



The human side of wealth management

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Form ADV Part 2A

Brochure

March 31, 2017

This brochure provides information about the qualifications and business practices of Kelman-Lazarov, Inc. (the "Firm"). If you have any questions about the contents of this Brochure, please contact us at (855) 273-6719 or jessica@kelman-lazarov.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state authority.

Additional information is also available on the SEC's website at www.adviserinfo.sec.gov by searching the unique IARD/CRD number for the Firm, which is 107727. The SEC's web site also provides information about any persons affiliated with Kelman Lazarov who are registered, or are required to be registered, as investment adviser representatives.

The Firm is an investment adviser registered with the United States Securities and Exchange Commission. Registration does not imply a certain level of skill or training.

Item 2 Material Changes

Below we disclose material changes that have been made to this Brochure since the last annual update of this Brochure filed March 29, 2016.

As of January 3, 2017, Jessica M. Martin has assumed the role as Chief Compliance Officer for Kelman-Lazarov.

We have revised our brochure to disclose that Portfolio Asset Management Program is now referred to as the Select Asset Management Program. Additionally, we have revised the fee schedule for the Select Asset Management Program. For more information on our fees refer to Item 5 below.

We have revised Item 10 to reflect that Kelman-Lazarov's investment adviser representatives are no longer associated as registered representatives of Cetera Advisor Networks, LLC ("Cetera"). Effective as of July 22, 2016, the representatives became registered representatives of Mutual Securities, Inc., an introducing broker-dealer, member FINRA/SIPC, headquartered at 807-A Camarillo Springs Road, Camarillo, California 93102. They also became licensed insurance agents of an independent insurance brokerage and are appointed to sell life and other types of insurance by various insurance companies.

FINRA Rules require that a broker-dealer supervise the participation of its registered representatives in securities activities, even when the representative is also acting as an investment adviser representative. For Kelman-Lazarov investment adviser representatives that are also registered representatives of a broker-dealer (referred to as "Dual Representatives"), each broker-dealer with which the Dual Representative is associated (collectively referred to as the "Broker-Dealer") will review the Dual Representative's client accounts, records, transactions, statements, and other items containing client personally identifiable information, and will make and retain books and records containing client personal information, whether or not the Client maintains an account with the Broker-Dealer or its clearing firm.

The Dual Representatives' current broker-dealer is Mutual Securities; however, the Dual Representative may change broker-dealer at any time without prior notice to the Client. Client personal information will be provided to the current Broker-Dealer and each successor Broker-Dealer for supervisory purposes pursuant to FINRA Rules, and the Broker-Dealer may retain the Client's personal information in its books and records, unless the Client exercises the right to "opt-out" of such disclosure as provided in Kelman-Lazarov's Notice of Privacy Policies (or fails to "opt-in," if the Client resides in California or Massachusetts). However, if the Client exercises the opt-out (or fails to opt-in), the Dual Representative may be required to cease providing services to the Client.

Item 12 has been updated to reflect the current Trade Error policies of our firm and Charles Schwab & Co.

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Item 4 Advisory Business

General Information

We place the Client and the Financial Advisor as partners in the center of every decision we make as a firm. We develop our products, services and technologies to allow our Financial Advisors to provide the highest quality service to their clients.

Our owners, Ronald J. Lazarov and Martin S. Kelman, have offered customized and confidential financial planning and investment advisory services since 1979 and 1981, respectively. Kelman-Lazarov, Inc. ("Kelman-Lazarov") became registered as an investment adviser with the Securities and Exchange Commission effective December 7, 1993.

Please see the *Brochure Supplements* (Form ADV Part 2B) for more information on these principal owners and other individuals who formulate investment advice and have direct contact with clients, or have discretionary authority over client accounts.

As of December 31, 2016, Kelman-Lazarov managed \$350,542,124 on a discretionary basis, and did not manage any assets on a non-discretionary basis.

Types of Services Offered

Asset Management

Kelman-Lazarov actively manages accounts using a long term philosophy to help clients work toward achieving their financial goals while taking in consideration your objectives, tolerance for risk, your particular financial resources, and your time horizon (Suitability Information). The Advisor(s) will create a tailored portfolio recommendation designed to achieve your stated objectives using strategies consistent with your financial circumstances. The Advisor(s) will consider your specific desires and restrictions when forming our portfolio; consequently, your investment strategy can and often will differ significantly from other Kelman-Lazarov clients. The investments selected by Kelman-Lazarov may include closed-end funds, exchange-traded funds, open-end mutual funds, individual stocks and/or bonds, dependent upon the client's stated needs, objectives and risk tolerance. Kelman-Lazarov uses a proprietary process to select securities and allocate assets among asset classes. It also monitors investment returns relative to appropriate benchmarks. Kelman-Lazarov will send you performance reviews quarterly and review your objectives periodically.

All cash and securities will be held in the custody of a qualified custodian. Clients do not give up any rights of ownership in their assets and Kelman-Lazarov cannot remove cash or securities, other than for fees earned.

Kelman-Lazarov provides its asset management services through three programs:

- Kelman-Lazarov Traditional Asset Management Program;
- Kelman-Lazarov Wrap Fee Program; and
- Kelman-Lazarov Select Asset Management Program.

With the exception of smaller accounts (generally those with less than \$200,000 under management, as described below under Select Asset Management Program), Kelman-Lazarov's investment philosophy and strategy remains the same in each program; however, due to the different fee

structures associated with each program, one program may be more appropriate than the other for a particular client. Please refer to Item 5 of this Brochure for a detailed description of the fee structure associated with each program.

If there are any material changes to your personal or financial situation, risk tolerance, investment objectives, liquidity needs, or time horizon, please contact either your Advisor or Kelman-Lazarov immediately so that the potential impact for your investment goals can be evaluated.

Legacy positions wished to be held in a managed account outside of management will be considered on a case by case basis. If the legacy position is to be held in the managed account, it will be excluded from the management fee calculation. Additionally, advisory services will not be provided for any legacy positions.

Select Asset Management Program

As indicated above, accounts with less than \$200,000 in assets under management are generally managed using a different strategy than larger accounts. Clients who participate in the Select Asset Management Program will open a discretionary managed account and choose an asset allocation dependent on the client's financial circumstances and suitability. In implementing the asset allocation portfolios for these smaller accounts, we generally seek mutual funds and ETFs that are available on a "no transaction fee" basis. The lack of a transaction fee allows for cost effective and efficient management of these accounts, even though the mutual funds we use may carry higher expense ratios. Kelman-Lazarov does not receive any portion of the expense ratios charged by mutual funds or ETFs.

The Client can request reasonable restrictions on management of their account, subject to the Portfolio Manager's acceptance. Any restrictions a Client imposes on the management of the account can cause the account to perform differently than similar unrestricted accounts. Additionally, each client's account may begin investing at different times in different market conditions which may also have an effect on the investment return earned by each account. The timing of contributions to the account or withdrawals from the account initiated by the client may also have an effect on the performance of the portfolio.

The client will be contacted periodically to determine whether to update the client's financial information previously provided and determine whether any changes should be made to the client's IPS, asset allocation, risk tolerance, or other factors pertaining to the continued suitability.

Please refer to the relevant prospectus (or if available, summary disclosure) for a complete description of all fees and charges associated with investing in each mutual fund or ETF.

Retirement Plan Services

Kelman-Lazarov may provide retirement plan advisory services to Plans and Plan Fiduciaries on a discretionary or non-discretionary basis. The Employee Retirement Income Security Act of 1974 ("ERISA") sets forth rules under which Plan Fiduciaries may retain investment advisers for various types of services with respect to Plan assets. For certain services, Kelman-Lazarov may be considered a fiduciary under ERISA. For example, to the extent that the Plan Fiduciaries retain Kelman-Lazarov to act as an investment manager within the meaning of ERISA §3(21) or ERISA §3(38), Kelman-Lazarov will provide non-discretionary or discretionary services, respectively.

Retirement Plan Consulting Services

Kelman-Lazarov may provide Retirement Plan Consulting Services to Plans and Plan Fiduciaries on a non-discretionary basis. The appropriate Plan Fiduciary designated in the Plan documents (e.g., the Plan sponsor or named fiduciary) will (i) make the decision to retain our firm; (ii) agree to the scope of the services that we will provide; and (iii) make the ultimate decision as to accepting any of the recommendations that we may provide.

Advice is limited to asset class and investment recommendations. Kelman-Lazarov will provide Plan Fiduciaries with recommendations of investment options consistent with any Investment Policy Statement of the Plan. Plan Fiduciaries retain responsibility for the final determination of investment options and for compliance with ERISA section 404(c). Kelman-Lazarov will assist in monitoring the plan's investment options and will make recommendations to maintain or remove and replace investment options. The Plan Fiduciaries are free to seek independent advice about the appropriateness of any recommendations made for the Plan. Retirement Plan Consulting Services may be offered individually or as part of a comprehensive suite of services.

Retirement Plan Management Services

Kelman-Lazarov may provide Retirement Plan Management Services to Plans and Plan Fiduciaries on a discretionary basis. When retained as an investment manager within the meaning of ERISA §3(38), Kelman-Lazarov provides continuous and ongoing supervision over the designated retirement plan assets. Kelman-Lazarov will actively monitor the designated retirement plan assets and provide ongoing management of the assets. When applicable, Kelman-Lazarov will have discretionary authority to make all decisions to buy, sell or hold securities, cash or other investments for the designated retirement plan assets in its sole discretion without first consulting with the Plan Fiduciaries. Kelman-Lazarov may also have the power and authority to carry out these decisions by giving instructions, on the Plan Fiduciary's behalf, to brokers and dealers and qualified custodian(s) of the Plan for the management of the designated retirement plan assets.

Kelman-Lazarov will monitor the investment options of the Plan and add or remove investment options for the Plan without prior consultation with the Plan Fiduciaries.

Education and Enrollment Services

Participant Enrollment

Kelman-Lazarov will assist with group enrollment meetings designed to increase retirement Plan participation among employees and to improve the investment and financial understanding of employees.

Participant Education

Kelman-Lazarov will provide education services to Plan Participants about general investment principles and the investment alternatives available under the Plan. Education presentations will not take into account the individual circumstances of each Plan Participant.

Financial Planning

Financial planning may consist of a number of services, depending on the client's needs. The planning process evaluates a client's current financial situation and proposes an action plan to help move towards setting and achieving the client's financial goals. Kelman-Lazarov has conversations with the client and reviews documents, such as income tax returns and current investments, to determine a client's current financial situation and long term financial goals. Detailed information such as risk tolerance, time horizon, estate and retirement plans, trust agreements, wills and insurance may also be collected to help better complete a financial plan.

Next the planning process identifies potential impediments to achieving the goals, as well as options for furthering the goals of the client. A financial plan is developed with recommendations to help achieve the identified financial goals, and is presented to the client for consideration. Typically, Kelman-Lazarov uses computer software as part of the financial planning process.

Clients may retain Kelman-Lazarov to prepare a full financial plan, or to only give advice about a particular area of concern. Areas to be addressed may include, but are not limited to, retirement planning, funding of education, estate planning, insurance needs (disability, long-term care, and life insurance), and investment asset allocation. Clients do not have to act on the plan's recommendations, nor use Kelman-Lazarov to implement any recommendations. Clients may, however, retain Kelman-Lazarov to help implement the plan. If you choose to purchase securities or insurance products through Kelman-Lazarov, the firm will receive commissions or other compensation as a result of those investments. Kelman-Lazarov may recommend seeking additional advice from an estate planning and/or tax professional as appropriate. Kelman Lazarov does not provide any legal advice to the clients.

Consulting Services

Kelman-Lazarov may provide consulting services to clients on specific financial matters, including, but not limited to, providing defined contribution allocation recommendations, distribution planning, and financial matters arising due to life changing events. Where Kelman-Lazarov provides general consulting services, Kelman-Lazarov will work with the client to prepare an appropriate summary of the specific project(s) to the extent necessary or advisable under the circumstances. The terms and conditions of the arrangement and the fees to be charged will be negotiated on a case-by-case basis. Advice given will be limited to the specific, limited issues initially agreed upon.

If you choose to execute any transaction recommended by the Advisor, you are under no obligation to execute any given recommendations through Kelman-Lazarov.

Tailoring of Advisory Services

Kelman Lazarov has multiple asset management programs available for use. The programs available are the Kelman Lazarov Traditional Asset Management Program, the Wrap Fee Program, and the Select Asset Management Program. Advisory services are tailored to client's individual needs. Kelman-Lazarov spends time getting to know clients and developing a financial profile, then deciding which program is the best option for the client. The financial profile will be documented in an Investment Policy Statement ("IPS"), which will be updated periodically, as appropriate. Areas to be explored with clients may include, but are not limited to, the client's age, investment experience, financial circumstances, investment objectives, major goals, tolerance for market fluctuations (risk tolerance), time horizon, needs for liquidity, types of securities to be invested in, and asset allocation mix. This information is used in structuring a portfolio designed to meet the client's goals. Other than accounts in our Select Asset Management Program, portfolios are managed individually, with the selection and mix of investments dependent on what is suitable for each client. Therefore, investment performance varies from client to client.

To participate in any program, an advisory account will need to be opened at our custodian Charles Schwab. An Advisory Agreement must also be signed. This agreement will describe the advisory services to be provided, the terms and conditions of the advisory relationship, and the fees Kelman Lazarov will charge. In addition to your Advisory Agreement, you will receive detailed information regarding the program you choose in a separate program description (Fee Brochure). This brochure discusses the terms and conditions unique to each program and should be reviewed carefully before deciding to invest.

To implement the client's IPS, Kelman-Lazarov will manage the client's investment portfolio on a discretionary basis. As a discretionary investment adviser, Kelman-Lazarov will have the authority to supervise and direct the portfolio without prior consultation with the client. Kelman-Lazarov may offer non-discretionary asset management services on a limited basis, at the discretion of the firm. Client with non-discretionary arrangements must be contacted prior to the execution of any trade, which may result in a delay in executing recommended trades. Clients with non-discretionary arrangements retain the responsibility for the final decision on all actions taken within the account.

Notwithstanding the foregoing, clients may impose certain written restrictions on Kelman-Lazarov in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments in an investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship. Client accounts are managed individually. Consequently, performance of accounts with the same investment objectives, goals and/or risk tolerance may differ and clients should not expect the composition or performance of their investment portfolios would necessarily be the same or similar to that of other Kelman-Lazarov accounts.

You or Kelman Lazarov may terminate the Advisory Agreement at any time upon notification to the other party. Upon termination, any fees paid in advance will be prorated to the date of termination and any excess will be promptly refunded to the client. Any fees due for services rendered or work performed for which a fee was not collected will be due and payable. Clients retain the right to terminate the advisory agreement without penalty within 5 business days after entering the agreement.

Item 5 Fees and Compensation

Asset Management

Kelman-Lazarov provides its asset management services through three programs:

- Kelman-Lazarov Traditional Asset Management Program;
- Kelman-Lazarov Wrap Fee Program; and
- Kelman-Lazarov Select Asset Management Program

Due to the different fee structures associated with each program, one program may be more appropriate than the other for a particular client dependent on variables such as the account value and anticipated trade volume.

Kelman-Lazarov Traditional Asset Management Program

In this program, accounts pay a Management Fee, as well as the cost of transactions such as brokerage commissions, clearance, settlement and custodial services in the account. These fees are the custodial fees and provide no financial benefit to Kelman Lazarov. This fee is a percentage of all of the Program Assets. Please see Item 12 - Brokerage Practices for additional information on transaction costs for the execution of client securities transactions.

The fees associated with this program, negotiable at the discretion of the firm, are:

<u>Assets Under Management of Kelman-Lazarov</u>	<u>Annual Management Fee Value at quarter-end</u>
\$0 - \$1,000,000	1.15%
Thereafter to \$2,000,000	0.90%
Greater than \$2,000,000	0.70%

Transaction charges are paid at the time the order is placed. Refer to the discussion below under *Transaction Charges; Additional Fees and Charges* for information about the transaction charges, as well as information about Miscellaneous Expenses that the client's account will also incur.

Kelman-Lazarov Wrap Fee Program

In this program, accounts pay one inclusive fee that covers both portfolio management and transaction costs such as brokerage commissions, clearance, settlement and custodial services. This fee is higher than the Management Fee charged to clients in the Traditional Asset Management Program, as this fee includes transaction costs charged for the execution of client securities transactions. The fee is a percentage of all of the Program Assets. Please refer to the Kelman-Lazarov Wrap Fee Program Brochure (Appendix 1) for additional information on the fee structure associated with this Program.

The fees associated with this program, negotiable at the discretion of the firm, are:

<u>Assets Under Management of Kelman-Lazarov</u>	<u>Annual Management Fee Value at quarter-end</u>
\$0 - \$1,000,000	1.25%
Thereafter to \$2,000,000	1.00%
Greater than \$2,000,000	0.80%

In deciding whether to recommend the Traditional Asset Management Program or the Wrap Fee Program, Kelman-Lazarov will consider the anticipated frequency of trading and the types of securities to be traded, and will make a recommendation to the client. The benefits under a wrap fee program depend, in part, upon the size of the account and the number of transactions likely to be generated. Kelman-Lazarov may have an incentive to recommend the Traditional Asset Management Program instead of the Wrap Fee Program based on the anticipated frequency of trading. However, the lower Management Fee associated with the Traditional Asset Management Program helps mitigate this conflict of interest. Accounts in both programs are monitored for consistency with client objectives and the IPS, as well as securities held, trading frequency, and suitability of investments for each client. You should review the wrap fee brochure and discuss any questions with your Advisor before entering the agreement.

Kelman-Lazarov Select Asset Management Program

In this program, accounts pay a Management Fee, of assets under management, plus the cost of transactions in the account; provided, client will not incur transaction charges with respect to mutual funds or ETFs purchased on a "no transaction fee" basis. This fee is a percentage of all of the Program Assets.

The fees associated with this program, negotiable at the discretion of the firm, are:

<u>Assets Under Management of Kelman-Lazarov</u>	<u>Annual Management Fee Value at quarter-end</u>
\$0 - \$250,000	1.25%
\$250,000+	1.15%

In implementing the asset allocation models for accounts participating in the Select Asset Management Program, Kelman-Lazarov generally seeks mutual funds and ETFs available on a "no transaction fee" basis. The lack of a transaction fee allows for cost-effective and efficient management of these accounts, even though the mutual funds and ETFs may carry higher expense ratios.

For any funds or ETFs that are not purchased on a "no transaction fee" basis, the transaction charge is paid at the time the order is placed. Refer to the discussion below under *Transaction Charges; Additional Fees and Charges* for information about the transaction charges, as well as information about Miscellaneous Expenses that the client's account will also incur.

Payment of Management Fees

The fee will be charged on the Program Assets in the account, and it will be collected every 3 months. The value of those assets will be determined on the last business day of December, March, June, and September. Accounts in the same household may be aggregated to obtain better a better fee discount or breakpoint. Deposits to and withdrawals from the account during the quarter are subject to proration over the quarter in determining fee calculation. If management begins after the start of a quarter, fees will be prorated accordingly. Fees are normally debited directly from client account(s) without prior notice to you and without your consent, unless other arrangements are made. All Account assets, transactions, and fees will be shown on the monthly or quarterly Account statements provided by the Custodian.

Transaction Charges; Additional Fees and Charges

The transaction charges described in this Brochure to be charged to a client's account do not include other charges and fees also to be assessed or charged by a broker, custodian, exchange, fund company, or other financial intermediary to a client's account or transactions, including without limitation, amounts for postage, handling, wire transfer fees, redemption fees, or other fees and expenses. Please see Item 12 - Brokerage Practices for additional information on transaction costs charged for the execution of client securities transactions.

The Management Fee payable to Kelman-Lazarov described in this Brochure are separate and distinct from the internal fees and expenses charged by mutual funds, exchange-traded funds, or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials). Some "no load" mutual fund shares may be required to be held for a minimum time period, generally 90 days or less. If positions in such funds are liquidated or reduced prior to the end of the holding period, early redemption fees will apply. The client should review all fees charged by funds, brokers, Kelman-Lazarov and others to fully understand the total amount of fees paid by the client for investment and financial-related services.

Termination of Agreement

Either Kelman-Lazarov or the client may terminate their written agreement at any time, subject to any written notice requirements in the agreement. In the event of termination, any paid but unearned fees will be promptly refunded to the client based on the number of days that the account was managed, and any fees due to Kelman-Lazarov from the client will be invoiced or deducted from the client's account prior to termination.

Retirement Plan Services

Fees for Retirement Plan Service engagements are individually negotiated based upon the scope of the engagement. Fees are based upon the value of the assets in the Plan being advised. All retirement plan service fees are negotiable and will be agreed to in writing by Kelman-Lazarov and the Plan trustee.

Financial Planning

Kelman-Lazarov, Inc. offers a variety of fee arrangements for Financial Planning services, commensurate with the service requested by the client. Planning fees will generally be charged on an hourly basis, at a rate of \$300/hour, and will be based on the scope and complexity of the planning needs of the client. Estimated fees will be stated in the Financial Planning Agreement; however, total fees may be higher or lower than estimated. The client(s) will be notified as soon as possible if Kelman-Lazarov anticipates the fee will significantly exceed the initial estimate, and a new estimate will be provided at that time. However, this is still only an estimate and actual fees may differ. On occasion a flat rate may be quoted if Kelman-Lazarov deems it appropriate. Fees are negotiable, agreed upon with the client in advance, and due upon receipt of the invoice.

Depending on the anticipated length and the complexity of the circumstances, a retainer may be required in advance. In such instances, the client will receive a monthly statement, listing the charges incurred and the balance of the retainer. Once the retainer is exhausted, Kelman-Lazarov may require additional funds to be deposited. Where no retainer is required, fees are billed monthly in arrears.

Termination of Agreement

Financial Planning Agreements terminate with completion of the project and delivery of services to the client. Financial Planning clients who wish to have their financial plans updated, or who wish to implement any asset management recommendations made in the plan, will be required to enter into a separate, written agreement for such services.

Consulting Services

Kelman-Lazarov does not have a standard fee schedule for consulting services, but will discuss appropriate fees with clients prior to rendering services. Some factors in determining appropriate fees are the time and complexity of the situation. The fee may be flat fee or an hourly fee, typically \$300 per hour, and paid in arrears. Fees are payable when invoiced.

Termination of Agreement

Consulting Agreements terminate with completion of the project and delivery of services to the client. Consulting clients who wish to receive further services or who wish to implement any asset management recommendations made, will be required to enter into a separate, written agreement for such services.

Recommendations by the Representative; Purchases from Other Firms

As explained in Item 10, certain of Kelman-Lazarov's Representatives, including its management employees, are also broker-dealer registered representatives of Mutual Securities, Inc. ("Mutual Securities"), a broker-dealer, member FINRA/SIPC. They are also licensed insurance agents of an independent insurance brokerage and are appointed to sell life and other types of insurance by various insurance companies. As a registered representative of Mutual Securities and insurance agent, each Representative will continue to sell separate securities and insurance products to clients of Kelman-Lazarov (who are also customers of Mutual Securities) for which the Representative will receive securities or insurance customary compensation.

The Advisor may recommend that the client purchase or sell securities or insurance products, reallocate existing investments, or take other steps to achieve their objectives in connection with the Retirement Plan Services, Financial Planning Services, or Consulting Services. If the client elects to

implement the recommendations of the Advisor to purchase any securities or insurance products (including variable products), the Firm will generally receive commissions and other forms of direct and indirect compensation (including 12b-1 Fees, as described below) as a result of those purchases. The client is under no obligation to implement or otherwise act upon the Advisor's recommendations; and if the client elects to implement or act upon any such recommendation, the client is under no obligation to effect any transactions through Kelman-Lazarov, the Advisor, or any associated person, broker-dealer, or affiliate of Kelman-Lazarov.

Clients can generally purchase similar investment products or services through other firms that are not affiliated with Kelman-Lazarov. Refer to Item 10 for further information regarding conflicts of interest which exists. Clients may purchase mutual funds directly from mutual fund companies. The products may be available on a low or "no-load" basis. Although we recommend "load-waived" mutual fund share classes, they may carry 12b-1 Fees higher than a client may be able to obtain through direct purchases from a mutual fund company or from other financial services firms. If a client chooses to purchase investments directly or through another intermediary, the client will not receive the benefit of the services we provide in determining which investment products or services may be appropriate in view of the client's financial situation, investment objectives, risk tolerance, and liquidity needs.

No Reduction or Offset of Advisory Fees

We do not reduce or offset Advisory Fees by commissions, sales charges, or other sales-related compensation, including any 12b-1 Fees, or any rebates, credits or other compensation we or our Representatives receive from a Custodian, brokers, mutual fund companies, or insurance company based on or as a result of a client's purchase or sale of securities, insurance, or other investment products, or based on the value of a client's account, free credit balance, margin account balance, or retirement account balances.

Unless expressly provided in the Advisory Agreement, no refund or other adjustment of a fee already paid will be made as a result of a decline in the value of the Account (whether due to market losses or withdrawals); provided, in the event the Advisory Agreement is terminated within 5 days after execution, all fees will be refunded, as provided in the Advisory Agreement.

Item 6 Performance-Based Fees and Side-By-Side Management

Kelman-Lazarov does not have any performance-based fee arrangements. "Side by Side Management" refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because Kelman-Lazarov has no performance-based fee accounts, it has no side-by-side management.

Item 7 Types of Clients

Kelman-Lazarov serves individuals, pension and profit-sharing plans, corporations, trusts, estates and charitable organizations. Kelman-Lazarov may, at its discretion, make exceptions to the foregoing or negotiate special fee arrangements where Kelman-Lazarov deems it appropriate under the circumstances.

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

Methods of Analysis

Kelman-Lazarov uses a variety of methods of analysis and investment strategies to formulate investment advice and manage assets. The primary method of analysis is fundamental analysis, looking at the financial health of the economy, industries, and individual companies. For equity securities, both quantitative analysis, such as information that might be found in a company's financial statement, and qualitative analysis, such as the tenure and experience of a company's top management, are key. This analysis helps Kelman-Lazarov formulate opinions regarding underlying strength of the security and the potential for future performance.

For bonds, the strength of the issuing corporation or municipality is stressed. For mutual funds, exchange traded funds, and closed-end funds, research as to past performance, fees, and the fund's manager are paramount. Instrumental to this analysis are research resources at Kelman-Lazarov's disposal, including Morningstar Office, a suite of Morningstar research and publications on a variety of asset classes. Kelman-Lazarov analyzes the research from the various resources and makes informed decisions on the allocation of funds.

Technical analysis is also, to a lesser extent, employed, looking at past performance and patterns to predict future performance. One of Kelman-Lazarov's methods of technical analysis is seeking out closed-end funds trading at a discount to the fund's net asset value, tracking the 52-week moving average, and setting a target price to buy the closed-end funds when they trade at a discount greater than the norm.

Investment Strategies & Risks

Kelman-Lazarov's investment strategy has a long-term focus and is centered on asset allocation. Asset allocation involves determining an appropriate percentage to invest in a variety of asset classes. Asset allocation is client-specific and is based on the client's Investment Policy Statement. The diversification afforded by appropriate asset allocation helps balance the risks and rewards of investing. Past performance is used to make decision on allocations of funds. You should understand that past performance is not indicative of future results.

Being a "long-term investor" generally means that securities are purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Risks of Loss

While Kelman-Lazarov seeks to diversify clients' investment portfolios across various asset classes consistent with each client's IPS in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money.

Below are descriptions of several of the principal risks that client investment portfolios face.

Management Risk. While Kelman-Lazarov manages client investment portfolios based on Kelman-Lazarov's experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying securities in which they are invested.

Accordingly, client investment portfolios are subject to the risk that Kelman-Lazarov allocates assets to asset classes that are adversely affected by unanticipated market movements, and the risk that Kelman-Lazarov's specific investment choices could underperform their relevant indexes.

Risks of Investment in Mutual Funds, ETFs and Other Investment Pools. As described above, Kelman-Lazarov will often invest client portfolios in mutual funds, ETFs and other investment pools ("pooled investment funds"). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

Equity Market Risk. Kelman-Lazarov may invest portions of client assets directly into equity investments, either stocks or pooled investment funds that invest in the stock market. As noted above, while pooled investments have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risk that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

Fixed Income Risk. Kelman-Lazarov may invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risk (risks that changes in interest rates will devalue the investments), credit risk (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

Foreign Securities Risk. Kelman-Lazarov may invest portions of client assets into pooled investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security's underlying foreign currency.

Risk of Errors in Investment Decisions. There is a risk that our judgment about the attractiveness, relative value, or potential appreciation of a particular market sector or security, or about the timing of investment purchases or sales, may prove to be incorrect, resulting in losses to the client's account. The success of Kelman-Lazarov's strategy for an account or Portfolio is subject to Kelman-Lazarov's ability to continually analyze and select appropriate mutual fund and ETF investments, and allocate and re-allocate the investments consistent with the intended investment objectives and risk parameters. There is no assurance that Kelman-Lazarov's efforts will be successful.

Reliance on Sources of Information. Our method of analyzing investment opportunities assumes that the information we receive about funds, managers, and companies, the characteristics and ratings of the securities they issue, and other publicly-available sources of information we utilize is accurate and unbiased. While we are alert to indications that data may be incorrect or skewed, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Management of Account Until We Receive Written Notice. Unless and until the client notifies the Representative or Kelman-Lazarov in writing to designate a different portfolio for their account, to notify us of material changes in their Suitability Information, we will continue to manage the account according to the Suitability Information in our records. Clients should inform us promptly of significant changes in their individual or family circumstances or financial situation, or in the investment goals or objectives, investment time horizon, tolerance for risk, or liquidity needs of their account so that appropriate changes can be made.

Item 9 Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of Kelman-Lazarov or the integrity of Kelman-Lazarov's management. Kelman-Lazarov has no disciplinary events to report.

Item 10 Other Financial Industry Activities and Affiliations

Certain of Kelman-Lazarov's investment adviser representatives ("Representatives"), including its management employees, are also broker-dealer registered representatives of Mutual Securities, Inc. ("Mutual Securities"), a broker-dealer, member FINRA/SIPC. The Representatives are also insurance agents of an independent insurance brokerage, and are appointed by various life insurance companies and licensed to sell life, health, and annuity products. As a registered representative of Mutual Securities and insurance agent, each Representative will continue to sell separate securities and insurance products to customers of Mutual Securities for which the Representative will receive customary compensation. However, the Representatives will not sell securities or insurance products to an advisory client that will be managed by Kelman-Lazarov in an advisory account.

FINRA Rules require that a broker-dealer supervise the participation of its registered representatives in securities activities, even when the representative is also acting as an investment adviser representative. For Kelman-Lazarov investment adviser representatives that are also registered representatives of a broker-dealer (referred to as "Dual Representatives"), each broker-dealer with which the Dual Representative is associated (collectively referred to as the "Broker-Dealer") will review the Dual Representative's client accounts, records, transactions, statements, and other items containing client personally identifiable information, and will make and retain books and records containing client personal information, whether or not the Client maintains an account with the Broker-Dealer or its clearing firm.

The Dual Representatives' current broker-dealer is Mutual Securities; however, the Dual Representative may change broker-dealer at any time without prior notice to the Client. Client personal information will be provided to the current Broker-Dealer and each successor Broker-Dealer for supervisory purposes pursuant to FINRA Rules, and the Broker-Dealer may retain the Client's personal information in its books and records, unless the Client exercises the right to "opt-out" of such disclosure as provided in Kelman-Lazarov's Notice of Privacy Policies (or fails to "opt-in," if the Client resides in California or Massachusetts). However, if the Client exercises the opt-out (or fails to opt-in), the Dual Representative may be required to cease providing services to the Client.

Advisors may recommend that a Client (in his or her separate capacity as a brokerage or insurance customer) buy or sell securities or insurance products which are entirely separate from investments made for the Client's advisory account. For these separate brokerage or insurance recommendations, the client may be charged a sales charge, plus on-going "12b-1 fees" or similar types of compensation that will continue for as long as the customer owns the investment, as described in the prospectuses for those products; not all mutual funds pay 12b-1 fees.

An Advisor may recommend the services of himself or herself in an individual capacity as an insurance agent or as a registered representative of Mutual Securities, or may recommend other professionals with whom the Advisor has a personal relationship to implement financial planning, consulting, or other recommendations. Clients are advised that a conflict of interest exists if an Advisor recommends himself or herself. A conflict of interest also exists in recommending an advisory account, as the fees charged are generally formulated to result in a profit to Kelman-Lazarov. Clients are under no obligation to act upon any of the recommendations made by an Advisor under a financial planning or consulting engagement or to engage the services of any such recommended professional. Clients retain absolute right to decide whether or not to act on such recommendations, and if they choose to act on such recommendations, whether to purchase any products or services through the Advisor or Mutual Securities, or through another broker-dealer, insurance agency, or financial institution of their choosing, which may charge less (or more) for such products or services.

Selling securities or insurance products through Mutual Securities creates a conflict of interest to the firm because additional compensation outside of the management fee could be received.

Kelman-Lazarov has adopted the following steps to address the conflicts of interest in these situations:

- we disclose the existence of the conflict of interest that arises from the incentive Representative has to earn additional compensation from recommending the purchase of securities and insurance products over and above the Advisory Fees Kelman-Lazarov receives;
- we disclose to clients they have the right to decide whether or not to act on such recommendations, and if they choose to act on such recommendations, they have the right to purchase such products through Mutual Securities and the Representative, or through another broker-dealer, insurance agency, or financial institution of their choosing, which may charge less (or more) for such products;
- we request clients provide and update material information regarding their personal and financial situation, and the investment objective, tolerance for risk, liquidity needs, and investment time horizon for the advisory account that will be managed by us, and we conduct regular reviews of account investments;
- we require that our Representatives seek prior approval of outside employment activity so that we may detect conflicts of interests and ensure such conflicts are properly addressed;
- we periodically ask Representatives to certify information regarding their disclosed outside employment activities; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

Code of Ethics and Personal Trading

Kelman-Lazarov has adopted a Code of Ethics ("the Code") expressing the firm's commitment to ethical conduct, the full text of which is available to you upon request. Kelman-Lazarov's Code has several goals. First, the Code is designed to assist Kelman-Lazarov in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisers Act of 1940, Kelman-Lazarov owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires persons associated with Kelman-Lazarov (managers, officers and employees) to act with honesty, good faith and fair dealing in working with clients. In addition, the Code prohibits such associated persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for Kelman-Lazarov's associated persons. Under the Code's Professional Standards, Kelman-Lazarov expects its associated persons to put the interests of its clients first, ahead of personal interests. The Code of Ethics attempts to address specific conflicts of interest that either we have identified or that could likely arise. Kelman-Lazarov's personnel are required to follow clear guidelines from the Code of Ethics in areas such as gifts and entertainment, other business activities, prohibitions of insider trading, and adherence to applicable federal securities laws. In this regard, Kelman-Lazarov associated persons are not to take inappropriate advantage of their positions in relation to Kelman-Lazarov clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities and annual holdings of associated persons. From time to time, Kelman-Lazarov's associated persons may invest in the same securities recommended to clients. Under its Code, Kelman-Lazarov has adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for limitations on personal securities transactions of associated persons, reporting and review of such trading and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.

Participation or Interest in Client Transactions

As outlined above, Kelman-Lazarov has adopted procedures to protect client interests when its associated persons invest in the same securities as those selected for or recommended to clients. In the event of any identified potential trading conflicts of interest, Kelman-Lazarov's goal is to place client interests first.

Consistent with the foregoing, Kelman-Lazarov maintains policies regarding participation in initial public offerings (IPOs) and private placements in order to comply with applicable laws and avoid conflicts with client transactions. If a Kelman-Lazarov associated person wishes to participate in an IPO or invest in a private placement, he or she must submit a pre-clearance request and obtain the approval of the Chief Compliance Officer.

Finally, if associated persons trade with client accounts (e.g., in a bundled or aggregated trade), and the trade is not filled in its entirety, the associated person's shares will be removed from the block, and the balance of shares will be allocated among client accounts in accordance with Kelman-Lazarov's written policy.

Item 12 Brokerage Practices

Recommending Custodians and Brokers

Client assets must be maintained in an account maintained with a "qualified custodian." Kelman-Lazarov recommends, but does not require, clients to use Schwab Advisor Services division of Charles Schwab & Co., Inc., member FINRA/SIPC, member FINRA/SIPC ("Schwab"); however, Kelman-Lazarov does require clients to use a qualified custodian reasonably acceptable to Kelman-Lazarov. Schwab is an independent broker-dealer not affiliated with Kelman-Lazarov. Schwab is also referred to as "Custodian."

Custodian will hold client assets in a brokerage account and buy and sell securities when Kelman-Lazarov instructs. While Kelman-Lazarov recommends Schwab as custodian and broker, client will ultimately decide whether to accept this recommendation by entering into an account agreement directly with Schwab to open the custodial and brokerage account. Kelman-Lazarov does not open the custodial and brokerage account for the client. If a client does not wish to place their assets with a Custodian, Kelman-Lazarov will not manage the client's account. Even though client's account is maintained at a particular Custodian, under certain circumstances Kelman-Lazarov may still be able to use other brokers to execute trades for the client's account, as described below.

Best Execution

How Kelman-Lazarov Selects Brokers/Custodians. As a fiduciary, Kelman-Lazarov has an obligation to seek to obtain best execution of a client's transactions, considering the circumstances of the particular transaction. Kelman-Lazarov seeks Custodians who are brokers (or affiliated with a broker) and who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. Kelman-Lazarov considers a wide range of factors, including, among others, the following:

- trade execution services and custodial services (generally without a separate fee for custody);
- capability to execute, clear and settle trades;
- capabilities for transfers and payments to and from accounts (wire transfers, check requests, etc.);
- breadth of available investment products (stocks, bonds, mutual funds, ETFs, etc.);
- availability of investment research and tools that assist Kelman-Lazarov in making investment decisions;
- quality of services;
- competitiveness of prices for its services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them;
- reputation, financial strength and stability of the provider;
- availability of other products and services that benefit Kelman-Lazarov and its clients, as discussed below.

Kelman-Lazarov has evaluated the full range of brokerage services offered by Schwab and considers it to have good execution capabilities and financial stability compared to comparable brokers that offer institutional advisory platforms for the types of securities and instruments that Kelman-Lazarov uses in its strategies. While Kelman-Lazarov believes the commissions and fees charged by Schwab are competitive, transactions may not always be executed at the lowest available commission rate.

Client Custody and Brokerage Costs. Schwab generally does not charge clients separately for custody services, but is compensated by charging client accounts commissions or other fees on trades that the Custodian executes or that settle into the account maintained with the Custodian. The Custodian may also charge the client a flat dollar amount as a "prime broker" or "trade away" fee for each trade Kelman-Lazarov has executed by a different broker-dealer but where the securities bought or the sales proceeds are deposited (settled) into the client's account with the Custodian. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer. Because of this, in order to minimize client trading costs, Kelman-Lazarov has the Custodian execute all or virtually all trades for the client's account.

Products and Services Available to Us from Custodian. Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like us. Through this program, Schwab offers to independent investment advisors various services not generally available to retail investors, including custody of securities, trade execution, clearance and settlement, and access to mutual funds otherwise only available to institutional investors. Schwab also makes available various support services. Some of those services help Kelman-Lazarov manage or administer our client accounts, while others help us manage and grow our business. Custodian's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us as long as we keep a minimum amount of client assets in accounts with the Custodian. For example, Schwab's support services are generally available at no charge to us as long as we keep a total of at least \$10 million of our clients' assets in accounts at Schwab. Following is a more detailed description of Schwab's support services:

Services that Benefit Clients. Custodian's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through the Custodian include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment, and access to mutual funds with no transaction charges and to certain institutional money managers which may result in lower Client expenses. These services generally benefit Clients and their accounts.

Services that May Not Directly Benefit Clients. Some of the useful benefits and services made available by the Custodian through its institutional program may benefit Kelman-Lazarov but may not benefit all or any Client accounts. These products and services assist Kelman-Lazarov in managing and administering Client accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

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

Services that Generally Benefit Primarily Kelman-Lazarov. Custodian also offers other services intended to help Kelman-Lazarov manage and further develop its business enterprise. Although the following services are important in helping us to maintain and improve the overall services we provide our clients as a whole, any particular client may tend to benefit only indirectly (or not at all) from any particular service, whereas our firm will benefit directly from the services it receives, such as:

- educational conferences and events;

- technology, compliance, marketing, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Custodian may provide some of these services directly, or in other cases, will arrange for third-party vendors to provide the services to Kelman-Lazarov. It may also discount or waive fees for some of these services or pay all or a part of a third party's fees. Custodian may also provide Kelman-Lazarov with other benefits such as occasional business entertainment of Kelman-Lazarov personnel.

Brokerage Services Do Not Benefit Specific Accounts. Kelman-Lazarov does not attempt to put a dollar value on the useful benefits and services each account receives from the Custodian, nor does it attempt to allocate or use the economic benefits and services received from Custodian for the benefit of the accounts maintained with that Custodian, or attempt to use any particular item to service all accounts. Some of the products and services made available by Custodian may benefit Kelman-Lazarov but may not benefit all or any of Kelman-Lazarov's client accounts. The benefits and services Kelman-Lazarov receives from Custodian are used to help Kelman-Lazarov to fulfill its overall client obligations.

Kelman-Lazarov Interest in the Custodian's Services. The availability of these services from the Custodian benefits Kelman-Lazarov because it does not have to produce or purchase them. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. However, if we did not recommend Schwab's services, it is unlikely that we would continue to receive Schwab's services. Our interest in continuing to receive Schwab's services gives us an incentive to recommend clients maintain accounts with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of our transactions. This is a conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see above, "*How Kelman-Lazarov Selects Brokers/Custodians*") and not Schwab's services that benefit only us.

Soft Dollars

Kelman-Lazarov generally does not engage in formal soft dollar arrangements where Kelman-Lazarov commits to direct portfolio brokerage commissions to a broker-dealer in return for specified brokerage or research services that Kelman-Lazarov may use in making investment decisions for its Clients. However, Kelman-Lazarov does receive the useful benefits and services described above received from the Custodian.

Section 28(e) of the Securities Exchange Act of 1934 provides that an advisor does not breach fiduciary duties under state or federal law solely by causing its clients' accounts to pay brokerage commissions in excess of the amount another broker-dealer would have charged if the adviser determines in good faith that the commissions are reasonable in relation to the value of brokerage and research services received. It is Kelman-Lazarov's policy to operate within the safe harbor of Section 28(e).

These services are not contingent upon Kelman-Lazarov committing any specific amount of business to a Custodian in trading commissions or assets in custody. Kelman-Lazarov has an incentive to recommend that clients maintain their accounts with Schwab based on Kelman-Lazarov's interest in receiving the services described above that benefit Kelman-Lazarov's business rather than based on the interest of its clients in receiving the best value for custody services and the most favorable execution of their brokerage transactions.

The availability of these useful services creates a financial incentive for Kelman-Lazarov to recommend the Custodians for client accounts so Kelman-Lazarov can continue to receive these services and avoid paying for them separately at Kelman-Lazarov's own expense. Our interests conflict with our clients' interests in obtaining the lowest possible execution costs. This is a conflict of interest. Kelman-Lazarov believes, however, that its recommendation and selection of Schwab as custodian and broker is in the best interests of its clients. Our decision to select Schwab is primarily supported by the scope, quality and price of its services (based on the factors discussed above - see "How We Select Brokers/Custodians") and not the services that benefit only Kelman-Lazarov.

Although we strive to address this conflict in a manner consistent with our fiduciary duty, and we disclose this conflict to our clients, our judgment may be affected such that our efforts may not be entirely successful. To help mitigate this conflict, we have adopted procedures to analyze periodically the services and programs provided by or available through our brokers, to evaluate the usefulness of these services in relation to the costs of the services, and to assess the overall quality of the services.

Lower Costs Available for Similar Services

We offer no assurance that the commissions or investment expenses clients will incur by using Schwab as their custodian and broker will be as low as the commissions or investment expenses charged by other firms for similar services. It is likely that lower costs may be available for similar services from other advisers, brokers or custodians, and by paying lower costs, clients could improve their long-term performance.

Directed Brokerage

We do not recommend, request, or require "directed brokerage" instructions in which a client directs us to use a particular broker (other than Schwab) to execute all their brokerage orders, even if we could obtain more favorable execution elsewhere. Because of the compliance and regulatory requirements applicable to registered representatives of Schwab, Kelman-Lazarov will usually not accept direction to place brokerage with brokers other than Schwab, except in unusual circumstances and with Schwab's prior approval.

When a client directs the use of a particular broker-dealer (and we agree to such direction), we will not aggregate the client's orders with the orders of clients at other brokers. Orders for these accounts will not be placed until after orders are placed for accounts that have not directed the use of a particular broker. As a result, the client will not receive the benefit of reduced transaction costs or better prices that may result from aggregation of client orders. Further, when we are directed to use a particular broker-dealer, we will not have the authority to negotiate commissions, obtain volume discounts, or seek price improvement from other broker-dealers.

Consequently, clients should understand that the direction to place orders with a broker-dealer may result in the broker not achieving most favorable execution of the client's transactions. This practice may cost the client more than if we had discretion to select another broker-dealer. A disparity may arise such that clients who direct brokerage may pay higher overall transaction costs and receive less favorable prices than clients who do not direct brokerage.

Order Aggregation

Kelman-Lazarov may aggregate orders for the purchase or sale of securities on behalf of the accounts it manages. Proprietary accounts of our firm or its supervised persons (employees) may participate in block orders on the same basis as clients. The ability to have orders aggregated into a "block order" with other clients can offer economic benefits, including the potential for volume discounts on their orders, timelier execution, a reduction of adverse market effects that can occur from separate, competing orders, and mutual sharing of transaction costs. For accounts that purchase individual securities, such as stocks or bonds, the broker may be able to negotiate price improvements for block orders. For mutual fund orders, if no economic benefit is received from the use of block orders, they will not be used.

Block orders are typically placed through an "average price account" or similar account such that transactions for accounts participating in the order are averaged as to price, and the securities purchased or net proceeds received are allocated pro-rata among the accounts in proportion to their respective orders placed that trading day.

Typically, partial fills will be allocated among accounts in proportion to the total orders participating in the block, unless we determine that another method of allocation is equitable (such as an alphabetical rotation, rotation based on the clients of a particular Representative, or other method). Exceptions may be granted or allowed due to varying cash availability, divergent investment objectives, existing concentrations or weightings in the security or asset class, tax considerations, performance relative to a benchmark, performance relative to other accounts in the same strategy or portfolio, or a desire to avoid "odd lots" (an amount of a security that is less than the normal unit of trading for that security).

Trade Errors

It is our firm's policy for clients to be made whole following a trade error. However, the custodian of the client's account has adopted separate policies that differ from ours and which will control in virtually all situations. Charles Schwab & Co.'s trade error policy provides that if correction of a trade error results in an investment gain, the gain will remain in the client's account unless (i) the same error involved other client account(s) that should have received the gain, (ii) it is not permissible for the client to retain the gain, or (iii) Schwab confers with the client and the client decides to forego the gain. If the gain does not remain in the client's account and Schwab is the custodian, Schwab will donate the amount of any gain of \$100 and over to charity. Losses greater than \$100 will be paid by our firm, as the client's adviser.

In all cases of gains or losses under \$100, Schwab will pay the loss and retain any gain (if such gain is not retained in the client account) to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in the clients account, they may be netted.

Item 13 Review of Accounts

A. Account Reviews

Kelman-Lazarov continuously monitors the securities held in the Asset Management accounts and performs at least quarterly reviews of account holdings for consistency with the investment objectives, investment strategy, risk tolerance, and guidelines established with the client. More frequent reviews may be triggered by changes in a client's financial circumstances, liquidity needs, tax or financial

status, as well as by economic, macroeconomic, political, or market activity or events. The Representative assigned to an Asset Management account regularly evaluates the portfolio, at least quarterly, for consistency with the account's investment objective, investment restrictions.

Generally, Retirement Consulting, Financial Planning, and Consulting Services do not include reviews, unless specifically included in the client's Advisory Agreement, or upon request of the client.

B. Client Reports

Asset Management accounts will receive monthly or quarterly account statements and confirmations from their Custodian. Unless specifically agreed in the client's Advisory Agreement, Kelman-Lazarov will not provide a written report or electronic or online financial plan in connection with the Retirement Consulting, Financial Planning, and Consulting Services. Please refer to Item 15 for further information about account statements.

Item 14 Client Referrals and Other Compensation

As noted above, Kelman-Lazarov may receive an economic benefit from Schwab in the form of support products and services it makes available to Kelman-Lazarov and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit our firm, and the related conflicts of interest are described in Item 12 - Brokerage Practices. The availability of Schwab's products and services to Kelman-Lazarov is based solely on our participation in the custodian's programs and not in the provision of any particular investment advice, such as buying particular securities for our clients.

From time to time, Kelman-Lazarov may enter into arrangements with third parties ("Solicitors") to identify and refer potential clients to Kelman-Lazarov. Consistent with legal requirements under the Investment Advisers Act of 1940, as amended, Kelman-Lazarov enters into written agreements with Solicitors under which, among other things, Solicitors are required to disclose their compensation arrangements to prospective clients before they enter into an agreement with Kelman-Lazarov, as well as deliver a Solicitor's Disclosure Statement and a copy of this Kelman-Lazarov Brochure (Form ADV Part 2A) to prospective clients. At this time, Kelman-Lazarov does not have a Solicitor arrangement with a third party.

Item 15 Custody

Kelman-Lazarov is deemed to have "custody" of the assets of client accounts as a result of its ability to deduct fees from the client's custodial account, as authorized by the client's Advisory Agreement. Assets will be held in the name of the client by the Custodian. Please refer to Item 5 for information regarding deduction of Advisory Fees from client accounts.

The Custodian will deliver account statements directly to the client on at least a quarterly basis; Kelman-Lazarov does not provide statements to clients. Kelman-Lazarov urges clients to review the account statements from the Custodian and compare them to information received from Kelman-Lazarov to identify any discrepancies. Report any issues promptly to Kelman-Lazarov using the contact information provided on the front of this Brochure.

Item 16 Investment Discretion

Clients will generally be asked to grant Kelman-Lazarov discretion in the management of the client's account. Such discretionary authorization is specified in the Asset Management Agreement executed by the client, and is limited to the selection and the amount of securities to be purchased or sold in the account and the timing of any transactions therein, as well as the broker or dealer to be used for each client securities transaction, without receiving prior consent from the client for each transaction.

Kelman-Lazarov's discretionary asset management services are subject to any investment limitations or restrictions specified in the IPS.

Kelman-Lazarov may offer non-discretionary asset management services on a limited basis, at the discretion of the firm. Client with non-discretionary arrangements must be contacted prior to the execution of any trade. Clients with non-discretionary arrangements retain the responsibility for the final decision on all actions taken within the account.

Item 17 Voting Client Securities

As a policy and in accordance with its client agreement, Kelman-Lazarov does not have, and will not accept, authority to vote client securities. Clients will receive their proxies or other solicitations directly from the custodian. Clients may contact Kelman-Lazarov at (855) 273-6719 with questions about a particular proxy or solicitation. However, Kelman-Lazarov does not typically research nor develop a firm opinion with regard to a particular proxy or solicitation.

If you represent an employee benefit plan subject to the Employee Retirement Income Security Act of 1974, ("ERISA") as amended or Section 4975 of the Internal Revenue Code ("ERISA Client"), please note that Kelman Lazarov is expressly precluded from taking any action or rendering any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in an ERISA Plan's Account.

Similarly, Kelman-Lazarov does not advise or exercise rights, make elections, or take other actions with respect to legal proceedings involving companies whose securities are or were held for a client's account, such as asserting claims or voting in bankruptcy or reorganization proceedings, or filing "proofs of claim" in class action litigation. Although we do not advise clients regarding such matters, clients may contact Kelman-Lazarov at (855) 273-6719 with questions or information about forwarding materials to the client or their representative.

Item 18 Financial Information

Kelman-Lazarov does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and has no financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Therefore, no disclosure is required for this item.