade Fixed Income: The Tax-Efficient Investment-Grade Fixed Income strategy uses the same instruments as the Investment-Grade strategy but adds exposure to municipal bonds for income that is not subject to federal income tax.

While these strategies comprise the majority of client assets, the KHP team may incorporate other asset classes and positions in portfolios from time-to-time depending on market views and client objectives.

Risk of Loss

The securities in KHP Capital’s client portfolios typically include exchange-traded funds (ETFs), mutual funds, stocks, corporate and municipal bonds, and other assets, all of which are subject to some or all of the following risk factors:

* **Market Risk** — Even a long-term investment approach cannot guarantee a profit. Economic, political and issuer-specific events will cause the value of securities to rise or fall. Because the value of investment portfolios will fluctuate, there is the risk that you will lose money and your investment may be worth more or less upon liquidation.

* **Foreign Securities and Currency Risk** — Investments in international and emerging-market securities include exposure to risks such as currency fluctuations, foreign taxes and regulations, and the potential for illiquid markets and political instability.

* **Capitalization Risk** — Small-cap and mid-cap companies may be hindered as a result of limited resources or less diverse products or services, and their stocks have historically been more volatile than the stocks of larger, more established companies.

* **Interest Rate Risk** — In a rising rate environment, the value of fixed-income securities generally declines and the value of equity securities may be adversely affected.

* **Credit Risk** — Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and, thus, impact the fund's performance.

* **Securities Lending Risk** — Securities lending involves the risk that the fund loses money because the borrower fails to return the securities in a timely manner or at all. The fund could also lose money if the value of the collateral provided for loaned securities, or the value of the investments made with the cash collateral, falls. These events could also trigger adverse tax consequences for the fund.

* **Derivative Risk** — Derivatives are securities, such as futures contracts, whose value is derived from that of other securities or indices. Derivatives can be used for hedging (attempting to reduce risk by offsetting one investment position with another) or non-hedging purposes. Hedging with derivatives may increase expenses, and there is no guarantee that a hedging strategy will achieve the desired results.

* **Hedging Risk** — While hedging can reduce or eliminate losses, it can also reduce or eliminate gains. Derivative securities are subject to a number of risks, including the following:

- Liquidity risk
- Interest rate risk
- Market risk
- Credit and management risks
- Risk of improper valuation

Changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index, and the fund could lose more than the principal amount.

* Exchange-Traded Funds — ETFs face market-trading risks, including the potential lack of an active market for shares, losses from trading in the secondary markets and disruption in the creation/redemption process of the ETF. Any of these factors may lead to the fund's shares trading at either a premium or a discount to its "net asset value."

* Performance of Underlying Managers — We select the mutual funds and ETFs in the asset allocation models. However, we depend on the manager of such funds to select individual investments in accordance with their stated investment strategy.

ITEM 9 - DISCIPLINARY INFORMATION

KHP does not have any legal, financial or other "disciplinary" item to report.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Other Business Activities

Investment Adviser Representatives ("IAR") of KHP may act as agents appointed with various life, disability or other insurance companies, receive commissions, trails, or other compensation from the respective product sponsors and/or as a result of effecting insurance transactions for clients. However, clients should note that they are under no obligation to purchase any insurance products through KHP or its IAR. Please note that IARs spend less than 10% of their time on business relating to Insurance.

Broker Dealer

KHP is not a broker/dealer, but our Investment Adviser Representatives ("IAR") are registered representatives of First Allied Securities, Inc. ("First Allied"), a full service broker-dealer, member FINRA/SIPC, which compensates them for effecting securities transactions. When placing securities transactions through First Allied in their capacity as registered representatives, they may earn sales commissions. Because the IARs are dually registered agents of First Allied and KHP, First Allied has certain supervisory and administrative duties pursuant to the requirements of FINRA Conduct Rule 3040. First Allied and KHP are not affiliated companies. IARs of KHP spend a portion their time in connection with broker/dealer activities.

As a broker-dealer, First Allied engages in a broad range of activities normally associated with securities brokerage firms. Pursuant to the investment advice given by KHP or its IARs, investments in securities may be recommended for clients. If First Allied is selected as the broker-dealer, First Allied and its registered representatives, including IARs of KHP, may receive commissions for executing securities transactions.

You are advised that if First Allied is selected as the broker-dealer, the transaction charges may be higher or lower than the charges you may pay if the transactions were executed at other broker/dealers. You should note, however, that you are under no obligation to purchase securities through IARs of KHP or First Allied.

Moreover, you should note that under the rules and regulations of FINRA, First Allied has an obligation to maintain certain client records and perform other functions regarding certain aspects of the investment advisory activities of its registered representatives. These obligations require First Allied to coordinate with, and have the cooperation of its registered representatives that operate as, or are otherwise associated with, investment advisers other than First Allied. Accordingly, First Allied may limit the use of certain custodial and brokerage arrangements available to clients of KHP and First Allied may collect, as paying agent of KHP, the investment advisory fee remitted to KHP by the account custodian. First Allied may retain a portion of the investment advisory fee you pay, as a charge for the functions it performs, and such portion may be further re-allowed to other registered representatives of First Allied. The charge will not increase the advisory fee you have agreed to pay KHP.

IARs of KHP, in their capacity as registered representatives of First Allied, or as agents appointed with various life, disability or other insurance companies, receive commissions, 12(b)-1 fees, fee trails, or other compensation from the respective product sponsors and/or as a result of effecting securities transactions for clients. However, clients should note that they are under no obligation to purchase any investment products through KHP's representatives.

ITEM 11 - CODE OF ETHICS PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

KHP and persons associated with us are allowed to invest for their own accounts or to have a financial interest in the same securities or other investments that we recommend or acquire for your account, and may engage in transactions that are the same as or different than transactions recommended to or made for your account. This creates the potential for a conflict of interest. We recognize the fiduciary responsibility to place your interests first and have established policies in this regard to avoid any potential conflicts of interest.

We have developed and implemented a Code of Ethics that sets forth standards of conduct expected of our advisory personnel to mitigate this conflict of interest. The Code of Ethics addresses, among other things, personal trading, gifts, the prohibition against the use of inside information and other situations where there is a possibility for conflicts of interest.

The Code of Ethics is designed to protect our clients by deterring misconduct, educate personnel regarding the firm's expectations and laws governing their conduct, remind personnel that they are in a position of trust and must act with complete propriety at all

times, protect the reputation of KHP, guard against violation of the securities laws, and establish procedures for personnel to follow so that we may determine whether their personnel are complying with the firm's ethical principles.

We have established the following restrictions in order to ensure our firm's fiduciary responsibilities:

1. A director, officer or employee of KHP shall not buy or sell any securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No director, officer or employee of KHP shall prefer his or her own interest to that of the advisory client.
2. We maintain a list of all securities holdings and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of KHP.
3. We emphasize the unrestricted right of the client to decline to implement any advice rendered, except in situations where we are granted discretionary authority of the client's account.
4. We emphasize the unrestricted right of the client to select and choose any broker-dealer (except in situations where we are granted discretionary authority) he or she wishes.
5. We require that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
6. Any individual not in observance of the above may be subject to termination.

You may request a complete copy of our Code by contacting us at the address, telephone or email on the cover page of this Part 2; attn: Chief Compliance Officer.

ITEM 12 - BROKERAGE PRACTICES

We participate in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment advisors services that include custody of securities, trade execution, clearance and settlement of transactions. We may receive certain additional economic benefit "(Additional Services)" that may or may not be offered to any other independent investment Advisors participating in the program.

TD Ameritrade provides the Additional Services to Advisor in its sole discretion and at its own expense, and Advisor does not pay any fees to TD Ameritrade for the Additional

Services. Advisor and TD Ameritrade have entered into a separate agreement (“Additional Services Addendum”) to govern the terms of the provision of the Additional Services.

There is no direct link between our participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to any other independent Investment Advisors participating in the program. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by some of our related persons. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit your account. These products or services may assist us in managing and administering your account, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by KHP or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. You should be aware, however, that the receipt of economic benefits by KHP or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

Our receipt of Additional Services raises the potential for conflicts of interest. In providing Additional Services to us, TD Ameritrade most-likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, our client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with KHP, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, we may have an incentive to recommend to its clients that the assets under management by KHP be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. KHP’s receipt of Additional Services does not diminish our duty to act in the best interests of our clients, including to seek best execution of trades for client accounts.

In the event you request us to recommend a broker/dealer custodian for execution and/or custodial services, we generally recommend your account to be maintained at TD Ameritrade. We may recommend that you establish accounts with TD Ameritrade to

maintain custody of your assets and to effect trades for your accounts. You are under no obligation to act upon any recommendations, and if you elect to act upon any recommendations, you are under no obligation to place the transactions through any broker/dealer we recommend. Our recommendation is generally based on the broker's cost and fees, skills, reputation, dependability and compatibility with the client. You may be able to obtain lower commissions and fees from other brokers and the value of products, research and services given to us is not a factor in determining the selection of broker/dealer or the reasonableness of their commissions.

We do not select or recommend broker/dealers based upon receiving client referrals from a broker/dealer or third party. We do not routinely recommend, request or require that you direct us to execute transaction through a specified broker/dealer. Additionally, we typically do not permit you to direct brokerage.

We place trades for your account subject to our duty to seek best execution and other fiduciary duties. We may use broker/dealers other than your custodian to execute trades for your account. The practice of using other broker/dealers may result in additional costs to you so that we are more likely to place trades through your custodian rather than through other broker/dealers. Your custodian's execution quality may be different than other broker/dealers.

We will aggregate trades for ourselves or our associated persons with your trades, providing that the following conditions are met:

1. Our policy for the aggregation of transactions shall be fully-disclosed separately to our existing clients (if any) and the broker/dealer(s) through which such transactions will be placed;
2. We will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek the best execution (which includes the duty to seek best price) for you and is consistent with the terms of our investment advisory agreement with you for which trades are being aggregated.
3. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all our transactions in a given security on a given business day, with transaction costs based on each client's participation in the transaction;
4. We will prepare a written statement ("Allocation Statement") specifying the participating client accounts and how to allocate the order among those clients;
5. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the allocation statement; if the order is partially filled, the accounts that did not receive the previous trade's positions should be "first in line" to receive the next allocation.

6. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for difference of allocation is explained in writing and is reviewed by our compliance officer. Our books and records will separately reflect, for each client account, the orders of which aggregated, the securities held by, and bought for that account.
7. We will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and
8. Individual advice and treatment will be accorded to each advisory client.

As a matter of policy and practice, we do not utilize research, research-related products and other services obtained from broker-dealers, or third parties, on a soft-dollar commission basis.

Trade Errors

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of our clients. In cases where a client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and we will absorb any loss resulting from the trade error if the error was caused by our firm. If the error is caused by the broker/dealer, the broker/dealer will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will be donated to charity. We will never benefit or profit from trade errors.

ITEM 13 - REVIEW OF ACCOUNTS

Account Reviews and Reviewers – Investment Supervisory Services

The underlying securities within the investment supervisory services are regularly monitored. These reviews will be made by Louise Short and Travis Smythe. An annual review is usually conducted in person or by telephone.

The purpose of all these reviews is to ensure that the investment plan continues to be implemented in a manner which matches your objectives and risk tolerances. More-frequent reviews may be triggered by material changes in variables such as your individual circumstances, or the market, political or economic environment. You are urged to notify us of any changes in your personal circumstances.

Statements and Reports

KHP will have the ability to provide clients with Performance/Position summary reports upon request. Reports may also be provided at every client meeting.

The custodian for the individual client's account will also provide clients with an account statement at least quarterly.

You are urged to compare the reports provided by KHP against the account statements you receive directly from your account custodian.

Financial Planning/Consulting clients (i.e. those who have no assets under management with us in our advisory program) will receive no regular reports from the Firm.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

As disclosed under Brokerage Practices, we participate in TD Ameritrade's institutional customer program and we may recommend TD Ameritrade to you for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to any other independent Investment Advisors participating in the program. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees

deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by some of our related persons. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit your account. These products or services may assist us in managing and administering your account, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by KHP or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. You should be aware, however, that the receipt of economic benefits by KHP or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

From time to time, we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing-expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made.

ITEM 15 - CUSTODY

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.

KHP is deemed to have custody of client funds and securities whenever KHP is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody KHP will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which KHP is deemed to have custody, the firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a

separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from KHP. When you have questions about your account statements, you should contact KHP or the qualified custodian preparing the statement.

When fees are deducted from an account, KHP is responsible for calculating the fee and delivering instructions to the custodian. At the same time KHP instructs the custodian to deduct fees from the client's account; KHP will send you a notification itemizing the fee. Itemization shall include the formula used to calculate the fee, the amount of assets under management the fee is based on, and the time period covered by the fee.

ITEM 16 - INVESTMENT DISCRETION

Prior to engaging KHP to provide investment advisory services, you will enter into a written Agreement with us granting the firm the authority to supervise and direct, on an on-going basis, investments in accordance with the client's investment objective and guidelines. In addition, you will need to execute additional documents required by the Custodian so as to authorize and enable KHP, in its sole discretion, without prior consultation with or ratification by you, to purchase, sell or exchange securities in and for your accounts. We are authorized, in our discretion and without prior consultation with you to: (1) buy, sell, exchange and trade any investment company registered under the Investment Company Act of 1940 and (2) determine the amount of securities to be bought or sold and (3) place orders with the custodian. Any limitations to such authority will be communicated by you to us in writing.

The limitations on investment and brokerage discretion held by KHP for you are:

1. For discretionary clients, we require that we be provided with authority to determine which securities and the amounts of securities to be bought or sold, as well as the broker/dealer to be used and the commission rates to be paid.
2. Any limitations on this discretionary authority shall be included in this written authority statement. You may change/amend these limitations as required. Such amendments shall be submitted in writing.

Research products and services received by us from broker-dealers will be used to provide services to all our clients.

ITEM 17 - VOTING YOUR SECURITIES

We will not vote proxies under our limited discretionary authority. You are welcome to vote proxies or designate an independent third-party at your own discretion. You designate proxy voting authority in the custodial account documents. You must ensure that proxy materials are sent directly to you or your assigned third party. We do not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies.

ITEM 18 - FINANCIAL INFORMATION

This item is not applicable to this brochure. We do not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.