

**Form ADV Part 2A: *Firm Brochure***

**Item 1 - Cover Page**

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Date of Brochure: June 7, 2017

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This brochure provides information about the qualifications and business practices of KingsMark Private Financial Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (229) 439-2348 or (800) 999-3094. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about KingsMark Private Financial Advisors, LLC is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view information on this website by searching for the firm's name or by using its CRD number: 146655.

\*Registration as an investment advisor does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary. You may request a copy of our current brochure at any time by mailing a request to our address shown on the cover page.

The following are the material changes to our Brochure since the date of our last annual update on March 31, 2017:

1. KingsMark has a new office address located at 601 Pointe North Boulevard, Albany, GA 31721.

The following are the material changes to our Brochure since the date of our previous annual update on March 30, 2016:

1. KingsMark added clarification to some of the non-fiduciary services it provides. For more information, please see Item 4 of this brochure.
2. KingsMark added Non-covered call options to the types of investments it provides advice on. For more information regarding the risks of options trading, please see Item 8 of this brochure.

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## Item 4 – Advisory Business

### **Ownership**

KingsMark Private Financial Advisors, LLC (“Advisor,” “we” or “us”) is an investment advisor registered with the U.S. Securities and Exchange Commission since March 12, 2008. Advisor is a limited liability company formed under the laws of the State of Georgia. Thomas E. Sanders and Rebecca A. Anderson are the owners of Advisor.

### **General Description of Primary Advisory Services**

Advisor offers personalized investment advisory services including financial plans, consultations and asset management. The following are brief descriptions of Advisor’s primary services. A detailed description is provided in **Item 5, Fees and Compensation**, so that clients and prospective clients can review the services and description of fees more thoroughly.

#### ***Financial Planning Services (Plans and Consultations)***

Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning and other areas. The role of a financial planner is to find ways to help clients understand their overall financial situation and help them set financial objectives.

Advisor provides financial planning services in the form of full and modular (segmented) financial plans. These services do not involve actively managing client accounts. Instead, full planning services and consultations focus on a client’s overall financial situation. Modular planning services and consultations (both one-time and on-going) focus on specific areas of client concern.

Advisor provides financial planning services by offering analyses and recommendations in areas including, but not limited to:

- Personal planning (family records, budgets, personal liability, etc.)
- Cash flow and management
- Retirement planning
- Business planning
- Estate planning
- Education planning
- Tax planning
- Risk management
- Insurance analysis
- Investment analysis
- Benefit plans
- Disability and long term care
- Stock option analysis

Advisor’s services do not include legal or tax advice except for tax considerations incidental to investment recommendations. Tax advice may be provided independently one or more businesses operated by our investment adviser representatives. At present, only Britt C. Bazemore, a licensed certified public accountant, offers such services through his own company, Broadview Advisory Group, LLC. Advisor’s investment adviser representatives (“representatives”) meet with clients to gather information and documentation needed to perform an analysis and review of a client’s situation as well as his or her objectives and goals. One or more meetings may be required in order to gather all needed information and determine the services best suited to help meet the client’s needs. Advisor and its representatives rely on the information provided by clients. Therefore, it is very important that the information provided by

clients is complete and accurate. Advisor and its representatives are not responsible for verifying the information supplied by clients. Clients are also urged to work closely with their attorney, accountant or other professionals regarding their financial and personal situation.

After completing a review and analysis of the information and documents received, the representatives develop their analyses and recommendations and present either a full or modular (segmented) written financial plan to the client. A full plan focuses on a client's overall financial situation and covers several of the areas previously noted, as needed by client's specific situation. A modular (segmented) plan focuses only on one or more specific area(s) of client concern, and clients should be aware that other important issues may not be taken into consideration when Advisor's representatives develop their analyses and recommendations.

### ***Investment Management Services***

Advisor provides investment management services by providing clients with continuous and on-going supervision over their accounts. This means that Advisor continuously monitors a client's account and makes trades in that account when necessary or desirable in order to meet the client's investment objectives.

Advisor provides investment management services, defined as giving regular investment advice and/or making investments for the client based on the individual needs, goals and objectives of the client. Advisor offers a customized and individualized investment management program providing clients advice regarding various asset classes (including equity and fixed income securities), ongoing assistance with evaluating and selecting investments, adjusting and rebalancing portfolios. In some instances, Advisor may serve as a sub-advisor or co-advisor when working with investment management programs offered by other registered investment advisor firms.

Advisor assists the client in establishing one or more investment account(s) with a qualified custodian. Certain programs offered by Advisor may require that a client use a particular custodian to maintain the account. In addition, Advisor will recommend particular broker/dealers and custodians based on currently established relationships. While clients are always free to choose any broker/dealer or custodian they want to maintain their account(s), Advisor only allows clients to direct it to use a particular broker/dealer or custodian in limited circumstances. It is Advisor's discretion whether or not it will manage an account that is not maintained at one of the custodians recommended by Advisor. The qualified custodian maintains custody of all client funds and securities. Advisor does not act as custodian and does not have direct access to client funds and securities.

Advisor provides investment management services on either a discretionary or non-discretionary basis. On a discretionary basis, Advisor may make all decisions to buy, sell or hold securities, cash or other investments in the managed account in Advisor's sole discretion without consulting with the client before making any transactions. Clients must provide Advisor with written authorization to exercise this discretionary authority, and they can place reasonable restrictions and limitations on the discretionary authority. If asset management services are provided on a non-discretionary basis, this means that Advisor always contacts the client before implementing any transactions in an account. See **Item 16, Investment Discretion**, for additional discussion on discretionary and non-discretionary authority. Advisor provides investment management services, as described above, through several different custodians. At present, these include SEI Private Trust Co. ("SEI"), Charles Schwab & Co., Inc., TD Ameritrade, Inc., Principal Financial Group, Wells Fargo, and MG Trust Company, among others. See Item 12 – Brokerage Practices, for additional information.

### **Investment Management – SEI Programs**

In addition to performing direct investment management services as discussed above, we also participate in programs in which the management responsibilities regarding our clients' assets are shared between

us and another third party manager or investment adviser. Advisor uses two programs made available by SEI: (1) the Asset Allocation program and (2) the SEI Co-Advised Account Program.

### **The Asset Allocation Program**

In the SEI asset allocation program, the model asset allocation portfolios are designed by either Advisor or SEI and are usually made up of mutual funds. Whether the client is invested in an Advisor-designed or SEI-designed asset allocation model, SEI offers to provide automatic reallocating and rebalancing services to the account. Advisor has the ability to determine whether the SEI automatic rebalancing features are implemented in each client's account, and Advisor does not recommend or implement automatic rebalancing in all accounts it manages using the Asset Allocation program. Clients may place reasonable restrictions on the nature of the funds held in their portfolio or the allocation among various asset classes.

Advisor determines the client's current financial situation, financial goals and risk tolerance and its representatives use this information to determine the initial asset allocation model recommended to the client. If Advisor is given discretion it may implement the asset allocation it deems suitable without first discussing it with the client, although on most occasions client approval of an asset allocation is obtained though not required. Once the client's asset allocation has been established, Advisor's representatives assist the client to establish an account at SEI. SEI maintains custody of all client accounts. Then, the client's portfolio is created using the mutual funds and other investments recommended by Advisor. Over time, the percentage allocation of a client's assets among applicable securities may vary significantly from the original asset model recommended by Advisor. This is due to factors such as increases or decreases in the value of the securities, dividends, capital gains, withdrawals by client, other distributions, the deduction of Advisor's fees from the client's account, and similar factors. In some cases, as discussed above, client's accounts may undergo automated rebalancing, but this is at the discretion of the Advisor.

With respect to the asset allocations that consist, in whole or in part, of SEI sponsored mutual funds, SEI Investments Management Corporation selects the investment managers of the underlying mutual funds. SEI monitors the fund managers or third-party managers to ensure their investment styles and performance remain consistent with the client's objectives. For those SEI-designed asset allocation models, SEI has the sole responsibility to monitor the individual managers of the available funds and asset allocation portfolios to ensure compliance within each fund's objectives.

### **SEI Co-Advised Account Program**

When an SEI Co-Advised Account is recommended for a client, a client will sign a separate Investment Management Agreement that establishes a managed account appointing Advisor and SEI as co-advisors. Advisor shall be responsible for reviewing the client's present financial situation and providing the client with advice concerning the investment and reinvestment of the client's assets to be held in one or more accounts maintained at SEI. Advisor shall prepare for each client a suitability profile, and, to the extent consistent with such profile, recommend one or more managed account portfolio Strategies co-managed by SEI. SEI shall manage such assets in accordance with the Strategy of the portfolio selected by the investor at the recommendation of the Advisor. The Advisor can change the recommended strategy at any time. SEI has authority to add or delete investment managers available within the selected strategies.

In the SEI Co-Advised Accounts, SEI's fees and custodial charges are described in the separate agreements executed by clients. Clients also receive SEI's disclosure Brochure, which is similar in content, design and format to this Brochure. The fee charged by KingsMark in the SEI Co-Advised Accounts are described both in the signed KingsMark agreement and in the SEI Investment Management Agreement.

Regardless of which program is selected, Advisor offers to meet periodically with clients to ensure the allocation and/or Strategy being utilized remains consistent with their goals. In addition, Advisor monitors performance of the client's accounts for consistency with the client's objectives and risk tolerance. See

**Item 16, Investment Discretion**, for additional discussion on discretionary and non-discretionary authority.

### ***Retirement Plan Services***

We offer retirement plan consulting services to retirement plan sponsors. We also offer consulting and investment management services to individual participants in retirement plans.

Advisor offers retirement plan consulting services to retirement plan sponsors and to individual participants in retirement plans. For a corporate sponsor of a retirement plan, Advisor's retirement plan services may include, but are not limited to, the following services:

#### Fiduciary Consulting Services

- Investment Policy Statement Preparation. Advisor may help clients develop an investment policy statement. The investment policy statement establishes the investment policies and objectives for the plan. Clients have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the investment policy statement.
- Non-Discretionary Investment Advice. Advisor may provide clients with general, non-discretionary investment advice regarding assets classes and investment options, consistent with the plan's investment policy statement.
- Investment Selection Services. Advisor may provide clients with recommendations of investment options consistent with ERISA Section 404(c). Clients have the ultimate responsibility for compliance with Section 404(c).
- Investment Due Diligence Review. Advisor may provide clients with periodic due diligence reviews of the plan's reports, investment options and recommendations.
- Investment Monitoring. Advisor may assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformation to the guidelines set forth in the investment policy statement. Advisor makes recommendations to maintain or remove and replace investment options.
- Default Investment Alternative Advice. Advisor may provide clients with non-discretionary investment advice to assist with developing qualified default investment alternative(s) ("QDIA"), as defined in DOL Reg. Section 2550.404c-5(e)(4)(i), for participants who are automatically enrolled in the plan or who otherwise fail to make an investment election. Clients retain the sole responsibility to provide all notices to participants required under ERISA Section 404(c)(5).
- Individualized Participant Advice. Upon request, Advisor may provide one-on-one advice to plan participants regarding their individual situations.

Advisor acknowledges that in performing the fiduciary consulting services listed above it is acting as a "fiduciary" as such term is defined under Section 3(21)(A)(ii) of the *Employee Retirement Income Security Act of 1974* ("ERISA") for purposes of providing non-discretionary investment advice only. Advisor acts in a manner consistent with the requirements of a fiduciary under ERISA if, based upon the facts and circumstances, such services cause Advisor to be a fiduciary as a matter of law. However, in providing the fiduciary consulting services, Advisor (a) has no responsibility and does not (i) exercise any discretionary authority or discretionary control respecting management of the client's retirement plan, (ii) exercise any authority or control respecting management or disposition of assets of the client's retirement plan or (iii) have any discretionary authority or discretionary responsibility in the administration of the client's retirement plan or the interpretation of the client's retirement plan documents, (b) is not an



“investment manager” as defined in Section 3(38) of ERISA and does not have the power to manage, acquire or dispose of any plan assets and (c) is not the “administrator” of the client’s retirement plan as defined in ERISA.

### Non-Fiduciary Services

- Participant Education. Advisor may provide education services to plan participants about general investment principles and the investment alternatives available under the plan. Advisor’s assistance in participant investment education is consistent with and within the scope of DOL Interpretive Bulletin 96-1. Education presentations do not take into account the individual circumstances of each participant and do not refer to the appropriateness of any specific investment alternatives or options for the participants. Individual recommendations are not provided unless otherwise agreed upon. Plan participants are responsible for implementing transactions in their own accounts.
- Participant Enrollment. Advisor may assist clients with group enrollment meetings designed to increase retirement plan participation among employees and investment and financial understanding by the employees. These meetings do not include recommendations with respect to any specific investment alternatives or options available to participants.
- Qualified Plan Development. Advisor may assist clients with establishing a qualified plan by working with clients and a selected third party administrator. If clients have not already selected a third party administrator, Advisor assists clients with reviewing and selecting a third party administrator for the plan. The client retains final decision-making authority over the selection of the third party administrator.
- Due Diligence Review. Advisor may provide clients with periodic due diligence reviews of the plan’s fees and expenses and the plan’s service providers. The client retains final decision-making authority over the hiring and firing of the plan’s service providers.

Although an investment adviser is considered a fiduciary under the *Investment Advisers Act of 1940* and required to meet the fiduciary duties as defined by the Advisers Act, the services listed here as non-fiduciary are not considered fiduciary services for the purposes of ERISA since Advisor is not acting as a fiduciary to the plan as the term “fiduciary” is defined in Section 3(21)(A)(ii) of ERISA. The exact services provided to clients are listed and detailed in the Qualified Retirement Plan Agreement.

All recommendations of investment options and portfolios are submitted to the client for ultimate approval or rejection. Therefore, it is always the client’s responsibility to accept or reject Advisor’s investment recommendations and, if accepted, to then physically make changes to the plan itself.

In the event a client contracts with Advisor for one-on-one consulting services with plan participants, those services are consultative in nature and do not involve Advisor implementing recommendations in individual participant accounts. It is the responsibility of each participant to implement changes in the participant’s individual accounts. We can also meet with individual participants to discuss their specific investment risk tolerance, investment time frame and investment selections.

Retirement plan consulting services are not investment management services, and Advisor does not serve as administrator or trustee of the plan. Advisor does not act as custodian for any client account or have access to client funds or securities (with the exception of some accounts having written authorization from the client to deduct advisory fees). In addition, Advisor does not implement any transactions in a retirement plan or participant’s account. For retirement plan consulting services, the retirement plan or the plan participant who elects to implement any recommendations made by us is solely responsible for implementing all transactions.

Advisor will disclose to client, to the extent required by ERISA Regulation Section 2550.408b-2(c), any change to the information that Advisor is required to disclose under ERISA Regulation Section 2550.408b-2(c)(1)(iv) as soon as practicable, but no later than sixty (60) days from the date on which Advisor is informed of the change (unless such disclosure is precluded due to extraordinary circumstances beyond Advisor's control, in which case the information will be disclosed as soon as practicable).

In accordance with ERISA Regulation Section 2550.408b-2(c)(vi)(A), Advisor will disclose within thirty (30) days following receipt of a written request from the responsible plan fiduciary or plan administrator (unless such disclosure is precluded due to extraordinary circumstances beyond Advisor's control, in which case the information will be disclosed as soon as practicable) all information related to the Qualified Retirement Plan Agreement and any compensation or fees received in connection with the Agreement that is required for the plan to comply with the reporting and disclosure requirements of Title 1 of ERISA and the regulations, forms and schedules issued thereunder.

If Advisor makes an unintentional error or omission in disclosing the information required under ERISA Regulation Section 2550.408b-2(c)(1)(iv) or (vi), Advisor will disclose to the client the correct information as soon as practicable, but no later than thirty (30) days from the date on which Advisor learns of such error or omission.

### ***Types of Investments***

Advisor provides advice on the following types of investments:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issues
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States government securities
- Interests in partnerships involving real estate and involving oil and gas interests
- Covered call options
- Non-covered call options

We reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives whether or not listed here. Please refer to **Item 8, Methods of Analysis, Investment Strategies and Risk of Loss** for more information.

### **Individual Needs of Clients**

Advisor's services are always provided based on the specific needs of the individual client. Clients are given the ability to impose reasonable restrictions on their accounts, including specific investment selections and sectors. However, Advisor will not enter into an investment advisor relationship with a client whose investment objectives may be considered incompatible with Advisor's investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

### **Wrap-Fee Program versus Portfolio Management Program**

In traditional management programs, advisory services are provided for a fee and transaction services are billed separately on a per-transaction basis. In wrap-fee programs, advisory services and transaction services are provided for one fee. Advisor does not act as a portfolio manager of or sponsor any wrap fee programs.

### **Client Assets Managed by Advisor**

The amount of clients assets managed by Advisor totaled \$167,904,828 as of June 5, 2017 with \$140,010,856 managed on a discretionary basis and \$27,893,972 managed on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

In addition to the information provide in **Item 4, Advisory Business**, this section provides details regarding Advisor's services along with descriptions of each service's fees and compensation arrangements.

### **Financial Planning Services**

Full financial plans are usually billed as a fixed fee, although clients can request an hourly rate instead. Modular (segmented) plans are usually billed at an hourly rate, but the client can also request a fixed fee rate instead. The maximum fee usually does not exceed \$10,000. There is a minimum fee of \$250 for a financial plan charged as a fixed fee. Hourly fees are billed in 5 minute increments at a rate up to \$300 per hour. For plans billed at an hourly rate, Advisor's representatives provide an estimate of the time needed to complete the requested plan. If more time is required than the original estimate, the representatives obtain permission from the client before proceeding with additional services. Clients are charged the actual time expended on a plan when billed at an hourly rate. All fees are due after presentation of a written plan to client and within 30 days of the client receiving Advisor's billing statement.

Both fixed and hourly fees are negotiable based on the complexity of the client's situation, the actual services requested, the representative providing the services and Advisor's relationship with the client (e.g., existing or new client, other advisory services currently or to be provided).

Clients contracting for either a full or modular (segmented) flat fee plan receive on-going financial planning services at no additional charge for a one-year period from the date the plan is presented. During that time, clients can call or visit with Advisor's representatives as needed about any topic of concern as long as it was included in the original plan prepared. The on-going services also include a review and update of the original plan as prepared. If clients wish a review and update of the plan after the one-year period is done, they must sign a new client agreement and pay additional fees.

Either party can terminate financial planning services at any time by providing written notice to the other party. Termination is effective upon receiving that notice. If services are terminated within five business days of executing the client agreement, services are terminated without penalty. If terminated after five business days but before presentation of the plan, clients are responsible for the time and effort expended by Advisor prior to receipt of the termination notice. Advisor provides an invoice to client detailing the services provided, fees earned and fees due from client. If services are terminated after the plan is presented, there is no refund of fees previously paid since on-going services are being provided at no additional charge.

### **Consultation Services**

Clients can also request advice on one or more specific areas of concern, and these consultations (or specifically requested project) can be a one-time event or involve several meetings. One-time

consultations are usually billed at an hourly rate while extended consultations or projects are usually billed as a fixed fee. However, clients can request either hourly or fixed fee billing. Hourly rates will generally not exceed \$300 per hour while fixed fees generally do not exceed \$10,000. Both fixed and hourly fees are negotiable based on the complexity of client's situation, the actual services requested, the representative providing the services and Advisor's relationship with client (e.g., existing or new client, other advisory services currently or to be provided). For extended consultations or projects billed at an hourly rate, Advisor's representatives will provide an estimate of the time needed to complete the requested plan. If more time is required than the original estimate, the representatives obtain permission from the client before proceeding with additional services. Clients are charged for the actual time expended on the consultation or project when billed at an hourly rate. Fees are billed upon completion of the consultation or, for extended consultations and projects, at the end of each quarter. Fees are due within 30 days of the client receiving Advisor's billing statement.

Services terminate upon completion of the investment consultations contracted for. However, either party can terminate services at any time by providing written notice to the other party. If services are terminated before completion, clients are responsible for the time and effort expended by Advisor prior to receipt of the notice of termination. Advisor provides an invoice to client detailing the services provided, fees earned and fees due from client.

### **Implementation of Planning Advice**

Clients have sole discretion about whether or not to contract for Advisor's services. In addition, clients have sole discretion about whether or not to implement any financial planning recommendations made by Advisor's representatives. If clients do decide to implement the recommendations, they are responsible for taking any actions or implementing any transactions required. They are free to select any investment adviser, broker/dealer and/or insurance agent to implement Advisor's recommendations. Clients should be aware that Advisor's representatives are also licensed insurance salesperson. If clients elect to follow Advisor's recommendations regarding insurance products, and select one of Advisor's representatives to implement the recommendations, the representative could receive commissions. This is a conflict of interest since the representative could earn advisory fees in his or her capacity as an investment advisor representative and could also earn commissions on insurance products sold in his or her capacity as an independently licensed insurance agent. We monitor this conflict by ensuring that recommendations are always in the best interest of the client.

If clients elect to implement investment recommendations through Advisor, clients must pay Advisor an asset management fee as discussed herein. This creates a conflict of interest in that Advisor has an incentive to recommend investment management services which, if implemented through Advisor, would financially benefit Advisor. Please see **Item 10, Other Financial Activities and Affiliations**, for additional discussion on this conflict of interest.

### **Investment Management Services**

Advisor charges for investment management services based on a percentage of assets under Advisor's management. The fee is charged as either a flat annual percentage or based on a tiered schedule. Whether the fee is a flat fee or a tiered schedule fee is negotiable but Advisor considers the complexity of the client's situation and portfolio holdings when determining the type of fee it wishes to charge.

If charged as an annual flat percentage, the rate is up to 2% of the assets under management, which is also negotiable based on the complexity of the client's financial situation, the types of assets/classes maintained in the managed account(s), the amount of assets under management, whether the managed account is a qualified or non-qualified account, the relationship Advisor has with the client, other accounts that Advisor is managing for the client or related persons of the client, the level of knowledge and experience of the Advisor representative providing the services, whether or not Advisor has discretionary authority over the account, and other factors.

In most instances, Advisor uses the following tiered fee schedule to determine the annual percentage fee charged:

<b><u>Account Value</u></b>	<b><u>Client Fee</u></b>
First \$500,000	1.25%
Next \$500,000	1.10%
Next \$1,000,000	0.85%
Next \$2,000,000	0.70%
Over \$4,000,000	Negotiable

Tiered percentage fees are also negotiable and Advisor considers the same factors as for the annual flat fee. In all cases, Advisor discloses the exact services and fee (schedule) prior to services being provided, and client agrees to said fee by executing an investment management agreement.

For assets that are managed by a third-party manager, and co-advised by Advisor, Advisor is paid for its services as co-advisor according to the same fee schedule shown above. Each quarter the custodian sends the client an account statement that reflects a deduction for the management fee. Clients should review account statements received from the custodian and verify that appropriate advisory fees are being deducted.

The custodian may charge both client fees and a separate custodial fee for the custody services it provides to the client's account. Complete details on the custodian's fees and expenses are disclosed in the account agreement between the client and the custodian. In addition, mutual funds held in a client's account pay their own advisory fees and other expenses and these fees and expenses are explained in each mutual fund's prospectus. These fees and expenses are separate charges from the management fees charged by Advisor to client.

Advisor excludes certain assets maintained in the account when determining management fees. These excluded assets are disclosed in an addendum to the client agreement for services.

Advisory fees are billed in arrears at the end of each quarter. Advisory fees are either calculated based on the account balance at the end of the quarter or calculated based on the average daily balance in the account during the quarter, depending on the custodian. The investment management agreement that each client signs will disclose how fees are calculated to a given client. If an account is created mid-quarter, the initial fee is prorated based on the number of days services were provided. Fees are generally deducted from a client's account. On occasions with client consent, fees for one account may be deducted from another account under our management. The client must provide the account custodian with any written authorization requested in order to have fees deducted from the account and paid directly to Advisor. Clients should review account statements received from their account custodian and verify that appropriate advisory fees are being deducted.

Clients may be charged fees by other parties relating to implementation of the investment advice provided by Advisor. These other fees may include brokerage commissions and/or transaction fees charged by the custodian. In addition, clients may incur certain charges imposed by third parties in connection with investments made through the account including, but not limited to, mutual fund sales loads, 12(b)-1 fees, contingent deferred sales charges and surrender charges, variable annuity fees and surrender charges and IRA and qualified retirement plan fees. Management fees charged by Advisor are separate and distinct from the fees and expenses charged by mutual funds or other products that may be recommended to the client; we do not reduce management fees to offset these fees. A description of these fees and expenses are available in each prospectus provided by the issuer of the mutual fund or other security. Clients are encouraged to read those prospectuses carefully.

Either party may terminate the investment management agreement at any time by providing written notice to the other party. Termination is effective upon receipt of the notice. If services are terminated within 5

business days of executing the agreement, services are terminated without penalty and no fees are due. If services are terminated after the initial five-day period, the fee is prorated based on the number of days that services were provided prior to receipt of notice of termination.

Clients should be aware that management services billed as a percentage of assets managed could still lead to conflicts of interest between Advisor and clients. For example, conflicts could arise relating to financial decisions in life such as incurring or paying down debt; gifting to charities or individuals; purchasing a home, car or other non-investment assets; purchasing a lifetime immediate annuity; travel or other expenditures; investments in private equity programs (private real estate ventures, closely held businesses, etc.); and placing funds in non-managed cash reserve accounts. Advisor's goal is that its recommendations are always made with the best interests of its clients in mind, disregarding any impact the decision has on Advisor.

### **Retirement Plan Consulting Services**

For retirement plan sponsors, services may be charged as a percentage of plan assets, as a fixed fee or as an hourly fee. If charged as a percentage, the maximum fee is 2.00% annually and is negotiable based upon the complexity of the plan, the composition of plan assets, the actual services provided, the client's relationship with Advisor, and other client accounts. The agreed upon fee is disclosed to the client prior to any services being provided. Fees are billed quarterly in arrears and calculated as of the fair market value of the assets on the last day of the calendar quarter. Fees for accounts opened mid-quarter are prorated based on the number of days that services are provided in the quarter.

If fixed fees are charged, the maximum fee is \$10,000. Hourly fees are billed at a maximum rate of \$300 per hour. Both fixed and hourly fees are negotiable based upon the complexity of the plan, the actual services provided and the client's relationship with Advisor. The agreed upon fee is disclosed to the client prior to any services being provided. At Advisor's sole discretion, the client may be required to pay a portion of the fixed or hourly fee up front in the form of a retainer; however, at no time will Advisor require payment of more than \$1,200 in fees more than six months in advance. Upon completion of the services, the fixed or hourly fee is considered earned by Advisor and any unpaid amount is immediately due.

Retirement plan sponsors may elect to pay all or a portion of fees for the individualized services provided by Advisor to the plan participants.

Clients may elect to have the fee deducted from their account or billed directly and due upon receipt of the billing notice. Advisor's standard advisory agreement grants Advisor the authority to deduct fees in that manner. If fees are billed directly, they are due upon receipt of Advisor's billing statement.

Either party may terminate services by providing written notice to the other party. Termination is effective upon receiving that notice. If services are terminated within five business days of signing the client agreement, services are terminated without penalty. Percentage fees are prorated based upon the number of days services were provided during the calendar quarter. Fixed fees are prorated based upon the percentage of services completed at the effective date of termination. Hourly fees are prorated based upon the hours expended to the effective date of termination multiplied by the agreed upon hourly rate. Any prepaid but unearned fees are promptly refunded to the client. Advisor provides a detailed billing statement and any fees due are payable upon receipt of that statement.

Advisor does not reasonably expect to receive any other compensation, direct or indirect, for its services to a Plan or its participants. If we receive any other compensation for such services, we (i) offset that compensation against Advisor's stated fees and (ii) disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to the Plan.

### **Additional Compensation**

Some of Advisor's representatives are independently licensed insurance agents and can earn commissions when selling insurance products in this separate capacity. This is a conflict of interest in that the representative has a financial incentive to recommend insurance products based on compensation received, rather than on a client's needs. This conflict of interest is managed by Advisor through the review and approval of all insurance product recommendations to assure that they are suitable for the client. Clients are not obligated to purchase insurance products through Advisor's representatives.

From time to time, Advisor receives expense reimbursement for travel and/or marketing expenses from some of our business partners, vendors or trade organizations. Receipt of these travel and marketing expense reimbursements are not predicated upon specific levels of business or revenue. Advisor and its representatives endeavor at all times to put the interest of the clients first as a part of their fiduciary duty. However, clients should be aware that the receipt of additional compensation through expense reimbursements and other forms described herein creates a conflict of interest that may impact the judgment of the IARs when making advisory recommendations.

For a discussion of benefits we receive from custodians, please see Item 12, "Brokerage Practices."

### **Comparable Services**

Advisor believes its fees for advisory services are reasonable with respect to the services provided and the fees charged by other investment advisors offering similar services. However, lower fees for comparable services may be available from other sources.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. Advisor does not charge or receive performance-based fees.

## **Item 7 – Types of Clients**

Advisor generally provides investment advice to the following types of clients.

- Individuals and high net worth individuals
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above
- Retirement Plans and Individual Retirement Accounts.

### **Minimum Investment Amounts Required**

There are no formal minimum investment amounts requirements for opening or maintaining account. However, we may decline to manage an account at our discretion for many reasons, including that the value of the account may be too small to make our management efficient or effective for the potential client.

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

### **Methods of Analysis**

Advisor primarily uses fundamental analysis when considering investment strategies and recommendations for clients. Fundamental analysis is a method of evaluating a company or security by

attempting to measure its intrinsic value. In other words, a fundamental analyst tries to determine its true value by looking at all aspects of the business, including both tangible factors (e.g., machinery, buildings, land, etc.) and intangible factors (e.g., patents, trademarks, “brand” names, etc.). Fundamental analysis also involves examining related economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g., management expertise, industry cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios).

The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

There are risks when using fundamental analysis. It takes a long-term approach to analyzing markets, often looking at data over a number of years. The data reviewed is released over years (e.g., quarterly financial statements). Therefore, fundamental analysis could mean a gain is not realized until a security's market price rises to its “correct” value over the long run—perhaps several years. Fundamental analysis usually involves less frequent trading practices, which could have a positive or negative impact on a client's portfolio value but likely has reduced brokerage and transaction costs.

### **Investment Strategies**

Advisor primarily utilizes asset allocation models as its investment strategy. Other investment strategies Advisor uses when implementing investment advice to clients include:

- Long term purchases (Investments held at least a year.)
- Short term purchases (Investments sold within a year.)
- Trading (Investments sold within 30 days.)
- Margin transactions (Investor pays for part of the purchase and borrows the rest from a brokerage firm; e.g., investor buys \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from Advisor.)

### **Risk of Loss**

Investing in securities involves a risk of loss that you should be prepared to bear, including loss of your original principal. However, you should be aware that past performance of any security is not necessarily indicative of future results. Therefore, you should not assume that future performance of any specific investment or investment strategy will be profitable. We do not provide any representation or guarantee that your goals will be achieved. Further, depending on the different types of investments, there may be varying degrees of risk:

- **Market Risk.** Either the market as a whole, or the value of an individual company, goes down, resulting in a decrease in the value of client investments. This is referred to as systemic risk.
- **Equity (Stock) Market Risk.** Common stocks are susceptible to fluctuations and to volatile increases/decreases in value as their issuers' confidence in or perceptions of the market change. Investors holding common stock (or common stock equivalents) of any issuer are generally exposed to greater risk than if they hold preferred stock or debt obligations of the issuer.
- **Company Risk.** There is always a certain level of company or industry specific risk when investing in stock positions. This is referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that a company may perform poorly or that its value



may be reduced based on factors specific to it or its industry (e.g., employee strike, unfavorable media attention).

Fixed Income Risk. Investing in bonds involves the risk that the issuer will default on the bond and be unable to make payments. In addition, individuals depending on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

- ETF and Mutual Fund Risk. ETF and mutual fund investments bear additional expenses based on a pro-rata share of operating expenses, including potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities held by the ETF or mutual fund. Clients also incur brokerage costs when purchasing ETFs.
- Management Risk. Your investments also vary with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our strategies do not produce the expected returns, the value of your investments will decrease.
- Options Risk. Options are complex securities that involve risks and are not suitable for everyone. Option trading can be speculative in nature and carry substantial risk of loss. The purchaser of a put or call option will lose all of the cost of the option (the premium). Most options expire "out of the money," meaning the purchaser will lose any opportunity to recoup the loss of premium or to profit on the option transaction. Selling puts and/or calls in a particular equity does not eliminate the downside risk of owning that equity, as described in "Equity Market Risk," above. There are additional significant risks involved in selling uncovered or "naked" puts or calls, that is, puts or calls on securities in which you as the client do not already own an underlying position in the security.

If you have been approved for options trading, you received a copy of the booklet "Characteristics and Risks of Standardized Options" published by the Options Clearing Corporation. You also represented to the custodian of your account that you agreed to read the booklet. We (KingsMark) encourage you to read the booklet, which further explains the risks of particular options strategies. If you need another copy, please notify us.

Additionally, there are specific risks that pertain to our investment strategies. For example, by holding your investment for at least a year, you may miss short-term gains in value. Your investment may also decline in value before the Firm decides to sell the position. By holding your investment for less than a year, the investment may not have time to fully appreciate and could decline in value. In addition, a short-term purchase strategy involves more frequent trading than longer-term strategies which may increase the transaction-related costs for the client.

Occasionally we may sell an investment within 30 days of purchasing. By selling in less than a 30 day period, you risk short-term price swings. If the investment does not perform as expected, you may have to decide whether to hold a short-term position for a longer time period or take a loss. When we engage in short sales, i.e., borrow securities in anticipation of a price decline and returning an equal number of securities at some future time, there is a risk that the share price will rise, thus causing losses.

When you purchase securities, you may pay for the securities in full or borrow part of the purchase price from your account custodian or clearing firm. If you borrow part of the purchase price then you are engaging in margin transactions and there is risk involved with this. The securities held in your margin account are collateral for the custodian or clearing firm that loaned you the money. If those securities decline in value, then the value of the collateral supporting your loan also declines. As a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in your account. The brokerage firm may issue a margin call and/or sell other assets in your account.

It is important that you fully understand the risks involved in trading securities on margin, including:

- You can lose more funds than you deposit in your margin account
- The account custodian or clearing firm can force the sale of securities or other assets in your account
- The account custodian or clearing firm can sell your securities or other assets without contacting you
- You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call
- The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities
- The account custodian or clearing firm can increase its "house" maintenance margin requirements at any time and are not required to provide you advance written notice
- You are not entitled to an extension of time on a margin call

### **Item 9 – Disciplinary Information**

We have no legal or disciplinary events that are material to your evaluation of our business or the integrity of our management. Therefore, this item is not applicable to our brochure.

### **Item 10 – Other Financial Industry Activities and Affiliations**

One of our investment adviser representatives, Britt C. Bazemore, is a licensed certified public accountant and operates an independent company, Broadview Advisory Group, LLC, which provides accounting services. In situations when we recommend Broadview Advisory Group, LLC, there is a conflict of interest. Accounting services may be available through other channels, including less expensive services. As a client, you are not obligated to purchase accounting or tax services even if recommended by our firm. We monitor this conflict by ensuring the recommendation of the accounting services is in the best interest of the particular client and through implementation of our policies and procedures.

Other than described above, Advisor does not have a related person that is:

- A broker/dealer, municipal securities dealer or government securities dealer or broker
- An investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
- A investment adviser or financial planner
- A futures commission merchant, commodity pool operator or commodity trading advisor
- A banking or thrift institution
- Accountant or accounting firm
- A lawyer or law firm
- A pension consultant
- A real estate broker or dealer
- A sponsor or syndicator of limited partnerships.

Advisor is an independent registered investment registered advisor and only provides investment advisory services. It is not engaged in any other business activities and offers no other services except those described in this Disclosure Brochure. However, while Advisor does not sell products or services other than investment advice, its representatives may sell other products or provide services outside of their role as investment adviser representatives.

## **Insurance Sales**

Some of Advisor's representatives are also independently licensed to sell insurance products through various insurance companies unrelated to Advisor. When acting in this capacity, they may receive fees or commissions for selling these products. This creates a conflict of interest in that the representatives have financial incentives to sell insurance products that pay commissions to the representatives. This conflict of interest is managed by Advisor through the review and approval of all insurance product recommendations to assure that they are suitable for the client. Clients are under no obligation to direct insurance transactions to insurance companies with which Advisor's representatives may be licensed. Suitable insurance and investment products may also be available from other companies.

### **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

Section 204A-1 of the *Investment Advisers Act of 1940* requires all investment advisers to establish, maintain and enforce a Code of Ethics. Advisor has established a Code of Ethics that applies to all of its associated persons. An investment adviser is considered a fiduciary according to the *Investment Advisers Act of 1940*. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of clients at all times. Advisor has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle of Advisor's Code of Ethics, which also covers its insider-trading and personal securities transactions policies and procedures. Advisor requires all of its supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Once employed by or affiliated with Advisor, and at least annually thereafter, all supervised persons sign an acknowledgement that they have read, understand and agree to comply with Advisor's Code of Ethics. Advisor has the responsibility to make sure that the interests of all clients are placed ahead of its or its supervised persons' own interests. Full disclosure of all material facts and conflicts of interest is provided to clients prior to any services being conducted. Advisor and its supervised persons must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect its duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of Advisor's Code of Ethics. However, if a client or a potential client wishes to review Advisor's Code of Ethics in its entirety, a copy will be provided promptly upon request.

Some of our representatives are also Certified Financial Planners<sup>™</sup>. In addition to abiding by Advisor's Code of Ethics, they also abide by the Code of Ethics and Responsibility Code of the Certified Financial Planner<sup>™</sup> Board of Standards, Inc. The Code of Ethics and Responsibility Code requires CFP<sup>®</sup> designees not only to comply with all applicable laws and regulations but to also act in an ethical and professional responsible manner in all professional services and activities. The principles guiding CFP<sup>®</sup> designees are:

- Integrity
- Objectivity
- Competence (in providing services and maintaining knowledge and skills to do so)
- Fairness (to clients, principals, partners and employers and disclosing any conflicts of interest in providing services)
- Confidentiality (keeping all client information confidential without the specific client consent unless in response to legal process or in defense of charges of wrongdoing or civil dispute)
- Professionalism
- Diligence

Clients can obtain a copy of the CFP<sup>®</sup> Code of Ethics and Responsibility Code by requesting a copy from one of Advisor's representatives.

Certified Financial Planner, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”). The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

**Education** – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;

**Examination** – Pass the comprehensive CFP® Certification Examination. The examination includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;

**Experience** – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and

**Ethics** – Agree to be bound by CFP Board’s Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks.

Advisor and its representatives may buy or sell securities or have an interest or position in a security for their personal accounts that they also recommend to clients. Advisor is and shall continue to be in compliance with *The Insider Trading and Securities Fraud Enforcement Act of 1988*. These situations may represent a conflict of interest in that Advisor or its representatives have a financial incentive to act in the best interests of their own accounts over the best interests of clients’ accounts. We address these conflicts of interest by abiding to a policy that no associated persons will prefer his or her own interest to that of the advisory client. No person employed by Advisor may purchase or sell any security prior to a transaction or transactions being implemented for an advisory account. Associated persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of his/her employment unless the information is also available to the investing public upon reasonable inquiry. In order to help minimize the conflict of interest, securities recommended by Advisor are widely held and publicly traded.

## Item 12 – Brokerage Practices

Clients wishing to implement Advisor’s advice are free to select any broker/dealer or investment advisor they wish and are so informed. Directing brokerage may cost clients more money. Advisor recommends the use of various broker/dealers or other custodians with whom we have ongoing relationships. At present, the broker dealers we recommend are Charles Schwab & Co., Inc., TD Ameritrade, Wells Fargo and MG Trust Company. Clients contracting for Advisor’s management services will generally need to establish an account at the custodian. Other qualified custodians that are not broker-dealers are SEI,

American Funds, Principal Financial Group, Ameritas, and Phoenix. We reserve the right to change the broker-dealers and other custodians that we may recommend to clients.

Best execution of client transactions is an obligation Advisor takes seriously and is a factor in the decision of using any account custodian we recommend. While quality of execution at the best price is an important determinant, best execution does not necessarily mean lowest price and it is not the sole consideration. Overall custodial support services, trading support services, trade correction services and statement preparation are some of the other factors determined when recommending an account custodian.

### **How We Select Brokers/Custodians to Recommend**

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody);
- capability to execute, clear and settle trades (buy and sell securities for your account);
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.);
- availability of investment research and tools that assist us in making investment decisions;
- quality of services;
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them;
- reputation, financial strength and stability of the provider;
- provider's prior service to us and our other clients;
- availability of other products and services that benefit us, as discussed below.

### **Charles Schwab & Co., Inc.**

KingsMark has entered into an agreement with Charles Schwab & Co., Inc. ("Schwab") pursuant to which Schwab provides KingsMark certain benefits. The prices that Schwab charges to KingsMark's clients for transactions and other services has been negotiated by KingsMark to be more favorable to the client if KingsMark places \$85 Million worth of assets at Schwab as custodian within twelve months from the day KingsMark signs the agreement with Schwab. This also provides an incentive for KingsMark to maintain \$85 Million or more in client assets at Schwab so that the clients may receive the preferential pricing negotiated by KingsMark. This creates a conflict of interest. KingsMark addresses this conflict of interest by seeking efficient pricing for clients and carefully considering whether, pursuant to its obligation to seek the best execution for its clients any more advantageous pricing and/or services, considering the total value of services and benefits as received by both client and KingsMark on behalf of its clients, may be obtained elsewhere.

### **Products and Services Available to Us from Schwab**

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us.

Here is a more detailed description of Schwab's support services:

**Services that Benefit You.** Schwab'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 Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

**Services that May Not Directly Benefit You.** Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some 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:

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

**Services that Generally Benefit Only Us.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

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

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

These benefits may present a conflict of interest for KingsMark in that it has an incentive to use Schwab as a custodian for its clients based on its interest in receiving these benefits rather than on our clients' interest in receiving most favorable execution. KingsMark addresses this conflict by ensuring that each custodian used is suitable for each KingsMark client.

### **TD Ameritrade**

Advisor participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include the custody of securities, trade execution, clearance, and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the program. There is no direct link between Advisor's participation in the program and the investment advice it gives to its Clients, although Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. 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
- Compliance, marketing, research, technology and practice management products or services provided to Advisor by third party vendors without cost or at a discount.

TD Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor in managing or administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

### **SEI**

Advisor also recommends SEI as a custodian. SEI offers to make certain products and services available to us because of the advisory business we conduct through SEI as custodian. Generally, these products and services benefit all of our clients, but some of them benefit fewer than all of our clients or only benefit us in connection with marketing or operating our business. This creates conflicts of interests as more fully discussed below.

We may not take advantage of any of these offered benefits, or we may use some of them in some years and not in others. Generally, these products and services benefit all of our clients. We make no effort to allocate these products and services only to the accounts that cause us to qualify for them. You are encouraged to review it and ask us any questions about it.

The availability of these benefits creates a conflict of interest in that we have an incentive to favor the use of SEI as the custodian we recommend based on our interest in receiving these benefits rather than on our clients' interest in receiving most favorable execution. We mitigate this conflict by evaluating whether SEI is suitable for each particular client and by conducting best execution analysis periodically to assure that the custodians we recommend, including SEI and others, are providing the best execution for our clients.

### **Other Custodians**

Other custodians for Advisor's clients make available to us other services at a reduced cost or at no cost. As with those listed above, these other products and services may benefit Advisor but may not benefit its clients' accounts, or they may benefit some, but not all, client accounts. We make no effort to allocate these products and services only to the accounts that cause us to qualify for them. Some of these other products and services assist Advisor in managing and administering clients' accounts, including:

- Software and other technology that provide access to client account data (such as trade confirmations and account statements)
- Facilitation in trade execution (and allocation of aggregated trade orders for multiple client accounts)
- Research, pricing information and other market data
- Facilitation for payment of fees to Advisors from clients' accounts
- Assistance with back-office functions, record-keeping and client reporting.

As a fiduciary, Advisor endeavors to act in its clients' best interests. However, its recommendation that clients maintain their assets in accounts at certain custodians may be based in part on the benefit to Advisor of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by such custodians. This may create a conflict of interest in that Advisor has an incentive to use certain custodians based on its interest in receiving these benefits rather than on clients' interest in receiving most favorable execution.. Clients are under no obligation to act on the recommendations of Advisor. If Advisor assists in implementing of any recommendations, Advisor is responsible to ensure that the client receives the best execution possible.

Clients may select a broker/dealer or account custodian different from the one recommended by Advisor and direct Advisor to use that broker/dealer or custodian to maintain custody of their assets. Advisor is not obligated to provide management services to the client through the use of that other custodian and has discretion to reject the client's request for directed brokerage. If Advisor does not agree to manage the client's assets at another custodian, the client will be free to choose a custodian recommended by Advisor or to choose another advisor to manage their assets. When a client directs the use of a particular broker/dealer or other custodian, Advisor may not be able to obtain the best price and execution for the transaction. Clients who direct the use of a particular broker/dealer or custodian may receive less favorable prices than would otherwise be the case if clients had not designated a particular broker/dealer or custodian. Further, directed trades may be placed by Advisor after effecting non-directed trades.

### **Block Trading**

Investment advisors may elect to purchase or sell the same securities for several clients at approximately the same time when they believe such action may prove advantageous to clients. This process is referred to as aggregating orders, batch trading or block trading. Advisor may enter trades as a block where possible and when advantageous to clients whose accounts have a need to buy or sell shares of the same security. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are fairly allocated as to opportunity and pricing.

## **Item 13 – Review of Accounts**

### **Account Reviews**

Clients contracting for financial planning services receive on-going services for one year after presentation of the comprehensive or modular plan. During this period, clients can visit with Advisor about any aspect of the plan as originally prepared, including reviews and updates.

Accounts managed by third party money managers are reviewed at least annually, usually when copies of statements are received from the custodian. Accounts managed by Advisor are likewise reviewed at least annually.

Advisor's representatives are primarily responsible for reviewing their own accounts. Although the calendar is the main triggering factor, account reviews are also conducted due to client request, due to a change in client circumstances, account holdings or investment objectives or due to unusual economic conditions or market activity.

Absent specific client instruction, accounts are reviewed relative to asset allocations in the client's portfolio(s), accuracy of portfolio holdings, continuing suitability of investment products and to check that account performance is still working toward the client's goals and objectives.

### **Account Reports**



Financial planning accounts do not receive any reports other than the financial plan included as a part of the services originally contracted for.

Accounts managed by Advisor and by third party money managers receive account statements at least quarterly from the account custodian.

Advisor may provide additional performance reports, position reports or account statements to clients. Always compare reports or statements received from KingsMark to the statement from your account custodian to ensure accuracy.

## **Item 14 – Client Referrals and Other Compensation**

### **Client Referrals**

Advisor does not directly or indirectly compensate anyone for referring clients to Advisor.

### **Other Compensation and Economic Benefit**

For additional discussion on other compensation received by Advisor, its owners or its representatives, please refer to **Additional Compensation** under **Item 5, Fees and Compensation**, and **Item 10, Other Financial Industry Activities and Affiliations**. Please see **Item 12, Brokerage Practices**, for discussion about the services and products Advisor may receive from SEI Trust Company, Schwab Advisor Services, and TD Ameritrade Institutional.

## **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined as having access or control over client funds and/or securities, but does **not** include the ability to execute transactions in client accounts. 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 for purposes of the *Investment Advisers Act of 1940* and must ensure proper procedures are implemented. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody. We are deemed to have custody of client funds and securities whenever we are given the authority to have fees deducted directly from client accounts. Other than to this limited extent, our procedures do **not** result in our maintaining custody of client funds and securities.

For accounts where we are deemed to have custody, we have 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 creation 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. Clients should carefully review those statements and are urged to compare the statements against reports received from us. When clients have questions about their account statements, they should contact us or the qualified custodian preparing the statement.

## **Item 16 – Investment Discretion**

Investment management services are provided on a discretionary or non-discretionary basis. If management services are provided on a discretionary basis, Advisor makes all decisions to buy, sell or

hold securities, cash or other investments in the managed account in its sole discretion without consulting with the client before implementing any transactions. Clients must provide Advisor with written authorization to exercise this discretionary authority. Clients can impose reasonable restrictions on management of their accounts.

When discretionary authority is granted, it is limited. Advisor does not have access to client funds and/or securities with the exception of having advisory fees deducted from the client's account and paid to Advisor by the account custodian. Any fee deduction is done pursuant to the client's prior written authorization provided to the account custodian.

If management services are provided on a non-discretionary basis, Advisor always contacts clients before implementing any transactions in an account. Clients must accept or reject Advisor's investment recommendations, including (1) the security being recommended, (2) the number of shares or units and (3) whether to buy or sell. Once these factors are agreed upon, Advisor is responsible for making decisions regarding the timing of the purchase or sale and the price at which it is bought or sold. Clients should know that if they are not able to be reached or are slow to respond to Advisor's request, it can have an adverse impact on the timing of implementing trades and Advisor may not achieve the optimal trading price.

### **Item 17 – Voting Client Securities**

Advisor does not perform proxy-voting services on a client's behalf, and proxy materials are sent directly to clients. Clients are instructed to read through the information provided with the proxy-voting documents and make a determination based on the information provided. If clients request, Advisor's representatives may provide limited clarifications of the issues presented in the proxy voting materials based on their understanding of issues presented in the proxy-voting materials. However, clients have the ultimate responsibility for making all proxy-voting decisions.

### **Item 18 – Financial Information**

This item is not applicable to Advisor's brochure. Advisor does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, Advisor is not required to include a balance sheet for its most recent fiscal year. Advisor is not subject to a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Finally, Advisor has not been the subject of a bankruptcy petition at any time.

### **Class Action Lawsuits**

Client retains the right under applicable securities laws to initiate a lawsuit individually or to join a class-action lawsuit against the issuer of a security that was held, purchased or sold by or for client. Advisor does not initiate such a legal proceeding on behalf of client and does not provide legal advice to client regarding potential causes of action against such a security issuer and whether the client should join a class-action lawsuit. Advisor recommends that clients seek legal counsel prior to making a decision regarding whether to participate in such a class-action lawsuit. Moreover, Advisor's services do not include monitoring or informing client of any potential or actual class-action lawsuits against the issuers of the securities that were held, purchased or sold by or for client.

## Customer Privacy Policy

Regulation S-P requires investment advisor firms to protect the privacy of customer information. In situations where a financial institution intends to disclose customer information to non-affiliated third parties, other than permitted or required by law, customers must be given the opportunity to opt out or prevent such disclosure. Advisor does not share or disclose customer information to non-affiliated third parties except as permitted or required by law.

Advisor is committed to safeguarding the confidential information of its clients. Advisor holds all personal information provided by clients in the strictest confidence and it is the objective of Advisor to protect the privacy of all clients. Except as permitted or required by law, Advisor does not share confidential information about clients with non-affiliated parties. If there is a change in this policy, Advisor provides clients with written notice and clients are provided an opportunity to direct Advisor whether such disclosure is permissible.

To conduct regular business, Advisor may collect personal information from sources such as:

- Information reported by the client on applications or other forms the client provides to the advisor
- Information about the client's transactions implemented by the advisor or others
- Information developed as part of analyses or investment advisory services

To administer, manage, service and provide related services for client accounts, it is necessary for Advisor to provide access to customer information within the firm and to non-affiliated companies with whom Advisor has entered into agreements. To provide the utmost service, Advisor may disclose the information below regarding customers and former customers, as necessary, to companies to perform certain services on Advisor's behalf.

- Information Advisor receives from the client on applications (name, social security number, address, assets, etc.)
- Information about the client's transactions with Advisor or others (account information, payment history, parties to transactions, etc.)
- Information concerning investment advisory account transactions
- Information about a client's financial products and services transaction with Advisor

Since Advisor shares non-public information solely to service client accounts, Advisor does not disclose any non-public personal information about Advisor's customers or former customers to anyone except as permitted by law. However, Advisor may also provide customer information outside of the firm as required by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.