



FIRM BROCHURE

Part 2A of Form ADV

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Part 2A of Form ADV (the “Brochure”) provides information about the qualifications and business practices of Ken Stern & Associates, Inc. (“KS&A” or the “Firm”). If you have any questions about the contents of this Brochure, please contact us at (800) 529-2884. 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.

Ken Stern & Associates, Inc. is registered as an investment adviser with Securities and Exchange Commission; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.

Additional information about Ken Stern & Associates, Inc. is also available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 1: COVER PAGE

Please refer to previous page.

ITEM 2: MATERIAL CHANGES

- Items 4, 5, and 10 have been updated to remove all references to Amy Boggeman as she is no longer with the firm and replace with David Lundquist who is a new Investment Advisor Representative of KS&A.
- Item 8A was updated to reflect current model offerings of KS&A.
- Items 5E and 10 were updated to reflect current annual compensation by Lido Advisors, LLC for services provided under agreement.
- Item 7 was updated to reflect current \$250,000 account minimum.
- References to APS/HSP and Churchill have been removed from Items 5E, 6, 10A, 11, 12A, 13C, 14C, and 15 as the funds are now closed and all proceeds have been distributed.
- Item 10 was updated to remove the statement that KS&A's IARs are compensated by APS, as they are now compensated only by KS&A.

The previous Brochure was dated March 31, 2017. KS&A encourages each client to read the Brochure carefully and to call us with any questions you may have.

Pursuant to SEC Rules, KS&A will ensure that clients receive a summary of any materials changes to this Brochure within 120 days of the close of KS&A's fiscal year-end. Additionally, as the Firm experiences material changes in the future, we will send you a summary of our "Material Changes" under separate cover. Additional information about KS&A and its investment adviser representatives is available on the SEC's website at www.adviserinfo.sec.gov.

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Item 4: Advisory Business

A. Description of Firm

Ken Stern & Associates, Inc. (“KS&A” or the “Firm”) is a San Diego, California-based investment management firm founded in 1998. As further detailed in Item 4.B., below, KS&A offers investment advisory services covering the areas of financial planning, portfolio construction and asset management. The Firm typically provides its services to individuals, including high net worth individuals and retirement accounts, corporations, non-profit organizations and pension and profit sharing plans. KS&A advises its clients on a wide variety of investment instruments (“Permitted Investments”) including, among other things, mutual funds, exchange traded funds (“ETFs”), equities, bonds, treasuries, unit investment trusts (“UITs”), options, certificates of deposit, annuity sub-account investment management, and Private Investments (as defined below). KS&A is currently registered with the Securities and Exchange Commission (“SEC”) as an investment adviser and with the State of California as a corporation. The Firm is headquartered in California and conducts business in several jurisdictions.

KS&A’s principal owner is APS Holdings, Inc. (“APSH”). Kenneth Stern (“Mr. Stern”) is the majority shareholder of APSH, and also serves as KS&A’s Chief Executive Officer and Managing Director. For information on his and other KS&A investment adviser representatives’ qualifications and business backgrounds, please refer to their respective Form ADV Part 2B Brochure Supplements.

B. Types of Advisory Services Offered

KS&A primarily provides two types of advisory services: Investment Management Services and Financial Planning Services both of which are more fully described below along with other non-primary services provided by KS&A.

1. Investment Management Services

KS&A provides clients with ongoing Investment Management Services, mainly through its proprietary Alpha Investment Management (“AIM”) program, which is a proactive three-pronged approach to investment strategy and wealth management. Components include but are not limited to: “Core”, “Tactical” and “Liquid Alternative.” Account portfolios will generally consist of equity securities, ETFs, bonds, mutual funds, options and other permitted securities, including those mentioned in Item 4.A. above.

Custom weighted portfolios are also available upon request. Please refer to Item 8 for further details on the components and investment strategies of this program.

In some cases, KS&A uses certain unaffiliated third party advisers to affect various strategies on behalf of a client's account and/or receive research and investment recommendations; (*see* 4.B.2., below regarding the use of such advisers and Item 8 for more information on KS&A’s methods of

analysis and investment strategies, and their associated risks).

KS&A generally manages client assets on a fully discretionary basis (with the exception of certain alternative investments which are made on a subscription basis at the clients' discretion), but for certain clients, may provide non-discretionary management upon request and agreement with KS&A. Please refer to Item 16 for further details.

KS&A's advisory services are designed to provide clients with customized asset allocation within their account(s) based on each client's specific investment objectives, goals, risk tolerance, and other relevant considerations, which are gathered and memorialized on each client's Confidential Investor Profile ("Profile").

Investment Management Services clients are allowed to impose reasonable restrictions on the types of securities and/or industries to be included in and excluded from their account(s). Once this information is gathered, each client is responsible for informing KS&A in writing of any changes to these restrictions or to their overall investment objectives and account information.

For clients who own a Fidelity Personal Retirement Annuity (FPRA) through Fidelity Life Insurance Company, KS&A, upon client request, allocates and rebalances the account, from the sub-accounts available within the fee-only variable annuity, according to the client's objectives. Since investments made within variable annuities are limited to only those sub-accounts available within the annuity, KS&A may be constrained in its efforts at meeting such clients' investment objectives and the firm's best execution goals.

In addition to the exchange listed Permitted Investments mentioned above there are times when KS&A invests certain clients in non-publicly traded investments. These include non-publicly traded real estate investment trusts ("REITs") and business development companies ("BDCs"), along with various private pooled investment vehicles (private funds) (collectively referred to as "Private Investments").

2. Sub-Advisory Services

KS&A also provides investment management services to clients of third-party advisers ("Primary Advisers"). All sub-advisory contracts are between KS&A and the Primary Adviser. The Primary Adviser serves as the client contact and liaison between KS&A and the client.

In such situations, the Primary Adviser typically is responsible for gathering information about a client's financial situation and investment objectives, among other things. Upon request from the Primary Advisor, KS&A provides a list of trade recommendations for the requested allocation to the Primary Advisor's trading staff for them to consider and execute at their discretion. Unless otherwise noted in the contract between KS&A and the Primary Adviser, the Primary Adviser shall retain its powers and responsibilities with regard to the investment and reinvestment of client assets, KS&A will have no discretionary authority. Primary Advisers are permitted to place certain investment restrictions on accounts managed by KS&A, so long as those restrictions do not impair KS&A's ability to effectively manage client assets.

KS&A has entered into a sub-advisory relationship with Lido Advisors, LLC (“Lido”), an SEC registered investment advisory firm. KS&A and Lido are not affiliated companies; however, certain individuals associated with KS&A, including the CEO and Managing Director Ken Stern, and Investment Advisor Representatives (“IARs”) Brendan Van Cleve, Jeffrey Christie and David Lundquist, also are IARs of Lido. This presents a conflict of interest in that performing services for Lido takes away time to perform their respective duties on behalf KS&A. KS&A attempts to mitigate such conflicts by disclosure to clients at the time of entering into an agreement with KS&A, mainly through the delivery of this Brochure and the Supplemental Brochures (ADV Part 2Bs). Importantly, KS&A has implemented policies and procedures designed to ensure that the Firm and its IARs meet all responsibilities that may be owed to the Firm’s clients.

3. Third-Party Advisers

Depending on a client’s needs, KS&A may delegate the active discretionary management of all or part of the assets in a client’s account(s) to one or more independent third party investment managers (“TPA”) based on the client’s stated investment objectives, guidelines, and restrictions. Access to TPAs may be provided by KS&A through a third-party platform of approved investment managers that is made available by agreement between KS&A and the platform provider, through a sub-advisory relationship between KS&A and the TPA, and/or KS&A may recommend a TPA to be appointed through direct advisory contracts with client. The TPAs will have discretionary authority over those assets allocated to them for management and they will be authorized to buy, sell, and trade in securities in accordance with the client’s investment objectives. KS&A’s fees will differ, if and when it allocates a client’s assets to a TPA and such clients may be required to enter into a separate investment management agreement directly with the TPA selected in addition to the agreement entered into with KS&A.

As mentioned above, certain employees of KS&A also are IARs of Lido. Additionally, KS&A has entered into a “Services Agreement” whereby the Firm provides services to Lido including, but not limited to: research and investment management recommendations, prospect and client services and support to IARs of Lido.

KS&A will monitor the TPAs, and has the authority to add, replace or change any TPA on behalf of a client, should KS&A determine such to be in the best interests of the client.

4. Financial Planning Services

KS&A also has occasionally in the past provided certain clients with Financial Planning Services customizable or otherwise, although this is not standard. Financial Planning Services will only be provided by KS&A under a separate written agreement. A financial plan may include a review of a client’s net worth (including assets and liabilities), objectives, risk tolerance, cash flow and expenses, tax planning, cash management, employer sponsored retirement planning, estate planning, insurance options, investment asset allocation and multigenerational and philanthropic planning. For this service, KS&A may also hold periodic meetings with the client’s relatives or with a client’s board of directors, and render non-discretionary investment advice upon the request of a client. KS&A’s approach to providing this service typically starts with gathering information

regarding the client's circumstances, which may include some or all of the following about the client: current and anticipated income and income tax levels, current investment and non-investment assets, current and anticipated cash flow, investment risk tolerance, family situation, fringe benefits, business interests, and other necessary financial and personal information. KS&A assesses the client's goals, objectives, time horizon, and risk tolerance to compare where the client is today in relation to the attainment of his/her stated goals. A comprehensive financial plan is then prepared to address the individual's situation, along with various alternatives for consideration. At the end of the processes, the client will receive education about the alternatives recommended and will have the option of utilizing KS&A to implement those plan recommendations through the Firm's Investment Management Services, described above.

Financial planning and/or consulting services clients enter into a Financial Planning or Consulting Agreement, as applicable, with the Firm setting forth the terms and conditions of the engagement, the scope of the services to be provided and associated fees. In performing its services, the Firm entrusts that the client will provide accurate information and KS&A is not obligated to verify any information received from the client or from the client's other professionals. If requested by the client, KS&A will recommend the services of other professionals for purposes of implementing the plan. The client is under no obligation to engage the services of any such recommended professional. The financial planning client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation made by KS&A. Moreover, clients are advised that it remains their responsibility to promptly notify the Firm if there is ever any change in their financial situation during the financial planning process.

5. Other Services

From time to time, KS&A publishes an investment report that reviews investment and financial planning related themes. Typically, there is no charge for this type of report.

KS&A holds seminars that include presentations on various securities and insurance products or financial strategies. Seminar attendees are not viewed as advisory clients of KS&A, unless a client agreement is executed for specific services.

C. Wrap-Fee Programs

KS&A does not provide its services to any wrap fee programs, as that term is defined the instructions to Form ADV Part 2.

D. General Information About KS&A's Services

1. Gathering Individual Client Information

As indicated above, advisory services provided by KS&A are customizable based upon the individual needs, objectives, and other financial goals of the client. Early on in the relationship, KS&A will typically memorialize each client's investment objectives, risk tolerance, time horizons and other important and necessary information, including any investment guidelines, in an Investor Profile. This information, together with any other information relating to the client's overall financial circumstances, will be used by the Firm to determine an appropriate asset allocation and

investment strategy to help meet the client's financial goals. The Firm's clients are permitted to place reasonable restrictions on the types of securities they do not want included in their account or financial plan. There may be times when certain restrictions are placed by a client which prevent the Firm from accepting or continuing to service the client's account.

KS&A reserves the right to not accept and/or terminate a client's account if it feels that the client imposed restrictions would limit or prevent the Firm and/or the client from meeting or maintaining its objectives.

KS&A will not assume any responsibility for the accuracy of the information provided by the client. The Firm is not obligated to verify any information received from the client or from the client's other professionals (*e.g.*, attorney, accountant, etc.) and is expressly authorized to rely on such information. Under all circumstances, clients are responsible for promptly notifying the Firm of any material changes to the client's financial situation, investment objectives, time horizon, tax status, risk tolerance or other material information that KS&A may have relied upon in rendering its services. In the event that a client notifies the Firm of such changes, KS&A will review the changes and may recommend revisions to the client's financial plan and/or portfolio.

E. Amount of Client Assets Managed

As of December 31, 2017, the following represents the amount of client assets under management by KS&A on a discretionary and non-discretionary basis:

Type of Account	Assets Under Management ("AUM")
Discretionary	\$358,115,396
Non-Discretionary	\$50,076,188
Total:	\$408,191,584

ITEM 5: FEES AND COMPENSATION

A. Compensation for Financial Planning Services

KS&A provides Financial Planning Services based on a fixed fee. KS&A's fixed fees for Financial Planning Services vary depending on the scope of the services to be provided and will be clearly indicated on the client's Financial Planning Agreement. KS&A's fees for Financial Planning Services are negotiable in the Firm's discretion.

All fees paid to KS&A for Financial Planning Services are separate and distinct from and in addition to the fees and expenses charged by mutual funds to their shareholders or by managers and advisors in connection with other Permitted Investments, such as ETFs and Private Investments. These fees and expenses are described in each investment's prospectus and will generally include a management fee, other expenses, and possibly a distribution fee. Certain investments may also be subject to sales charges. If so, the client may pay an initial or deferred sales charge. Clients are encouraged and should read the applicable prospectus to gain an understanding of such fees and fund expenses. Should a client elect to implement the

recommendations contained in their financial plan, the client will also be subject to brokerage and other transaction costs. Please refer to Item 12, below, for more information on KS&A's brokerage practices.

Clients should review the fees charged by the investments (*e.g.* mutual funds) and the fees charged by KS&A and any other third-parties helping to service the client's account, in order to fully understand the total amount of fees that will be paid by the client. Only then will a client be able to fully evaluate the advisory services being provided and the fees being paid.

In certain circumstances, in addition to financial planning fees, KS&A will earn advisory fees when all or a portion of the plan is implemented through KS&A. Clients are under no obligation to enact the recommendations contained in their financial plans. Please see Item 5.B., below, for a full description of the Firm's fees for Investment Management Services.

B. Compensation for Investment Management Services

For Investment Management Services, including implementation of a client's financial plan, KS&A will charge an annual investment management fee, paid quarterly in arrears, based upon a percentage of the assets under management with the Firm. Fees are generally calculated as follows:

Assets Under Management	Advisory Fee (% AUM)
\$0 - \$1,000,000	1.50%
\$1,000,001 - \$2,000,000	1.25%
\$2,000,001 - \$3,000,000	1.00%
\$3,000,001 - 5,000,000	0.75%
\$5,000,001 and above	0.50%
Non-Supervised Asset Fee	0.25%

The above fee schedule is tiered at a beginning fee level of 1.5%. For example, a client with \$2.5 Million in assets under management will be charged 1.50% for the first \$1,000,000 under management, 1.25% for the next \$1,000,000, and 1.00% for the final \$500,000.

In some cases, "non-supervised" assets ("Non-Supervised Assets") may be held in the client's account. Non-Supervised Assets will generally be excluded from the standard account fees outlined above, but may be charged a separate, quarterly asset value-based fee for inclusion in consolidated reports, which is generally 0.25%, as indicated above. Non-Supervised Assets will not be included in the "Assets Under Management" total used in the calculation of fees for the above fee schedule. KS&A is not responsible for Non-Supervised Assets.

As stated above, Investment Management Services fees are billed quarterly in arrears. By signing the Firm's Investment Management Agreement, the client authorizes KS&A to request that the custodian remit payment for Investment Management Services fees from the client's account(s). The amount due is calculated the first day of each calendar quarter based on the client's account(s) value at the close of business on the last business day of the preceding quarter. Based on specific client circumstances, certain exceptions may apply.

Should a client open an account during the quarter, Investment Management Service fees will be prorated for assets held for a partial quarter based on the number of days that the account was open during the quarter. In the event that KS&A's services are terminated mid-quarter, the Firm's fee shall be prorated through the date of termination and any earned, unpaid balance will be immediately due and payable by the client.

Fees may be negotiable under certain circumstances at the sole discretion of KS&A. In addition, KS&A has full discretion to waive its advisory fees in their entirety.

C. Sub-Advisory Fees

For its sub-advisory services provided to Lido, KS&A receives no compensation beyond the compensation provided under the services agreement with Lido as detailed in Section 10 below.

D. Other Fees and Expenses

Clients should understand that the advisory fees described in the sections above do not include certain charges imposed by third parties such as custodial fees, mutual fund fees and expenses, fees charged by TPAs, and Private Fund management and performance/incentive fees. Client assets may also be subject to transaction costs, retirement plan administration fees (if applicable), deferred sales charges on mutual funds initially deposited in the account, 12b-1 fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Client assets invested in Private Investments and investment companies, including mutual funds, annuities and ETFs will be subject to certain fees and expenses imposed directly by the sponsors, managers and/or advisers to their shareholders, which shall be described in the prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the sponsor also imposes sales charges, a client may pay initial or deferred sales or surrender charge.

In addition, client assets invested with TPAs recommended by KS&A will be subject to management fees charged by those TPAs, as described in each TPA's disclosure brochure. Client assets invested in hedge funds or other Private Funds will be also be subject to management fees, performance fees and other expenses as described in each fund's offering materials.

These fees and expenses are separate from and in addition to the fees charged by KS&A. Accordingly, the client should review the fees charged by any TPAs, mutual funds and hedge funds or other Private Funds in which the client's assets are invested, together with the fees charged by KS&A, to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Additionally, clients will incur brokerage commissions and other execution costs charged by the custodian or executing broker-dealer in connection with transactions for a client's account. Clients should further understand that all custodial fees and any other charges, fees and commissions

incurred in connection with transactions for a client's account will be paid out of the assets in the account and are exclusive of and in addition to the fees charged by KS&A. KS&A does not share in any of these fees.

Mr. Ken Stern, IAR, CEO and Managing Director of KS&A, and Mr. Jeff Christie, IAR of KS&A, in their individual capacities, are also registered representatives of Investment Security Corp. ("ISC"), a securities broker-dealer registered with the SEC and member of the Financial Industry Regulatory Authority ("FINRA"). In this capacity, these individuals may transact business with KS&A clients in various types of securities or investment products and receive separate and typical compensation for doing so, usually in the form of commissions. Should a client elect to implement a securities transaction with such registered representatives of ISC, these individuals may receive commissions or fees for the sale of Private Funds, annuities, or other securities purchased through ISC. In addition, these representatives may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment.

Please refer to Item 12 of this Brochure entitled "Brokerage Practices" for additional important information about the brokerage and transactional practices of KS&A.

E. General Information on KS&A's Compensation and Fees and other Compensation and Fees

Non KS&A Compensation and Potential Conflicts

As mentioned in Item 4 above, certain individuals associated with KS&A (including Ken Stern, Brendan Van Cleve, Jeffrey Christie and David Lundquist also are IARs of Lido, an unaffiliated registered investment advisory firm. When performing services as an IAR of Lido, these individuals shall receive separate and typical compensation for such services. Additionally, Mr. Stern in his role as a Managing Director of Lido will receive additional compensation in the form of overrides on all fees received by KS&A IARs also serving as IARs of Lido. Any such fees are in accordance with the terms of the agreement signed between these individuals and Lido, and are in accordance with Lido's client agreement and Form ADV. Further, KS&A clientele will not be charged any fees for any services performed by these individuals in their capacity as IARs of Lido.

Additionally, as stated in Item 4 above, KS&A has entered into a Services Agreement with Lido whereby KS&A provides services to Lido including, but not limited to: research and investment management recommendations, prospect and client services and support to IARs of Lido, and such other services as Lido and KS&A may agree, provide and/or accept between them from time to time. For these services, KS&A receives a fixed-fee of \$210,000 annually.

Several of KS&A's IARs are also licensed insurance agents of various insurance companies, and may conduct insurance business through KS&A affiliated insurance agency, Asset Planning Solutions ("APS"). In the course of providing investment advisory services, these individuals may recommend that certain clients purchase products or policies underwritten by certain insurance carriers, including recommendations regarding structured settlements. Please note that a conflict of interest exists to the extent that certain recommendations could result in a commission being paid to these individuals by the insurance company should a client purchase that company's

insurance products or policies. The amount paid is the normal commission paid for services rendered as an insurance representative. To mitigate this potential conflict of interest, commissions that may be paid to these individuals in their capacity as licensed insurance agents will be disclosed to the client at the time such insurance product or policy is recommended. Furthermore, clients should be aware that they are under no obligation to purchase insurance products or policies recommended by KS&A or any of the Firm's investment adviser representatives.

Mr. Stern and Mr. Christie are also registered representatives of broker-dealer ISC, and in that capacity they transact business with KS&A clients in various types of securities or investment products and receive separate and typical compensation for doing so, usually in the form of commissions. Should a client elect to implement a securities transaction with such registered representatives of ISC, these individuals may receive commissions or fees for the sale of Private Funds, insurance or other securities purchased in a client's advisory account. In addition, certain KS&A representatives may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment.

Clients should be aware that the receipt of additional compensation itself creates an inherent conflict of interest, and may affect the judgment of these individuals when making recommendations and provide advisory services. To the extent that a KS&A representative recommends the purchase of securities, insurance, a structured settlement or other investment products or services through Millennium Lido, ISC, and APS and the representative receives compensation for doing so, a conflict of interest exists because the representative may have an incentive to make recommendations based on the compensation received rather than on the KS&A client's needs.

While the IARs devote as much time to the business and affairs of KS&A as is necessary to perform their duties, they do devote a portion of their time performing services as an IAR of Lido and as a licensed insurance agent (as applicable), and as registered representatives of ISC or other outside business. These multiple roles and additional compensation create conflicts of interest. For example, in addition to the conflicts outlined in the paragraphs above regarding receipt of additional compensation, performing their outside business activities takes time away from their day to day duties performed for KS&A.

The conflicts surrounding these outside business activities are disclosed to clients at the time of entering into an advisory agreement with KS&A, mainly through the delivery of this Brochure and the Supplemental Brochures (ADV Part 2Bs). Importantly, as part of KS&A's fiduciary duty to clients, the Firm and its IARs endeavor at all times to put the interests of the clients first, and recommendations and investments will only be made to the extent that they are reasonably believed to be suitable and in the best interests of the client.

For more information on the compensation KS&A's IARs may receive in their capacities outside of KS&A and the conflicts surrounding these arrangements, including how KS&A addresses such conflicts, please refer to Item 10, below.

Performance Compensation

The advisory fees charged for KS&A's Investment Management Services and Financial Planning Services are calculated as described above and are not charged on the basis of a share of capital gains or the performance of the client's account.

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

KS&A does not charge performance-based fees (*i.e.*, fees calculated based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client). Consequently, the Firm does not engage in side-by-side management of accounts that are charged a performance-based fee with accounts that are charged another type of fee (such as assets under management). As described in Item 5, above, KS&A provides its investment advisory services for a fixed fee, hourly charges and/or based upon a percentage of assets under management.

Importantly, some of the Private Investments that KS&A clients invest in do charge performance or incentive fees, which are outlined in the respective product's offering documents and should be reviewed by investors. KS&A does not receive any portion of these fees. Please refer to Item 8 below regarding risks surrounding these products and other investments made by KS&A.

ITEM 7: TYPES OF CLIENTS

A. Description

KS&A provides its services primarily to individuals, including high net worth individuals, corporations, non-profit organizations and pension and profit sharing plans.

B. Conditions for Managing Accounts

For the Firm's Investment Management Services, KS&A typically requires a minimum balance of \$250,000 to open an account. This minimum may be waived or varied in the Firm's discretion.

KS&A also reserves the right to accept or decline a potential client for any reason. Prior to engaging KS&A to provide Investment Management Services and/or Financial Planning Services described in this Brochure, the client will be required to enter into one or more written agreements with KS&A setting forth the terms and conditions under which the Firm will render its services.

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

A. Methods of Analysis and Investment Strategies

KS&A generally uses a variety of analytical information to assist with its security analysis. However, the primary types of methods of analysis used by KS&A are quantitative, fundamental and technical analysis. The sources of information used by KS&A include, but are not limited to, software, market news reports, financial publications, outside research reports, annual reports, prospectuses, SEC filings and company press releases. As described in Item 4 above, certain individuals of KS&A also serve as IARs of Lido, an investment advisory firm. In doing so, such individuals provide certain investment research and recommendations to Lido clientele. The

investment research and recommendations may be the same or different than the research and recommendations KS&A provides to its own advisory clients and often will be provided at the same time KS&A provides investment recommendations to its clients.

KS&A provides clients with ongoing Investment Management Services. KS&A offers strategies that seek aggressive growth, growth, growth and income and/or balanced allocations. Account portfolios will generally consist of equity securities, ETFs, bonds, mutual funds, and other Permitted Investments. Custom weighted portfolios are also available upon request.

Unless otherwise limited by a specific client, KS&A will manage each of these accounts on a discretionary basis. The investment strategies KS&A may pursue on behalf of clients may include long- and short-term purchases, short-term trading and, although discouraged, trading on margin. The Firm may, on occasion, reallocate portfolios to help ensure that they remain aligned with target weighting and stated objectives. KS&A may also recommend specific securities to increase sector weighting and/or dividend potential, or may recommend employing cash positions as a possible hedge against market movement which may adversely affect the portfolio. Additionally, KS&A may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position(s) in the portfolio, change in the risk tolerance of the client, or any risk deemed unacceptable for the client's risk tolerance.

KS&A typically structures its clients' portfolios using an investment methodology that aims for diversification so that clients may potentially benefit from having a portfolio of holdings invested in a variety of assets classes. Using analytics, including, but not limited to correlation, deviation and beta, KS&A seeks to provide long-term investments in line with stated risk tolerances and objectives. KS&A offers a selection of modeled portfolios which offer a range of equity and fixed income exposure levels. KS&A assists clients in selecting a portfolio based upon the client's Investor Profile.

KS&A currently offers 9 model strategies which can be broken into 3 categories: Core, Tactical and Liquid Alternative.

Core model strategies are the foundation of any long-term portfolio. These models undergo macro portfolio analytics, seeking to capitalize on both macro trends and perceived pricing inefficiencies. KS&A offers both equity based core model strategies as well as fixed income based approaches to suit our clients' risk tolerances and objectives. KS&A's traditional core strategies are Core Equity and Core Fixed Income. KS&A's additional core models are Opportunistic Income, Focused Growth and Weighted Sector. Opportunistic Income seeks to generate income while also offering potential capital appreciation by investing in preferred securities, low cost ETFs, and high-yield equities. Focused Growth seeks long term capital appreciation by investing in stocks that we feel are trading at a discount on both relative and absolute basis. Weighted Sector is a factor-investing based equity strategy which considers five factors of market sectors and overweights or underweights sectors relative to a specified benchmark to account for macro trends.

Tactical model strategies seek opportunities which are shorter to intermediate term in nature.

The purpose of these strategies is to identify what we believe to be tradeable trends or pricing inefficiencies within the markets, and capitalize on them. KS&A's tactical models are: Tactical and Sector Rotation. KS&A's Tactical model uses our proprietary investment selection seeking to take advantage of short-term trends in equity investments, both domestically and abroad. Sector Rotation is a momentum-based equity strategy which trades in and out of sectors, seeking to take advantage of short-term trends.

Liquid Alternative model strategies are those which have low, negative, or no correlation to the US equity markets. These strategies often invest in things like real estate, market neutral funds, fixed income and private equity among other things. KS&A's Liquid Alternative strategies are Absolute Return and Unconstrained. Both models use proprietary investment analysis and selection to identify investments that will fluctuate differently than the market, with the goal of positive investment returns as well as diversification away from traditional market risks. The Absolute Return model seeks investments which are lower in volatility than those found in the Unconstrained model.

B. Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. Prior to entering into an Investment Management Agreement with KS&A, a client should carefully consider: 1) committing to management only those assets that the client believes will not be needed for current purposes and that can be invested on a long-term basis, usually a minimum of three to five years, 2) that volatility from investing in the stock, bond, fund, alternative investment, and other markets can occur, and 3) that over time the client's assets may fluctuate and at any time be worth more or less than the amount invested. KS&A cannot make any guarantee that a client's investment objectives will be achieved.

Some of the risks of loss that a client should be aware of include, but are not limited, to the following:

- **Interest-Rate Risk**: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk**: The price of a stock, bond, mutual fund or other security may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances.
- **Inflation Risk**: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk**: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Political and Legislative Risks**: Companies face a complex set of laws and circumstances in each geographic location and industry in which they operate. The political and legal environment can change rapidly, without warning and with significant impact. This is especially true for companies operating outside of the United States or that conduct a portion of their business outside of the United States, and for those in highly regulated industries.

- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (*i.e.* interest rate). This primarily relates to fixed income securities.
- Business Risk: These risks are associated with a particular industry or a particular company within an industry. Generally, business risk is that a company will go bankrupt or perform below expectations. Every company carries the business risk that it will produce insufficient cash flow in order to maintain operations. Business risk can come from a variety of sources, some systemic and others unsystemic. That is, every company has the business risk that the broader economy will perform poorly and therefore that sales will be poor, and also the risk that the market simply will not like its products.
- Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if there is an active market for the asset. For example, Treasury Bills are highly liquid, while real estate properties and most Private Investments are not.
- Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in operational challenges, bankruptcy and/or a declining market value.
- Risks Related to Regulation: Laws and regulations affecting our business and the business of many companies in which our clients invest change from time to time, and many industries are currently experiencing an environment of significant regulatory reform, both in the U.S. and globally. We cannot predict the effects, if any, of future legal and regulatory changes on our business or the services we provide or on our clients' investments and the profitability thereof.
- Risks Related to Technology and Cyber Security: We and our clients depend heavily on telecommunication, information technology and other operational systems, whether ours or those of others (such as custodians, financial intermediaries, transfer agents and other parties to which we or they outsource the provision of services or business operations). These systems may fail to operate properly or become disabled as a result of events or circumstances wholly or partly beyond our or their control. Further, despite implementation of a variety of risk management and security measures, our information technology and other systems, and those of others, could be subject to physical or electronic break-ins, unauthorized tampering or other security breaches, resulting in a failure to maintain the security, availability, integrity and confidentiality of data assets. Technology failures or cyber security breaches, whether deliberate or unintentional, including those arising from use of third-party service providers or client usage of systems to access accounts, could have a material adverse effect on our business or our clients and could result in, among other things, poor performance, financial loss, reputational damage, regulatory penalties or the inability to transact business.
- Reliance on Key Management Personnel: The success of many companies in which our clients invest depend, in substantial part, upon the skill and expertise of certain key personnel. The death, disability or departure of such key personnel may adversely affect their business and performance, and there is no assurance that key person insurance will be in place, and if so, that it will be adequate. The success of KS&A will depend, in substantial part, upon the skill and expertise of Mr. Stern. The death, disability or departure of Mr. Stern may adversely affect the business and performance.
- Borrowing/Margin Risk: KS&A clients may also elect to open margin accounts or otherwise

pledge account assets, but generally KS&A clients do not. Clients should be aware that there are a number of additional risks that all investors need to consider in deciding to trade securities on margin. The risks associated with margin include, but are not limited to, the following:

- Clients can lose more funds than they deposit in the margin account. A decline in the value of securities that are purchased on margin may require the client to provide additional funds to the firm that has made the loan to avoid the forced sale of those securities or other securities in the account.
- The lending firm may be able to force the sale of securities in a margin account. If the equity in margin account falls below the maintenance requirements under the law-or the lending firm's higher "house" requirements-the firm may be able to sell the securities in the margin account to cover the margin deficiency. Clients using margin may also be responsible for any short fall in the account after such a sale.

It is important that investors take time to learn about the risks involved in trading securities on margin, and investors should consult KS&A's advisers regarding any questions or concerns they may have with their margin accounts.

- Private Investment Risks: As outlined in Item 5 above, KS&A may recommend, as part of a client's overall investment strategy, that a portion of such client's assets be invested in Private Investments. Such investments present special risks for the Firm's clients, including without limitation, limited liquidity, higher fees, volatile performance, heightened risk of loss, limited transparency, special tax considerations, subjective valuations and limited regulatory oversight. Therefore, Private Investments are not suitable for all KS&A clients and will be offered only to those accredited investors for whom an investment is believed to be suitable. Generally, such investments are available for investment only to a limited number of sophisticated investors who meet the definition of "accredited investor" under Regulation D of the Securities Act of 1933. Private Investments also often impose performance-based fees or incentive allocations payable to the fund manager or general partner. Such performance-based fee/incentive allocation structures create an incentive for the managers of the product to make investments that are riskier or more speculative than would be the case in the absence of a performance-based fee/incentive allocation structure. It is important that each potential qualified investor fully read each offering or private placement memorandum prior to investing to better understand the risks associated with the investment.
- Short-Term Trading Risks: KS&A typically invests for the long-term and does not engage in short-term trading. Nevertheless, the Firm may occasionally employ such strategies, and as a result, such frequent trading may result in increased brokerage and other transaction costs. Such increased brokerage and other transaction costs generally reduce investment returns over time.

ITEM 9: DISCIPLINARY INFORMATION

Registered investment advisers such as KS&A are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of the Firm or the integrity of its management. KS&A has not been subject to any civil or criminal actions, regulatory administrative proceedings, or self-regulatory organization proceedings in which the firm or its management persons were found to have been involved with a

violation of any investment-related statutes or regulations or otherwise sanctioned. We encourage our clients to carefully review each of our individual registered investment adviser representative's Form ADV Part 2B for important additional information.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Financial Industry Activities and Affiliations

As outlined in Section 5.E. above, individuals associated with KS&A engage in a number of outside business activities in connection with which they receive compensation and thus face inevitable conflicts of interests with their duties at KS&A. Some of those outside businesses are further described below.

Certain individuals associated with KS&A, including Mr. Stern, the CEO and Managing Director, and IARs Brendan Van Cleve, Jeffrey Christie and David Lundquist also are IARs of Lido, an unaffiliated investment advisory firm. Additionally, Mr. Stern is a Managing Director for Lido. When these individuals conduct advisory business through Lido, they will receive separate and typical compensation for doing so. Mr. Stern also will receive additional compensation in the form of overrides on all fees received by KS&A IARs also serving as IARs of Lido in his role as Managing Director of Lido. KS&A also provides services to Lido pursuant to a Services Agreement between the parties including, but not limited to: research and investment management recommendations, prospect and client services and support to IARs of Lido. KSA will receive \$210,000 annually as compensation for these services.

Several of KS&A's investment adviser representatives are also licensed insurance agents of various independent insurance companies, and affiliated insurance agency, APS. In the course of providing investment advisory services, these individuals recommend that certain clients purchase products or policies underwritten by certain insurance carriers. Please note that a conflict of interest exists to the extent that certain recommendations may result in a commission being paid to these individuals by the insurance company should a client purchase that company's insurance products or policies. The amount paid is the normal commission paid for services rendered as an insurance representative. To mitigate this potential conflict of interest, commissions paid to these individuals in their capacity as licensed insurance agents are disclosed to the client. Furthermore, clients should be aware that they are under no obligation to purchase insurance products or policies recommended by KS&A or any of the Firm's investment adviser representatives.

Also as mentioned above, Mr. Stern and Mr. Christie are also registered representatives of broker-dealer ISC, and in that capacity they transact business with KS&A clients in various types of securities or investment products and receive separate and typical compensation for doing so, usually in the form of commissions. Should a client elect to implement a securities transaction with such registered representatives of ISC, these individuals may receive commissions or fees for the sale of Private Funds, insurance or other securities purchased in a client's advisory account. In addition, certain KS&A representatives may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment.

In addition, KS&A is affiliated with, APS, which among its other corporate functions, is a licensed

insurance agency (#0B95262) and marketing company that specializes in processing insurance products. APS is also owned by APSH, KS&A's principal owner. Mr. Stern serves in executive positions for APS and APSH.

Mr. Stern also is the founder and President of 5X International, LLC, and serves as a consultant/business manager and has authored and published several books and DVDs on money management. In the past, he has hosted various personal finance and financial planning television and radio shows and also periodically served as a consultant for other firms, clients of KS&A or otherwise, through 5X International. This business is not currently actively engaged in providing any services.

Mr. Stern is also a member and partial owner (less than 25%) of Oakhurst Capital, LLC. and its affiliated investment advisor, Oakhurst Advisors, LLC. Oakhurst Capital, LLC. is an investment product and distribution company. At this time, Mr. Stern's involvement is limited to being a passive investor. Neither Oakhurst Capital, LLC. nor Oakhurst Advisors, LLC. currently have clients.

Certain KS&A adviser representatives from time to time will work with attorneys and their clients in connection with those clients settling legal claims in consideration of structured settlements. Generally, a structured settlement is a negotiated financial or insurance arrangement through which a claimant agrees to resolve a personal injury or tort claim by receiving part or all of a settlement in the form of periodic payments on an agreed schedule, rather than as a lump sum. Many structured settlements take the form of an insurance product. These KS&A representatives may refer such structured settlement claimants to a structured settlement firm, such as Millennium Settlements, which typically receives a commission of 4% of the amount of the settlement, which is shared 50/50 with KS&A through its affiliated insurance agency, APS (which is described in more detail above).

For further information on the compensation Mr. Stern receives for performing these outside business activities, along with information on how KS&A addresses the conflicts surrounding these activities, please refer to Mr. Stern's Form ADV Part 2B – Disclosure Supplement.

KS&A also maintains referral relationships with the law offices of various attorneys who prepare estate planning documents. KS&A clients establish independent attorney-client relationships with the attorneys. The attorneys may refer their estate planning clients to KS&A for advisory services. KS&A neither receives nor pays fees through the referral relationships. Similarly, KS&A also has referral arrangements with various accountants, but neither receives nor pays fees through these relationships. However, from time to time these accountants and attorneys provide temporary accommodations within their offices for KS&A to meet with clients. For more information on KS&A's arrangements for client referrals, please refer to Item 14.A. and B., below.

Mr. Stern's previous business partner in Asset Planning Solutions/Hill Street Partners, LLC, Joseph Penner, is affiliated with the Artemis Secured Mortgage Fund I, LLC (the "Artemis Fund"), in that he is a fifteen percent (15%) owner indirectly of the manager of the Artemis Fund, Artemis Secured Mortgage Fund Manager, LLC. KS&A and its IARs may recommend that KS&A clients invest in the Artemis Fund. While Mr. Stern is not affiliated with the Artemis Fund, and no person

associated with KS&A is affiliated with the Artemis Fund nor will receive any commission or compensation from Artemis or its affiliates in connection with such recommendations, Mr. Penner's role with Artemis, in conjunction with Mr. Stern's partnership with Mr. Penner in the Churchill GP, may present a conflict of interest.

The conflicts surrounding these outside business activities are disclosed to clients at the time of entering into an advisory agreement with KS&A, mainly through the delivery of this Brochure and the Supplemental Brochures (ADV Part 2Bs). Additionally, KS&A has implemented certain policies, procedures and internal controls to help mitigate the conflicts. Importantly, as part of KS&A's fiduciary duty to clients, the Firm and its IARs endeavor at all times to put the interests of the clients first, and recommendations and investments will only be made to the extent that they are reasonably believed to be suitable and in the best interests of the client.

B. Recommendation of Other Advisers

KS&A does not receive any type of referral fee from any of the TPAs that KS&A may recommend or refer clients to for management of client advisory assets. Please refer to Item 4 for further information.

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

A. Description of Code of Ethics

The Investment Advisers Act of 1940 imposes a fiduciary duty on all investment advisers to act in the best interest of their clients. To that end, KS&A has adopted a Code of Ethics (the "Code") for the purpose of instructing its personnel in their ethical obligations and to provide rules for their personal securities transactions. The Firm's Code confirms that KS&A and its personnel owe a duty of loyalty, fairness and good faith towards their clients, and the obligation to adhere not only to the specific provisions of the Code, but to the general principles that guide the Code. The Code covers a range of topics that include: general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code of Ethics, review and enforcement processes, amendments to Form ADV and supervisory procedures. KS&A will provide a copy of the Code to any client or prospective client upon request. To obtain a copy of the Firm's Code, please contact us at (858) 485-0404.

KS&A obtains information from a wide variety of publicly available resources. The Firm and its personnel do not have, nor claim to have, insider or private knowledge.

B. Participation or Interest in Client Transactions

From time to time, KS&A and its associated persons invest in the same securities recommended to clients by the Firm or purchased or sold by KS&A for client accounts. KS&A also permits its associated persons to participate along with clients' transactions. In order to mitigate the conflicts of interest associated with these practices and to help ensure that the Firm's clients' interests are

placed ahead of its own, it is KS&A's policy to either place block trades or require that client trades be placed prior to allowing personal trades of its associated persons to be placed. KS&A has personal trading policies that require reporting by its associated persons and monitoring of their personal trades.

ITEM 12: BROKERAGE PRACTICES

A. Selection Criteria

KS&A does not maintain custody of your assets although we are deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15 Custody below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. The custodians that KS&A primarily recommends that clients use are Charles Schwab & Co., Inc. ("Schwab") and Fidelity Investments ("Fidelity"), both of which are FINRA registered broker-dealers and members of SIPC. We are independently owned and operated and not affiliated with Schwab, or Fidelity. Schwab or Fidelity will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While KS&A recommends that clients use a custodian, the client will decide whether to do so and open an account with that custodian by entering into an account agreement directly with them. KS&A does not open the account for you. Even though client accounts are maintained at Schwab or Fidelity, KS&A can still use other brokers to execute trades for client accounts, as described in the next paragraph.

When performing Investment Management Services, KS&A generally effects transactions for client accounts through the client's appointed qualified custodian, but may place a transaction with a different broker-dealer at the Firm's discretion. KS&A periodically evaluates the commissions charged and the service provided by these recommended custodians and compares those with other broker-dealers to evaluate whether overall best qualitative execution could be achieved by using alternative custodians. KS&A considers a wide range of factors, which include, but are not limited to:

- Ability to trade mutual funds and other investments that KS&A determines suitable for a client's portfolio(s);
- Combination of transaction execution services along with asset custody services;
- Availability of investment research and tools that assist us in making investment decisions;
- Availability of other products and services that benefit KS&A;
- Any custodial relationship between the client and the broker-dealer;
- Quality of customer service and interaction with KS&A;
- Discounted transaction rates;
- Reliability and financial stability; and
- Client preference.

For those clients who are permitted to direct brokerage and select broker-dealers not recommended by KS&A, clients should be aware that KS&A does not negotiate specific brokerage commission rates with the broker on the client's behalf, or seek better execution services or prices from other

broker-dealers. As a result, the client may pay higher commissions and/or receive less favorable net prices on transactions for their account than might otherwise be the case and KS&A will have limited ability to ensure that the broker-dealer selected by the client will provide best possible execution. Please refer to Item 12.C. below, for more information on directed brokerage.

B. Soft Dollar Considerations

As part of a “bundled package” provided by Schwab and Fidelity, KS&A receives certain benefits including, but not limited to: interface software, transition costs, investment research or invitations to attend seminars and conferences. These benefits are paid for by directing clients’ transactions and thus clients’ commissions/transaction fees or assets to these firms in a practice known as “soft dollars.” The use of soft dollar arrangements, which is governed by §28(e) of the Securities Exchange Act of 1934, presents a potential conflict of interest by reason of the fact that KS&A could potentially select a particular broker-dealer custodian that charges higher commission/transaction fees than what may be available elsewhere. Section 28(e) provides a safe harbor for some soft dollar arrangements so long as certain conditions and requirements are met. For example, the benefits which the Firm receives must be eligible research or brokerage products and services. For these purposes, “research” means services or products used to provide lawful and appropriate assistance to KS&A in making investment decisions for its clients.

“Brokerage” services and products are those used to effect securities transactions for KS&A’s clients or to assist in effecting those transactions. Furthermore, in accordance with §28(e), KS&A must, among other things, determine that commissions/transaction fees paid are reasonable in light of the qualitative execution received and value of the brokerage and research services and products acquired.

Clients should be aware that the research and services acquired with soft dollars may not always be utilized across KS&A’s entire client base and client accounts may not benefit equally from research derived from soft dollars. KS&A believes that the selections of these custodians are in the best interest of our clients.

Your Custody and Brokerage Costs

For KS&A clients’ accounts that Schwab maintains, Schwab is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab’s commission rates applicable to KS&A client accounts were negotiated based on a commitment to maintain \$10 million of clients’ assets at Schwab. This commitment benefits KS&A clients because the overall commission rates you pay may be lower than they would be if we had not made the commitment. In addition to commissions, Schwab charges KS&A clients a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation a client pays the executing broker-dealer. Because of this, in order to minimize your trading costs, KS&A has Schwab execute most trades for client accounts.

Products and Services Available to KS&A from Schwab

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firm. They provide KS&A 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 KS&A 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 and at no charge to KS&A as long as we keep a total of at least \$10 million of our clients' assets in accounts at Schwab. Here is a more detailed description of Schwab's support services:

Services that Benefit KS&A's Client. 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 KS&A might not otherwise have access or that would require a significantly higher minimum initial investment by KS&A clients. Schwab's services described in this paragraph generally benefit KS&A client accounts.

Services that May Not Directly Benefit KS&A's Client. Schwab also makes available to us other products and services that benefit KS&A but may not directly benefit KS&A's clients. These products and services assist KS&A in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. KS&A 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:

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

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

- educational conferences and events;
- technology, compliance, 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.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services. 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.

KS&A's Interest in Schwab's Services

The availability of these services from Schwab benefits us because KS&A does not have to produce or purchase them. We don't have to pay for Schwab's services so long as we keep a total

of at least \$10 million of client assets in accounts at Schwab. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. KS&A believes, however, that our selection of Schwab as a recommended custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab's services and not Schwab's services that benefit only KS&A. KS&A does not believe that maintaining at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

Fidelity Custodian Arrangement

KS&A has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides KS&A with Fidelity's "platform" services. The platform services include, among others, brokerage, execution, settlement, clearing, custodial, administrative support, record keeping and related services that are intended to support intermediaries like KS&A in conducting business and in serving the best interests of their clients but that may benefit KS&A. KS&A is not affiliated with Fidelity.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables KS&A clients to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers.

As part of the arrangement, Fidelity also makes available to KS&A, at no additional charge to us, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by KS&A (within specified parameters). These research and brokerage services are used by KS&A to manage accounts for which we have investment discretion.

KS&A may also receive additional services, which may include services that do not directly benefit KS&A clients. As a result of receiving these services for no additional cost, KS&A may have an incentive to continue to use or expand the use of Fidelity's services, which creates a potential conflict of interest. KS&A examined this potential conflict when it chose to enter into the relationship with Fidelity and has determined that the relationship is in the best interests of clients. As part of the custodian arrangement, a client may pay a commission/transaction fee and/or account fee that is higher than another qualified broker-dealer might charge to effect the same transaction where KS&A determines in good faith that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received.

C. Directed Brokerage

Although client account transactions will almost exclusively be placed through Schwab or Fidelity,

under certain circumstances, KS&A may allow a client to direct the Firm to execute all or a portion of client transactions through another broker-dealer (“Directed Brokerage”). If that is the case, the client should understand that: (1) KS&A does not negotiate specific brokerage commission rates with that broker on client’s behalf, or seek better execution services or prices from other broker-dealers and, as a result, the client may pay higher commissions and/or receive less favorable net prices on transactions for their account than might otherwise be the case; and (2) transactions for that account generally will be effected independently unless KS&A is able to purchase or sell the same security for several clients at approximately the same time (“block trade”), in which case the Firm may include such client’s transaction with that of other clients for execution by the same broker. If transactions are not able to be traded as a block, KS&A may have to enter the transactions for the client’s account after orders for other clients, with the result that market movements may work against the client. Therefore, prior to directing the Firm to use a specific broker-dealer, a client should consider whether, under that restriction, execution, clearance and settlement capabilities, commission expenses and whatever amount is allocated to custodian fees, if applicable, would be comparable to those otherwise obtainable. Clients should understand that he/she might not obtain commissions rates as low as it might otherwise obtain if KS&A had discretion to select other broker-dealers. Consequently, Directed Brokerage could result in the client paying more money for brokerage services.

Subject to its objective to achieve best execution, KS&A has the discretion to decline a client’s request to engage in Directed Brokerage if, in the Firm’s sole discretion, such Directed Brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers.

D. Order Aggregation

In placing its orders to purchase or sell securities for client accounts, KS&A may elect to aggregate orders when able to do so and when deemed to be in the best interest of clients. This practice is also referred to as “block trading.” KS&A will only be able to aggregate orders for those accounts maintained at the same custodian. Clients should be aware of the following with regard to order aggregation:

- KS&A will not aggregate transactions unless aggregation is consistent with its duty to seek best execution and the terms of the Investment Management Agreement with each client for which trades are being aggregated;
- No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all adviser’s transactions in that security at that custodian on a given business day;
- Aggregation of orders in no way alters the existing Investment Management Agreement in place between the Firm and the client;
- KS&A will prepare a written statement (“Allocation Statement”) specifying the participating client accounts and how it intends to allocate the order among those clients;
- If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement; if the order is partially filled, it will be allocated pro-rata based on the Allocation Statement;
- Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable

treatment and the reason for different allocation is explained in writing and is approved in writing by a Firm compliance officer no later than one hour after the opening of the markets on the trading day following the day the order was executed;

- Because KS&A's Investment Management Services utilize various types of investments, it may not be possible to bunch orders. Alternatively, even when possible, KS&A may not be able to execute all shares of an aggregated trade because of prevailing market conditions and other variables;
- KS&A will receive no additional compensation of any kind as a result of the proposed aggregation;
- Individual investment advice and treatment will be accorded to each advisory client; and
- For clients requiring Directed Brokerage, the Firm may not be able to effectively aggregate orders on the client's behalf, which could impact the possible advantage clients derive from the aggregation of orders.

E. Brokerage for Client Referrals

In selecting or recommending executing broker-dealers and custodians to clients, KS&A faces a potential conflict of interest because the Firm may receive client referrals from executing a broker-dealer and custodians. This is because KS&A would have an incentive to select or recommend a broker-dealer and custodian based on its interest in receiving future client referrals rather than on the client's interest in receiving most favorable execution and other services. To mitigate this potential conflict of interest, KS&A strives at all times to put the interests of its clients ahead of its own. The Firm also reviews its brokerage and custody arrangements and practices periodically to help ensure that its clients have the opportunity to receive best execution for their transactions.

ITEM 13: REVIEW OF ACCOUNTS

A. Periodic Reviews

While client accounts are monitored on an ongoing basis, KS&A's investment adviser representatives assigned to specific accounts undertake reviews of client's Investment Management Services account(s) no less than annually. In the absence of an investment adviser representative assigned to an account, account reviews are conducted by employees of KS&A who meet the requirements for being an investment adviser representative. Accounts are reviewed for consistency with the investment strategy and other parameters set forth for the client's Investment Management Services account(s), and to determine if any adjustments need to be made. Unless the client engages KS&A for periodic reviews of his/her financial plan, financial plans are typically not reviewed by the Firm after they are presented to the client.

Financial plans and client accounts are also reviewed upon request by the client.

B. Other Reviews and Triggering Factors

In addition to the periodic reviews described above, reviews of Investment Management Services account(s) may be triggered by changes in an account holder's personal, tax or financial status. Other events that may trigger a review of an account are material changes in market conditions as

well as macroeconomic and company-specific events. Clients are encouraged to notify KS&A and its representatives of any changes in his/her personal financial situation that might affect his/her investment needs, objectives, risk tolerance, tax status, time horizon or other material information KS&A may have relied upon during the course of providing its services.

C. Regular Reports

Written brokerage statements are generated no less than quarterly and are sent directly from the account custodian. Custodians of the client's account(s) may send these reports more frequently if there was activity in the account during the reporting period. These reports list the account positions, activity in the account over the covered period, and other related information. In addition to the regular statements clients receive from their custodian, KS&A sends clients detailed reports on a periodic basis concerning relevant account and/or market-related information as well as an inventory of account holdings and account performance, as agreed to with the client. Clients are urged to compare the statements received from KS&A to those sent by the account custodian and other third parties.

Certain illiquid, non-listed investments that KS&A clients may purchase through the Firm (including, without limitation, Artemis Secured Mortgage Fund I, LLC [the "Artemis Fund"]), may be reported (on customer account statements and other periodic reports) at times at their initial offering or purchase price (also known as par value) rather than at a market value or net asset value ("NAV"). This is the case because there is no ready market for sales (and thus pricing information) for certain investments. Some of these investments sponsors have policies that provide investments to be reported at par value during an offering and for a period of time after the close of the offering, until the product sponsors implement a valuation policy and begin to report NAV, or indefinitely.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

A. Incoming Referrals

KS&A has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. While the Firm does not pay a fee to referring parties for these referrals, clients who engage KS&A as a result of these referrals provide the Firm with an economic benefit.

B. Referring Clients to Third Parties

Except as disclosed elsewhere in this Brochure as with Structured Settlements, KS&A does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them by the Firm.

C. Other Compensation

As outlined in Items 4, 5 and 10 above, certain individuals of KS&A receive compensation for activities conducted outside of KS&A, which include outside activities conducted on behalf of Lido, APS, ISC, 5X International and certain other insurance carriers, law firms, and other outside businesses. These arrangements provide significant compensation, and so pose an inevitable conflict of interest as described in Item 10 above.

Additionally, KS&A receives an economic benefit from Schwab and Fidelity in the form of the support products and services they make available to us and other independent investment advisers that have their clients maintain accounts at Schwab or Fidelity. These products and services, how they benefit us, and the related conflicts of interest are described in Item 12 above. The availability to KS&A of Schwab's or Fidelity's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

ITEM 15: CUSTODY

Under government regulations, KS&A is deemed to have custody of your assets if you authorize us to instruct Schwab or Fidelity to deduct our advisory fees directly from your account. In most cases, Schwab, or Fidelity maintains actual custody of your assets. You will receive account statements directly from Schwab or Fidelity at least quarterly. They will be sent to the email or postal mailing address you provided to your custodian. You should carefully review those statements promptly when you receive them. Please contact KS&A or your custodian if you have any questions.

When exercising its discretionary authority, KS&A only implements its investment management recommendations after the client has arranged for and furnished the Firm with all information and authorization regarding its accounts held at the designated qualified custodian.

Clients will receive statements on at least a quarterly basis directly from their qualified custodian that holds and maintains their assets. Clients are urged to carefully review all custodial statements and compare them to the statements provided by KS&A and other third parties. KS&A's statements generally vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Please refer to Item 12 for additional important disclosure information relating to KS&A's relationship with broker-dealer qualified custodians.

ITEM 16: INVESTMENT DISCRETION

KS&A generally manages client assets on a fully discretionary basis (with the exception of certain alternative investments which are made on a subscription basis at the clients' discretion), but for certain clients, may provide non-discretionary management upon request and agreement with KS&A.

KS&A is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. KS&A is given this authority through a power-of-attorney or similar provision included in the agreement between KS&A and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). KS&A takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and

- The independent managers to be hired or fired.

ITEM 17: VOTING CLIENT SECURITIES

Clients may periodically receive proxies or other similar solicitations sent directly from an issuer or the selected custodian or transfer agent. Should KS&A receive a duplicate copy, note that we do not forward these or any correspondence relating to the voting of client securities, class action litigation, or other corporate actions.

KS&A does not vote proxies on client's behalf; nor do we offer guidance on how to vote proxies. KS&A will not offer guidance involving any claim or potential claim in any bankruptcy proceeding, class action securities litigation or other litigation or proceeding relating to securities held at any time in a client account, including, without limitation, to file proofs of claim or other documents related to such proceeding, or to investigate, initiate, supervise or monitor class action or other litigation involving client assets. However, KS&A will answer limited questions with respect to what a proxy voting request or other corporate matter may be and how to reach the issuer or their legal representative.

Clients maintain exclusive responsibility for directing the manner in which proxies solicited by issuers of securities that are beneficially owned by clients shall be voted, as well as making all other elections relative to mergers, acquisitions, tender offers or other legal matters or events pertaining to your holdings. Clients should consider contacting the issuer or legal counsel involving specific questions clients may have with respect to a particular proxy solicitation or corporate action.

ITEM 18: FINANCIAL INFORMATION

KS&A has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.