

# ADV Part 2A: Firm Brochure

Firm Contact:  
Leslie Penka  
Chief Compliance Officer

December 2018

This brochure provides information about the qualifications and business practices of KWMG, LLC d/b/a Keen Wealth Advisors (KWA). If you have any questions about the contents of this brochure, please contact us by telephone at (913) 624-1841. 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 Keen Wealth Advisors also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD #170293.

Please note that the use of the term “registered investment adviser” and description of Keen Wealth Advisors and/or our associates as “registered” does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm’s associates who advise you for more information on the qualifications of our firm and our employees.

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## Item 2: Material Changes

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Keen Wealth Advisors is required to advise you of any material changes to the Firm Brochure (“Brochure”) from our last annual update. Since our last annual update on **3/7/2018**, we have the following material changes to report:

- Leslie Penka is named Chief Compliance Officer as of November 2018.

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## Item 4: Advisory Business

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Keen Wealth Advisors (hereafter referred to as “KWA” or “we”) focuses on providing advisory services to clients planning for their retirement years and in retirement. KWA provides ongoing planning and investment advice to prepare clients for the retirement years based on the individual needs of each client. KWA helps clients develop a plan based on the results from personal discussions and documentation to create a course of action to meet their individual financial goals and objectives, with a focus on building wealth for their retirement years.

We specialize in providing our clients with comprehensive portfolio management services as well as financial planning and consulting. Our firm is a limited liability company formed in the State of Missouri and has been in business as a registered investment adviser since 2014. The firm is wholly owned by William Trell Keen.

### **Description of the Types of Advisory Services We Offer.**

The following are descriptions of the primary advisory services of KWA. Please understand that a written agreement, which details the exact terms of the service, must be signed by each client and KWA before we can provide you the services described below.

#### **Comprehensive Portfolio Management.**

Our Comprehensive Portfolio Management service encompasses asset management services as well as providing financial planning/financial consulting to clients. The majority of our clients engage KWA in this more comprehensive capacity. These accounts (collectively, the “Account”) are managed by us based on your financial situation, investment objectives and risk tolerance. We actively monitor the Account and provide advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the Account.

You will be responsible for notifying us of any significant changes and updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however, we will attempt to contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. We are always available to consult with you relative to the status of your Account.

We may propose an investment approach which may consist of exchange traded funds (“ETFs”), mutual funds, individual stocks or bonds, or other securities. Upon the client’s agreement to the proposed investment plan, we work with the client to establish or transfer investment accounts so that we can manage the client’s portfolio. We may periodically rebalance or adjust client accounts under our management.

It is important that each client understands that we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for each client's account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

### **Asset Management Services.**

KWA offers asset management services, which involves KWA providing the client with continuous and ongoing supervision over the specified accounts. The client must appoint our firm as investment adviser of record on the Account. The Account consists only of separate account(s) held by a qualified custodian under the client's name. The qualified custodian maintains physical custody of all funds and securities of the Account, and the client retains all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

### **Financial Planning and Consulting Services.**

KWA offers financial planning and consulting services to individuals, families and other clients covering specific or multiple topics. The key difference between comprehensive portfolio management and financial planning and consulting is that comprehensive portfolio management includes asset management services and we waive any planning and consulting fees. If a client hires us specifically and only for financial planning and consulting and does not have assets managed by KWA, then an hourly or fixed fee charge will apply. Generally, such financial planning and consulting services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial situation, risk and objectives, and goals. This planning or consulting may encompass one or more of the following areas: Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Cost Segregation Study, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Business and Personal Financial Planning. It should also be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services.

For written financial planning engagements, we provide our clients with a written summary of their financial situation, observations, and recommendations. For financial consulting engagements, we usually do not provide our clients with a written summary of our observations and recommendations as the process is less formal than our planning service. Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

In addition to these services, we offer advisement consultations to participants in retirement plans (401(k) plans, profit sharing plans, etc.). When providing these services, we review the participant's financial situation, goals and objectives as well as the investment options available in the retirement plan. We will review the retirement plan account at annual intervals and will make such recommendations from the list of available investment options in your retirement plan account as are deemed appropriate and consistent with your investment objectives and risk tolerance. These services do not constitute asset management services for your retirement plan account; KWA does not have investment discretion or trading authority over your retirement plan account. You determine whether or not to implement our advice. The implementation of any trades in your retirement plan account is your responsibility.

Our financial planning and consulting services do not involve implementing any transaction on your behalf or the active and ongoing monitoring or management of your investments or accounts. You have the sole responsibility for determining whether to implement our financial planning and consulting recommendations. To the extent that you would like to implement any of our investment recommendations through KWA or retain KWA to actively monitor and manage your investments, you must execute a separate written agreement with KWA for our asset management services.

To the extent KWA engages an outside professional (i.e. attorney, independent investment adviser or accountant) while providing financial planning and consulting services to you, KWA will be responsible for the payment of the fees for the services of such an outside professional, and you will not be required to reimburse KWA for such payments. To the extent that you personally engage such an outside professional, you will be responsible for the payment of the fees for the services of such an outside professional, and KWA will not be required to reimburse you for such payments.

All fees paid to KWA for services are separate and distinct from the commissions, fees and expenses charged by outside insurance companies associated with any disability insurance, life insurance and annuities subsequently acquired by you. If you sell or liquidate certain existing securities positions to acquire any insurance or annuity, you may also pay a commission and/or deferred sales charges to those outside entities in addition to the financial planning and

consulting fees paid to KWA and any commissions, fees and expenses charged by the outside insurance company for subsequently acquired insurance and/or annuities.

If you elect to have your investment adviser representative at KWA, in his or her separate capacity as an insurance agent, implement the recommendations of KWA, your investment adviser representative at his or her discretion may waive or reduce the investment advisory fee charged for these services by the amount of the commissions received by your investment adviser representative as an insurance agent. Any reduction of the investment advisory fee will not exceed 100% of the insurance commission received.

All fees paid to KWA for financial planning and consulting services are separate and distinct from the commissions charged by an outside broker-dealer or asset management fees charged by an outside investment adviser to implement such recommendations.

If you do not pay any outstanding balance of fees due KWA within 30 days of receiving the invoice from KWA, you will incur and owe a service fee of 1.5 per month (18% interest per annum) on the outstanding balance of fees due KWA until paid by you. In this event, KWA will send you a monthly statement detailing the outstanding fees due KWA and interest accrued.

In the event that you terminate the financial planning and consulting services at any time prior to presentment of the written plan by providing notice to KWA, there will be no penalty or fees due. For financial planning and consulting services performed by KWA under an hourly arrangement, you will pay KWA for any hourly fees incurred at the rates described above.

For financial planning services performed by KWA under a fixed fee arrangement, you will pay KWA a pro-rated fixed fee equivalent to the percentage of work completed by KWA as determined by KWA. In the event that there is a remaining balance of any fees paid in advance after the deduction of fees from the final invoice, those remaining proceeds will be refunded by KWA to you. If you are not satisfied with the financial plan prepared by KWA, we may waive our fee; however, in such a situation, KWA retains intellectual property rights over any written financial plan prepared by KWA, and the written financial plan must be returned to KWA.

### **Third-Party Money Managers.**

*KWA only offers asset management services through third-party money managers to clients who are currently receiving this advisory service. This service is grandfathered for these clients only.*

The third-party managers are responsible for continuously monitoring client accounts and making trades in client accounts when necessary.

Under this program, we assist the client with identifying their risk tolerance and investment objectives. We are available to answer questions that clients may have regarding their account and act as the communication conduit between the client and the third-party money manager. The third-party money manager may take discretionary authority to determine the securities to be purchased and sold for your account. We do not have any trading authority with respect to your designated account managed by the third-party money manager. No guarantees can be made that a client's financial goals or objectives will be achieved by a third-party investment adviser recommended by our firm. Further, no guarantees of performance can ever be offered by our firm.

## **Retirement Plan Services.**

KWA offers retirement plan services to retirement plan sponsors and to individual participants in retirement plans. For a corporate sponsor of a retirement plan, our retirement plan services can include, but are not limited to, the following services:

### **Fiduciary Consulting Services.**

KWA provides the following Fiduciary Retirement Plan Consulting Services:

- **Investment Policy Statement Preparation.** KWA will help you develop an investment policy statement. The investment policy statement establishes the investment policies and objectives for the Plan. You will 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.** KWA will provide you with general, non-discretionary investment advice regarding assets classes and investment options, consistent with your plan's investment policy statement.
- **Investment Selection Services.** KWA will provide you with recommendations of investment options consistent with ERISA section 404(c).
- **Investment Due Diligence Review.** KWA will provide you with periodic due diligence reviews of the Plan's reports, including possible investment options and recommendations.
- **Investment Monitoring.** KWA will 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 and KWA will make recommendations to maintain or remove and replace investment options.



- **Default Investment Alternative Advice.** KWA will provide you with non-discretionary investment advice to assist you with the development of 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. You will retain the sole responsibility to provide all notices to participants required under ERISA section 404(c)(5).
- **Individualized Participant Advice.** Upon request, KWA will provide one-on-one advice to Plan participants regarding their individual situations.

#### **Retirement Plan to Rollover IRA.**

KWA and its representatives can earn investment advisory fees by recommending that a client rollover his or her account at the retirement plan to an IRA; however, KWA and its investment adviser representatives will not earn any investment advisory fee if client does not rollover the funds in the retirement plan (unless a client retained KWA to provide advice about the retirement plan account). Thus, KWA and its investment adviser representatives have an economic incentive to recommend a rollover of your retirement plan account, which is a conflict of interest. KWA has taken steps to help manage this conflict of interest arising from rolling over funds from an Employee Retirement Income Security Act of 1974 as amended (“ERISA”) covered retirement plan to an IRA. KWA and its investment adviser representatives will (i) provide investment advice to ERISA covered retirement plan participant regarding a rollover of funds from the ERISA covered retirement plan in accordance with the fiduciary status described below, (ii) not recommend investments which result in KWA receiving unreasonable compensation related to the rollover of funds from the ERISA covered retirement plan to an IRA, and (iii) fully disclose compensation received by KWA and its supervised persons and any material conflicts of interest related to KWA recommending the rollover of funds from the ERISA covered retirement plan to an IRA and refrain from making any materially misleading statements regarding such rollover.

To the extent KWA provides investment advice to a participant in a retirement plan under ERISA regarding 1) whether to maintain investments and/or proceeds in an ERISA retirement plan, 2) rollover such investment/proceeds from the ERISA retirement plan to an individual retirement account (“Rollover IRA account”), or 3) make a distribution from the ERISA retirement plan: KWA hereby acknowledges its fiduciary obligations with regard to its investment advice about whether to maintain, rollover or distribute proceeds from those ERISA Retirement plans. As a fiduciary, with respect to our investment advice about whether to maintain, rollover or distribute proceeds from those ERISA retirement plans, KWA and its representatives will act with the care, skill, prudence, and diligence under the circumstances then prevailing. KWA and its representatives will conduct

business based on your investment objectives, risk tolerance, financial circumstances and needs, without regard to personal or company self-interest.

### **Educational Events.**

KWA may occasionally provide educational events in areas such as financial planning, retirement planning and estate planning to clients and prospects that are nearing retirement or in their retirement years. These events are always offered on an impersonal basis and do not focus on the individual needs of clients or prospects.

### **Limits Advice to Certain Types of Investments.**

KWA provides investment advice on the following types of investments:

- Exchange Traded Funds (ETFs)
- Exchange-listed Securities
- Corporate Debt Securities
- Municipal Securities
- US Government Securities
- Mutual Funds

Although we generally provide advice on the products previously listed, 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.

It is not our typical investment strategy to attempt to time the market, but we may increase cash holdings modestly as deemed appropriate based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

### **Tailoring of Advisory Services.**

KWA's advisory services are always provided based on each client's individual needs. We offer individualized investment advice to clients utilizing our comprehensive portfolio management services and third-party management services. Additionally, we offer investment advice to

clients utilizing our financial planning and consulting service. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account. Restrictions would be limited to our comprehensive portfolio management service.

We will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

When managing client accounts through our firm's Asset Management Services program, we may manage a client's account in accordance with one or more types of investment allocations. When client accounts are managed using allocations, investment selections are based on the underlying allocations and we do not develop customized (or individualized) portfolio holdings for each client. However, the determination to use a particular allocation or allocations is always based on each client's individual investment goals, objectives and mandates.

### **Participation in Wrap Fee Programs.**

KWA offers advisory services through our wrap fee program. A wrap fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions. Whenever a fee is charged to a client for services described in this brochure (whether wrap fee or non-wrap fee), we will receive all or a portion of the fee charged.

All clients will open an account under the wrap fee program. The non-wrap fee program is offered on a limited basis. Non-wrap accounts are only offered to (1) KWA employees and their applicable family members, (2) accounts that only hold a concentrated position or nondiscretionary accounts and are not actively managed and (3) Personal Choice Retirement Accounts (PCRA) through Charles Schwab & Co., Inc. PCRA's are retirement accounts of participants who have been allowed to move a portion of their retirement plan assets to a self-directed account to be managed separately by KWA via an asset management agreement.

### **Client Assets Managed by KWA.**

As of December 31, 2017, our firm manages \$351,285,998; \$348,724,128 on a discretionary basis and \$2,561,870 on a non-discretionary basis.

## Item 5: Fees & Compensation

This section provides additional details regarding our firm’s services along with a description of service fees and compensation arrangements. The exact fees and other terms will be outlined in the agreement between the client and KWA.

### Fees for Asset Management Services.

#### Comprehensive Wrap Portfolio Management Fee Schedule.

**Example Fee Schedule:**

Assets Under Management	Annual Percentage of Assets Charge
\$0 to \$499,999.99	2.00%
\$500,000 to \$999,999.99	1.85%
\$1,000,000 to \$1,999,999.99	1.70%
Over \$2,000,000	1.60%

Fees charged for our asset management services are charged based on a percentage of assets under management, billed in advance (at the start of the billing period) on a quarterly calendar basis. The amount billed may vary minimally from the basic calculation, but variances are most often to the clients’ advantage and never vary more than by one dollar. In rare cases where the client is overbilled, a reversal will promptly be processed. These fees are calculated based on the fair market value of your account as of the last business day of the previous billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period. If asset management services are commenced in the middle of a billing period, the prorated fee for the initial billing period is billed in arrears at the same time as the next full billing period’s fee is billed.

Our fees are negotiable on a limited basis based on the complexity of the client's situation, the composition of the client's account (i.e., equities versus ETFs), the potential for additional account deposits, the relationship of the client with the investment adviser representative and the total amount of assets under management for the client. Adjustments will be made for deposits and withdrawals during the quarter. These adjustments are based on debits or credits of \$50,000 or more that occur within one day.

In rare cases, we will agree to directly bill clients. However, fees will generally be automatically deducted from your managed account. As part of the automatic fee deduction process, please note the following:

- You provide written authorization to the custodian in your wrap fee agreement permitting us to be paid directly from the managed account held by the independent custodian. We will provide the custodian with a fee notification statement;
- Our firm sends an electronic request to the custodian indicating the amount of the fee to be paid from your managed account;
- Your independent custodian sends statements at least quarterly to you showing the market values for each security included in the assets and all disbursements in your account, including the amount of the advisory fees paid to us;
- As required by paragraph (a)(2) of Rule 206(4)-2 under the Investment Advisers Act of 1940, if we send our own statement to our clients, we urge them to compare information provided in their statements with those from the qualified custodian in account opening notices and subsequent statements.

KWA believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual investment advisory fee may be lower or higher than that charged by other investment advisers offering similar services/programs.

You should review your account statements received from the qualified custodian(s) and verify that appropriate investment advisory fees are being deducted. The qualified custodian(s) will not verify the accuracy of the investment advisory fees deducted.

Through investment selection and active account management, KWA attempts to minimize many of the charges that would otherwise be imposed by third parties. However, it should be known that in rare cases when these fees do occur, the Management fees charged by KWA are separate and distinct from the fees and expenses charged by investment company securities. A description of these fees and expenses are available in each investment company security's prospectus. You may also pay holdings charges imposed by the chosen custodian for certain investments, charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (i.e., fund management fees, initial or deferred sales charges, mutual fund sales loads, 12b-1 fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. Our firm does not receive a portion of these fees.

## **Fees for Financial Planning and Consulting Services.**

### **Hourly Fee.**

KWA provides financial planning and consulting services under an hourly fee arrangement. An hourly fee of \$350 is charged by KWA under this arrangement. This fee is negotiable on a limited basis and based on the scope and complexity of the client's situation. Before commencing financial planning services, KWA provides an estimate of the approximate hours needed to complete the requested financial planning services. If KWA anticipates exceeding the estimated amount of hours required, KWA will contact you to receive authorization to provide additional services. You will pay in advance a retainer equal to 50% of the estimated total of the financial planning and consulting services with the remainder of the fee directly billed to you and due within thirty (30) days of delivery of your financial plan. Under no circumstances will KWA require you to pay fees more than \$1,200 more than six months in advance. Any unpaid hourly fees are due immediately upon completion and delivery of the financial plan.

### **Fixed Fee.**

KWA also provides financial planning and consulting services under a fixed fee arrangement. There is a range in the amount of the fixed fee charged by KWA for financial planning and consulting services. The minimum fixed fee is generally \$1,500, and the maximum fixed fee is generally no more than \$10,000. The amount of the fixed fee for your engagement is specified in your financial planning and consulting agreement with KWA. At our sole discretion, you may be required to pay in advance of the fixed fee at the time you execute an agreement with KWA; however, at no time will KWA require payment of more than \$1,200 in fees more than six months in advance. Upon completion and delivery of the financial plan, the fixed fee is considered earned by KWA and any unpaid amount is immediately due.

Clients may choose to pay for financial planning services by check. The fees for the financial planning and consulting services may be waived by KWA at our sole discretion.

You should notify KWA within ten (10) days of receipt of an invoice if you have questions or concerns.

## **Fees for Retirement Plan/ERISA Accounts.**

For retirement plan sponsor clients, KWA will charge an annual fee that is calculated as a percentage of the value of plan assets. This fee is negotiable based upon the complexity of the plan, the size of the plan assets and the actual services requested.

If KWA charges an annual fee based upon the value of the plan assets, the Plan will be charged the annual fee based upon the amount of Plan assets as stated in the Comprehensive Wrap Portfolio Management Fee Schedule (above).

For retirement plan sponsors and participants, fees are billed in advance (at the start of the billing period) on a quarterly calendar basis and calculated based on the fair market value of your account as of the last business day of the previous billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period.

Either party may terminate services by providing written notice of termination to the other party. If services are terminated within five business days of signing the client agreement, services are terminated without penalty. Any prepaid but unearned fees are promptly refunded to the client at the effective date of termination.

KWA does not reasonably expect to receive any other compensation, direct or indirect, for its Services. If we receive any other compensation for such services, we will (i) offset that compensation against our stated fees, and (ii) will disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

### **Fees for Third-Party Money Managers.**

*KWA no longer offers this advisory service to new clients. KWA will continue to offer third-party management services only to clients currently using this service.*

Third-party managers generally have account minimum requirements that will vary among third-party money managers. Account minimums are generally higher on fixed income accounts than for equity-based accounts. A complete description of the third-party money managers' services, fee schedules and account minimums will be disclosed in the third-party money managers disclosure brochure which will be provided clients prior to or at the time an agreement for services is executed and the account is established.

The actual fee charged on wrap accounts with third-party money managers will vary depending on the manager. In other words, KWA bills the client a wrap fee, but the combined fee from the third-party manager and KWA's fee will not exceed the agreed-upon fee listed in the Wrap Fee Agreement.

Under this program, clients may incur additional charges including but not limited to, mutual fund 12b-1 fees, surrender charges, and qualified retirement plan fees.

## **Fees for Educational Events.**

No fees are charged for educational events. However, if we are hired by larger groups, such as corporations, we reserve the right to charge fees to cover the expenses incurred by us for presenting the events.

## **Item 6: Performance-Based Fees & Side-By-Side Management**

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We do not charge or accept performance-based fees.

## **Item 7: Account Requirements & Types of Clients**

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### **Minimum Investment Amounts Required.**

There are no minimum investment amounts or conditions required for establishing an account managed by KWA. However, all clients are required to execute an agreement for services in order to establish a client arrangement with KWA and/or the third-party money manager or the sponsor of third-party money manager platforms.

The minimum fee generally charged for financial planning and consulting services provided on an hourly basis is \$350. The minimum fixed fee generally charged for financial planning and consulting services on a fixed fee basis is \$1,500.

We have the following types of clients:

- Individuals and High Net Worth Individuals
- Trusts, Estates or Charitable Organizations
- Pension and Profit-Sharing Plans
- Corporations, Limited Liability Companies and/or Other Business Types

## **Item 8: Methods of Analysis, Investment Strategies & Risk of Loss**

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### **Methods of Analysis and Investment Strategies.**



We use the following methods of analysis in formulating our investment advice and/or managing client assets:

- **Charting:** In this type of technical analysis, our firm reviews charts of market and security activity in an attempt to identify when the market is moving up or down and to predict when how long the trend may last and when that trend might reverse.
- **Momentum:** Momentum is the rate of acceleration of a security's price or volume. In technical analysis, momentum is considered an oscillator and is used to help identify trend lines. A trend line is a line drawn from the high price to the low price, or vice versa, over a given time period. If the line is up, the trend is up and the momentum investor typically buys the stock. If the trend line is down, the trend is down and the momentum investor typically sells the stock. In this way, momentum investing is purely a technical indicator. Though the "momentum" can refer to fundamental measures of performance, such as revenue and earnings, it is most commonly used in reference to historical asset prices as a technical indicator.
- **Cyclical Analysis:** Statistical analysis of specific events occurring at a sufficient number of relatively predictable intervals that they can be forecasted into the future. Cyclical analysis asserts that cyclical forces drive price movements in the financial markets. Risks include that cycles may invert or disappear and there is no expectation that this type of analysis will pinpoint turning points, instead be used in conjunction with other methods of analysis.
- **Fundamental Analysis:** The analysis of a business's financial statements (usually to analyze the business's assets, liabilities, and earnings), health, and its competitors and markets. When analyzing a stock, futures contract, or currency using fundamental analysis there are two basic approaches one can use: bottom up analysis and top down analysis. The terms are used to distinguish such analysis from other types of investment analysis, such as quantitative and technical. Fundamental analysis is performed on historical and present data, but with the goal of making financial forecasts. There are several possible objectives: (a) to conduct a company stock valuation and predict its probable price evolution; (b) to make a projection on its business performance; (c) to evaluate its management and make internal business decisions; (d) and/or to calculate its credit risk; and (e) to find out the intrinsic value of the share.

When the objective of the analysis is to determine what stock to buy and at what price, there are two basic methodologies investors rely upon: (a) Fundamental analysis maintains that markets may misprice a security in the short run but that the "correct" price will eventually be reached. Profits can be made by purchasing the mispriced security and then waiting for the market to recognize its "mistake" and reprice the security.; and (b) Technical analysis maintains that all information is reflected already in the price of a security. Technical analysts analyze trends and believe that sentiment changes predate and predict trend changes. Investors' emotional responses to price movements lead to recognizable price chart patterns. Technical analysts also

analyze historical trends to predict future price movement. Investors can use one or both of these different but complementary methods for stock picking. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

- **Money Flow:** Money flow is calculated by averaging the high, low and closing prices, and multiplying by the daily volume. Comparing that result with the number for the previous day tells traders whether money flow was positive or negative for the current day. Positive money flow occurs when a stock is purchased at a higher price (an uptick). Negative money flow occurs when the next trade is purchased at a lower price (a downtick). Positive money flow indicates that prices are likely to move higher, while negative money flow suggests prices are about to fall. Money flow is monitored because trading volume is typically considered to lead price, which could help identify early trading opportunities.
- **Technical Analysis:** A security analysis methodology for forecasting the direction of prices through the study of past market data, primarily price and volume. A fundamental principle of technical analysis is that a market's price reflects all relevant information, so their analysis looks at the history of a security's trading pattern rather than external drivers such as economic, fundamental and news events. Therefore, price action tends to repeat itself due to investors collectively tending toward patterned behavior – hence technical analysis focuses on identifiable trends and conditions. Technical analysts also widely use market indicators of many sorts, some of which are mathematical transformations of price, often including up and down volume, advance/decline data and other inputs. These indicators are used to help assess whether an asset is trending, and if it is, the probability of its direction and of continuation. Technicians also look for relationships between price/volume indices and market indicators. Technical analysis employs models and trading rules based on price and volume transformations, such as the relative strength index, moving averages, regressions, inter-market and intra-market price correlations, business cycles, stock market cycles or, classically, through recognition of chart patterns. Technical analysis is widely used among traders and financial professionals and is very often used by active day traders, market makers and pit traders. The risk associated with this type of analysis is that analysts use subjective judgment to decide which pattern(s) a particular instrument reflects at a given time and what the interpretation of that pattern should be.

There are risks involved in using any analysis method.

To conduct analysis, KWA gathers information from inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses and filings with the SEC, and company press releases.

## Investment Strategies We Use.

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

- **Long-Term Purchases:** Our firm may buy securities for your account and hold them for a relatively long time (more than a year) in anticipation that the security's value will appreciate over a long horizon. The risk of this strategy is that our firm could miss out on potential short-term gains that could have been profitable to your account, or it's possible that the security's value may decline sharply before our firm make a decision to sell.
- **Short-Term Purchases:** When utilizing this strategy, our firm may also purchase securities with the idea of selling them within a relatively short time (typically a year or less). Our firm do this in an attempt to take advantage of conditions that our firm believe will soon result in a price swing in the securities our firm purchase. The potential risk associated with this investment strategy is associated with the currency or exchange rate. Currency or exchange rate risk is a form of risk that arises from the change in price of one currency against another. The constant fluctuations in the foreign currency in which an investment is denominated vis-à-vis one's home currency may add risk to the value of a security. Currency risk is greater for shorter term investments, which do not have time to level off like longer term foreign investments.
- **Trading:** Our firm purchase securities with the idea of selling them very quickly (typically within 30 days or less). Our firm do this in an attempt to take advantage of our predictions of brief price swings. Trading involves risk that may not be suitable for every investor and may involve a high volume of trading activity. Each trade generates a commission and the total daily commission on such a high volume of trading can be considerable. Active trading accounts should be considered speculative in nature with the objective being to generate short-term profits. This activity may result in the loss of more than 100% of an investment.

## Risk of Loss.

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. Past performance is not indicative of future results. Further, depending on the different types of investments, there may be varying degrees of risk.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future

results successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

### Description of Material, Significant or Unusual Risks.

Our firm generally invests client cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments.

Ultimately, our firm tries to achieve the highest return on client cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to our Asset Management and Comprehensive Portfolio Management services, as applicable.

## Item 9: Disciplinary Information

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William Keen, Managing Member, was involved in the following two disciplinary actions. Mr. Keen consented to the entry of an order by the State of Missouri Securities Division ("Missouri") that censured Mr. Keen for investing customer funds in "unsuitably aggressive investments" between 1999 and 2001. Missouri suspended Keen's securities license for fifteen days but waived the suspension provided that he comply with certain heightened supervision requirements for two years. Missouri also fined Mr. Keen \$40,000 plus the \$15,550 cost of the investigation. On May 17, 2007, the Ohio Department of Commerce Division of Securities ("Ohio") issued an order suspending Mr. Keen's securities license due to a pending investigation with the previously described action with Missouri. The order was not based on any new conduct or Ohio conduct; instead, it was based on the same series of complaints emanating from the 1999-2001 time period and already reported on Mr. Keen's CRD. Ultimately, Ohio realized its error in suspending Mr. Keen's license and the order in question was terminated. As a result, on December 28, 2007, Mr. Keen consented to the entry of an order by Ohio that lifted Mr. Keen's suspension and subjected him to one year of heightened supervision. Mr. Keen successfully completed his heightened supervision and has had no complaints in Ohio or any other state other than those stemming from the 1999-2001 time period. For additional information please search Mr. Keen's CRD #2212517 at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 10: Other Financial Industry Activities & Affiliations

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KWA is **not** and does **not** have a related person that is a broker/dealer, municipal securities dealer, 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), another investment adviser or financial planner, a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, a lawyer or law firm, an insurance

company or agency, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

We are an independent registered investment adviser and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our representatives may sell other products or provide services outside of their role as investment adviser representatives with us.

## **Registered Representative of a Broker-Dealer.**

A few of our representatives are also registered representatives of Purshe Kaplan Sterling Investments, Inc., (“PKS”), member FINRA/SIPC, a securities broker-dealer. You may work with your investment adviser representative in his or her separate capacity as a registered representative of Purshe Kaplan Sterling Investments, Inc.

As a result of this relationship, Purshe Kaplan Sterling Investments, Inc. may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about clients of KWA, even if a client does not establish any account through Purshe Kaplan Sterling Investments, Inc. If you would like a copy of the privacy policy of Purshe Kaplan Sterling Investments, Inc., please contact your investment adviser representative.

When acting in his or her separate capacity as a registered representative, your investment adviser representative may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to you. As such, your investment adviser representative may suggest that you implement investment advice by purchasing securities products through a commission-based brokerage account in addition to or in lieu of a fee-based investment-advisory account. This receipt of commissions creates an incentive to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as a registered representative of a securities broker-dealer. Consequently, the objectivity of the advice rendered to you could be biased.

You are under no obligation to use the services of our representatives in this separate capacity or to use Purshe Kaplan Sterling Investments, Inc. and can select any broker/dealer you wish to implement securities transactions. If you select our representatives to implement securities transactions in their separate capacity as registered representatives, they must use Purshe Kaplan Sterling Investments, Inc. Prior to effecting any such transactions, you are required to enter into a new account agreement with Purshe Kaplan Sterling Investments, Inc. The commissions charged by Purshe Kaplan Sterling Investments, Inc. may be higher or lower than those charged by other broker/dealers. In addition, the registered representatives may also receive additional ongoing 12b-

1 fees for mutual fund purchases from the mutual fund company during the period that you maintain the mutual fund investment.

If you elect to have your investment adviser representative, in his or her separate capacity as a registered representative, implement the recommendations of KWA, your investment adviser representative at his or her discretion may waive or reduce the investment advisory fee charged by the amount of the commissions received as a registered representative. Any reduction of the investment advisory fee will not exceed 100% of the commission received as a registered representative.

## **Insurance Agent**

You may work with your investment adviser representative in his or her separate capacity as an insurance agent. When acting in his or her separate capacity as an insurance agent, the investment adviser representative may sell, for commissions, general disability insurance, life insurance, annuities, and other insurance products to you. As such, your investment adviser representative in his or her separate capacity as an insurance agent, may suggest that you implement recommendations of KWA by purchasing disability insurance, life insurance, annuities, or other insurance products. This receipt of commissions creates an incentive for the representative to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as an insurance agent. Consequently, the advice rendered to you could be biased. You are under no obligation to implement any insurance or annuity transaction through your investment adviser representative.

## **Third-Party Money Managers.**

KWA has developed programs designed to allow us to recommend and select third-party money managers. This service is limited to the clients that are already using third-party money managers. *Even though KWA will continue the existing relationships with third-party managers, we will not recommend or offer these management services for any new clients.*

Please refer to *Items 4 and 5* for full details regarding the programs, fees, conflicts of interest and materials arrangements when KWA selects other investment advisers.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading**

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In order to monitor compliance with our personal trading policy, our Code of Ethics requires all associated Access Persons to participate and abide by trading rules within a quarterly securities transaction reporting system.

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of clients. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities. Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts.

For purposes of the policy, personal accounts of our associates generally include any account (a) in the name of our associate, his/her spouse and minor children and other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts and/or a member of his/her household in which there is a direct or indirect beneficial interest.

Upon employment or affiliation and at least annually thereafter, all supervised and access persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request. Please note, no recommendations or trades will be placed in client accounts in which our firm or related persons have a material financial interest.

## Item 12: Brokerage Practices

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### **Best Execution.**

Clients are under no obligation to act on the financial planning recommendations of KWA. If the firm assists in the implementation of any recommendations, we are responsible to ensure that the client receives the best execution possible.

Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions considered, the transaction execution is in your best interest. When considering best execution, we look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with our existing systems, ease of monitoring investments)

- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back-office services, technology and pricing of services offered.

## **Brokerage Recommendations.**

KWA may recommend/require that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (“Schwab”), a FINRA-registered broker-dealer, Member SIPC, to maintain custody of clients’ assets and to effect trades for their accounts. Schwab provides KWA with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them, so long as a total of at least \$10 million of the advisor’s clients’ assets are maintained at Schwab Institutional. Schwab’s brokerage services include the execution of securities transactions, custody, research, and access to other investments that are otherwise generally available only to institutional investors or would require significantly higher minimum initial investment.

For KWA’s clients’ accounts maintained in its custody, Schwab does not charge clients separately for custody services.

With respect to trading costs that KWA pays to Schwab, we have negotiated asset-based pricing in lieu of transaction-based pricing to eliminate a conflict of interest with respect to trading activity. When asset-based pricing is unavailable, such as with a Schwab Personal Choice Retirement Account (PCRA), transaction charges apply per trade. For the Schwab PCRA accounts, we reimburse those transaction costs at the end of each quarter.

For PCRA accounts, a conflict of interest exists due to the unavailability of our asset-based pricing. This arrangement may incent us to trade the PCRA accounts less than our standard wrap accounts. Although this conflict exists, we manage the PCRA accounts in the same manner and activity level as our standard wrap accounts, as confirmed on a reoccurring basis by our compliance officer.



A PCRA account could benefit those inside of a Schwab-custodied retirement plan who are seeking a wider range of investments and more active account management. A plan participant can engage KWA to implement customizable and personal allocations, as well as provide ongoing professional investment and planning advice.

Schwab Institutional also makes available to KWA other products services that benefit KWA but may not directly benefit clients' accounts. Many of these products and services may be used to service all or some substantial number of KWA's accounts, including accounts not maintained by Schwab. Schwab's products and services that assist KWA in managing and administering clients' accounts include software and other technology that (i) provides access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of KWA's fees from some of its accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help KWA manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or part of the fees of a third-party providing these services to KWA. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of KWA personnel. While as a fiduciary, KWA endeavors to act in its clients' best interests, KW A's recommendation that clients maintain their assets in accounts at Schwab may take into account availability of some of the foregoing products and services and other arrangements not solely on the nature of cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

## **Directed Brokerage.**

Clients should understand that not all investment advisors require the use of a particular broker/dealer or custodian. Some investment advisors allow their clients to select whichever broker/dealer the client decides. By requiring clients to use a particular broker/dealer, KWA may not achieve the most favorable execution of client transactions and the practice requiring the use of specific broker/dealers may cost clients more money than if the client used a different broker/dealer or custodian. However, for compliance and operational efficiencies, KWA has decided to require our clients to use broker/dealers and other qualified custodians determined by KWA.

## **Soft Dollar Benefits.**

An investment adviser receives soft dollar benefits from a broker-dealer when the investment adviser receives research or other products and services in exchange for client securities transactions or maintaining an account balance with the broker-dealer.

KWA does not have a soft dollar agreement with a broker-dealer or a third-party.

## **Handling Trade Errors.**

KWA has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of KWA to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, KWA will determine the trade error amount and decide if they will cover all or a portion of the error, based on certain determining factors, including but not limited to, trade error occurrences and amount of trade error. KWA has the right to restrict unsolicited trades in a client's account. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client is made whole and any loss resulting from the trade error is absorbed by KWA if the error is caused by KWA. If the error is caused by the broker-dealer, the broker-dealer is responsible for handling the trade error. If an investment gain results from the correcting trade, the gain remains in the client's account unless the same error involved other client account(s) that should also receive the gains. It is not permissible for all clients to retain the gain. KWA may also confer with a client to determine if the client should forego the gain (e.g., due to tax reasons).

KWA will never benefit or profit from trade errors.

## **Block Trading Policy.**

We may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by our firm when KWA believes such action may prove advantageous to clients. If and when we aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis, in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently.

KWA uses the pro rata allocation method for transaction allocation.

Under this procedure, pro rata trade allocation means an allocation of the trade at issue among applicable advisory clients in amounts that are proportional to the participating advisory client's intended investable assets. KWA will calculate the pro rata share of each transaction included in a block order and assigns the appropriate number of shares of each allocated transaction executed for the client's account.

Neither we nor our supervised persons receive any additional compensation as a result of block trades.

### **Agency Cross Transactions.**

Our supervised persons are prohibited from engaging in agency cross transactions, meaning we cannot act as brokers for both the sale and purchase of a single security between two different clients and cannot receive compensation in the form of an agency cross commission or principal mark-up for the trades.

### **Special Considerations for ERISA Clients.**

The Employee Retirement Income Security Act of 1974 (ERISA) protects the retirement assets of Americans by implementing rules that qualified plans must follow to ensure plan fiduciaries do not misuse plan assets. A retirement or ERISA plan client may direct all or part of portfolio transactions for an account through a specific broker or dealer in order to obtain goods or services on behalf of the plan.

Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay.

ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

## **Item 13: Review of Accounts**

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Our firm's investment adviser representatives ("IARs") review our clients' financial situation *at least annually* for our clients subscribing to our **Comprehensive Portfolio Management and Asset Management Services**. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and

investment policies, if applicable. We do not provide written reports to clients, unless asked to do so.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

Our hourly or fixed fee for **Financial Planning and Consulting Services** do not include monitoring the investments of your account(s), and therefore, there is no ongoing review of your account(s) under such services. We are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc. Financial Planning clients do not receive written or verbal updated reports regarding their financial plans unless they separately contract with us for a post-financial plan meeting or update to their initial written financial plan.

Accounts established and maintained with other **Third-Party Money Managers** are reviewed *at least annually*, when statements and/or reports are received from the money manager.

**Retirement Plan Consulting** clients receive reviews of their retirement plans for the duration of the service. Our firm also provides ongoing services where clients are met with upon their request to discuss updates to their plans, changes in their circumstances, etc. Retirement Plan Consulting clients do not receive written or verbal updated reports regarding their plans unless they choose to engage our firm for ongoing services.

You are encouraged to always compare any reports or statements provided by us or a third-party manager against the account statements delivered from the qualified custodian. When you have questions about your account statement, you should contact our firm and the qualified custodian preparing the statement.

## Item 14: Client Referrals & Other Compensation

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

We receive a benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. This is not considered a soft dollar benefit. The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients. These products and services, how they benefit us, and the related conflicts of interest are described above (*see Item 12 – Brokerage Practices*).

## Referral Fees

We do not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940.

## Item 15: Custody

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All of our clients receive account statements directly from their qualified custodians at least quarterly upon opening of an account. If our firm decides to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

### Third Party Money Movement.

The SEC issued a no-action letter (“Letter”) on February 21, 2017 with respect to the Rule 206(4)-2 (“Custody Rule”) under the Investment Advisers Act of 1940 (“Advisers Act”). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction (“SLOA”) is deemed to have custody and as such, KWA must comply within a reasonable amount of time. Our firm is in the process of adopting the current safeguards in conjunction with our custodian, Schwab, until we receive further implementation and custody definitions from the SEC:

- The client provides an instruction to the qualified custodian, in writing, that includes the client’s signature, the third party’s name, and either the third party’s address or the third party’s account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian’s form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client’s qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client’s authorization and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client’s qualified custodian.

- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

## Item 16: Investment Discretion

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When providing asset management services, KWA maintains trading authorization over your Account and can provide management services on a **discretionary** basis. When discretionary authority is granted, we will have the authority to determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction. However, it is the policy of KWA to consult with you prior to making significant changes in the account even when discretionary trading authority is granted.

KWA does not typically open accounts on a non-discretionary basis. If you do open a **non-discretionary** account, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including the security being recommended, the number of shares or units and whether to buy or sell.

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if we are not able to reach you or you are slow to respond to our request, it can have an adverse impact on the timing of trade, and we may not achieve the optimal trading price.

You will have the ability to place reasonable restrictions on the types of investments that may be purchased in your Account. You may also place reasonable limitations on the discretionary power granted to KWA so long as the limitations are specifically set forth or included as an attachment to the client agreement.

## Item 17: Voting Client Securities

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We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that

proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future.

With respect to assets managed by a third-party money manager, we will not vote the proxies associated with these assets. You will need to refer to each third-party money manager's disclosure brochure to determine whether the third-party money manager will vote proxies on your behalf. You may request a complete copy of a third-party money manager's proxy voting policies and procedures as well as information on how your proxies were voted by contacting your third-party money manager, or by contacting KWA at the address or phone number indicated on Page 1 of this disclosure document.

## Item 18: Financial Information

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We are not required to provide financial information in this Brochure because we do not require the prepayment of more than \$1,200 in fees and six or more months in advance and we do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.

We have never been the subject of a bankruptcy proceeding.