



## **KDK PRIVATE WEALTH MANAGEMENT, LLC**

*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of KDK Private Wealth Management, LLC (hereinafter “KDKPWM” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

## **Item 2. Material Changes**

In this Item, KDKPWM is required to discuss any material changes that have been made to the brochure since the last annual amendment. With this filing, the Firm filed for initial registration with the state of Texas. As such, it has updated Item 19 to include information required for state-registered advisers.

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## Item 4. Advisory Business

KDKPWM offers a variety of advisory services, which include financial planning, consulting, investment management, and reporting services. Prior to KDKPWM rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with KDKPWM setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

KDKPWM registered as an investment adviser in January 2019 and is wholly owned by Kamden Kanaly. As of the date of this filing, KDKPWM does not have any assets under management to report based on the instructions to Form ADV; however, the Firm reasonably expects to be eligible for registration with the SEC within 120 days of approval as an investment adviser.

While this brochure generally describes the business of KDKPWM, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or other persons who provide investment advice on KDKPWM’s behalf and are subject to the Firm’s supervision or control.

### Wealth Management Services

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The Firm generally offers clients financial planning and consulting as well as investment management services as part of a comprehensive wealth management engagement with clients.

#### *Financial Planning and Consulting Services*

KDKPWM offers clients a broad range of financial planning and consulting services, which include any or all of the following functions:

- Business Planning
- Cash Flow Forecasting
- Trust and Estate Planning
- Financial Reporting
- Investment Consulting
- Insurance Planning
- Retirement Planning
- Risk Management
- Charitable Giving
- Distribution Planning
- Tax Planning
- Manager Due Diligence

These services are not offered on a stand-alone basis, but rather, are rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement.

In performing these services, KDKPWM is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. KDKPWM recommends certain clients engage the Firm for additional related services other professionals to implement its recommendations. Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage KDKPWM or its affiliates to provide (or continue to provide) additional services for compensation. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by KDKPWM. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising KDKPWM's recommendations and/or services.

### *Investment Management Services*

KDKPWM manages client investment portfolios on a discretionary basis. KDKPWM primarily allocates client assets among various exchange-traded funds ("ETFs"), mutual funds, and independent investment managers ("Independent Managers") in accordance with their stated investment objectives. The Firm may also allocate client assets among individual debt and equity securities. In addition, KDKPWM also recommends that certain eligible clients invest in privately placed securities, which may include debt, equity and/or interests in pooled investment vehicles (e.g., hedge funds).

Where appropriate, the Firm also provides advice about any type of legacy position or other investment held in client portfolios. Clients can engage KDKPWM to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, KDKPWM directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

KDKPWM tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. KDKPWM consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify KDKPWM if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients can impose reasonable restrictions or mandates on the management of their accounts if KDKPWM

determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

## **Sponsor and Manager of Wrap Program**

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The Firm's investment advisory services do not include securities brokerage services as the Firm does not serve as the sponsor or manager to a wrap fee program (i.e., an arrangement where certain brokerage commissions and transaction costs are absorbed by the Firm).

## **Retirement Plan Consulting Services**

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KDKPWM provides various consulting services to qualified employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans. Each engagement is individually negotiated and customized, and includes any or all of the following services:

- Plan Design and Strategy
- Plan Review and Evaluation
- Executive Planning & Benefits
- Investment Selection
- Plan Fee and Cost Analysis
- Plan Committee Consultation
- Fiduciary and Compliance
- Participant Education

As disclosed in the Advisory Agreement, certain of the foregoing services are provided by KDKPWM as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In accordance with ERISA Section 408(b)(2), each plan sponsor is provided with a written description of KDKPWM's fiduciary status, the specific services to be rendered and all direct and indirect compensation the Firm reasonably expects under the engagement. The Firm also offers discretionary investment management services to qualified employee benefit plans.

## **Use of Independent Managers**

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As mentioned above, KDKPWM selects certain Independent Managers to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an Independent Manager may be set forth in a separate written agreement with the designated Independent Manager. In addition to this brochure, clients may also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets.

KDKPWM evaluates a variety of information about Independent Managers, which includes the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. KDKPWM also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

KDKPWM continues to provide services relative to the discretionary or non-discretionary selection of the Independent Managers. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. KDKPWM seeks to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

## Reporting Services

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The Firm will provide stand-alone reporting services to high net worth clients and family offices who need the level of reporting and data that the Firm can provide through its technology infrastructure.

## Item 5. Fees and Compensation

KDKPWM offers services for a fee based upon assets under management or advisement.

### Wealth Management Fees

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KDKPWM offers wealth management services for an annual fee based on the amount of assets under the Firm's management in accordance with the following fee schedule:

<b><u>PORTFOLIO VALUE</u></b>	<b><u>FEE RATE</u></b>
Up to \$5,000,000	0.85%
Next \$5,000,000	0.65%
Next \$10,000,000	0.45%
Next \$10,000,000	0.30%
Above \$30,000,000	0.15%

The annual fee is prorated and charged monthly in advance based upon the market value of the assets being managed by KDKPWM on the last day of the previous billing period. For the initial period of an

engagement, the fee is calculated on a *pro rata* basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is refunded to the client.

Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), KDKPWM may negotiate a fee rate that differs from the range set forth above.

## Retirement Plan Consulting Fees

KDKPWM charges clients an asset-based fee to provide clients with retirement plan consulting services. Each engagement is individually negotiated and tailored to accommodate the needs of the individual plan sponsor, as memorialized in the Agreement. In those situations where KDKPWM has agreed to manage a plan's assets, the Firm also charges an annual asset-based fee in accordance with the wealth management fee schedule above.

## Reporting Services

The Firm offers clients portfolio reporting services based on the following fee schedule:

<b><u>VALUE OF REPORTED ASSETS</u></b>	<b><u>FEE RATE</u></b>
First \$25,000,000	0.25%
Next \$25,000,000	0.20%
Next \$50,000,000	0.15%
Above \$100,000,000	0.10%

## Fee Discretion

KDKPWM may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.

## Additional Fees and Expenses

In addition to the advisory fees paid to KDKPWM, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions



(collectively “Financial Institutions”). These additional charges include securities brokerage commissions, transaction fees, custodial fees, fees attributable to alternative assets, reporting charges, fees charged by the Independent Managers, charges imposed directly by a mutual fund or ETF in a client’s account, as disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm’s brokerage practices are described at length in Item 12, below.

## **Direct Fee Debit**

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Clients provide KDKPWM and/or certain Independent Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to KDKPWM. Alternatively, clients may elect to have KDKPWM send a separate invoice for direct payment.

## **Account Additions and Withdrawals**

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Clients can make additions to and withdrawals from their account at any time, subject to KDKPWM’s right to terminate an account. Additions can be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client’s account. Clients can withdraw account assets on notice to KDKPWM, subject to the usual and customary securities settlement procedures. However, the Firm designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client’s investment objectives. KDKPWM may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

KDKPWM does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client’s assets).

## Item 7. Types of Clients

KDKPWM offers services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

### Minimum Account Value

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As a condition for starting and maintaining an investment management relationship, KDKPWM imposes a minimum portfolio value of \$5,000,000. KDKPWM may, in its sole discretion, accept clients with smaller portfolios based upon certain criteria, including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and pro bono activities. KDKPWM only accepts clients with less than the minimum portfolio size if the Firm determines the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. KDKPWM may aggregate the portfolios of family members to meet the minimum portfolio size.

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

### Methods of Analysis

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KDKPWM utilizes a combination of fundamental, technical, quantitative, cyclical and Behavioral finance methods of analysis while employing an asset allocation strategy based on a derivative of Modern Portfolio Theory ("MPT").

Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular fund or issuer. For KDKPWM, this process typically involves an analysis of an issuer's management team, investment strategies, style drift, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact the security.

Technical analysis involves the examination of past market data rather than specific issuer information in determining the recommendations made to clients. Technical analysis may involve the use of

mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that KDKPWM will be able to accurately predict such a reoccurrence.

Cyclical analysis is similar to technical analysis in that it involves the assessment of market conditions at a macro (entire market or economy) or micro (company specific) level, rather than focusing on the overall fundamental analysis of the health of the particular company that KDKPWM is recommending. The risks with cyclical analysis are similar to those of technical analysis.

Behavioral finance analysis involves an examination of conventional economics as well as behavioral and cognitive psychological factors. Behavioral finance methodology seeks to combine a qualitative and quantitative approach to provide explanations for why individuals may, at times, make irrational financial decisions. Where conventional financial theories have failed to explain certain patterns, the behavioral finance methodology investigates the underlying reasons and biases that cause some people to behave against their best interests. The risks relating to behavior finance analysis are that it relies on spotting trends in human behavior that may not predict future trends.

Modern Portfolio Theory (“MPT”) is a mathematical based investment discipline that seeks to quantify expected portfolio returns in relation to corresponding portfolio risk. The basic premise of MPT is that the risk of a particular holding is to be assessed by comparing its price variations against those of the market portfolio. However, MPT disregards certain investment considerations and is based on a series of assumptions that may not necessarily reflect actual market conditions. As such, the factors for which MPT does not account (e.g., tax implications, regulatory constraints and brokerage costs) may negate the upside or add to the actual risk of a particular allocation. Nevertheless, KDKPWM’s investment process is structured in such a way to integrate those assumptions and real life considerations for which MPT analytics do not account.

## **Investment Strategies**

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Based on the client’s risk tolerance and objectives, KDKPWM will build a custom portfolio comprising of equities, fixed income, and potentially an allocation to illiquid alternative assets when appropriate. The Firm will populate portfolios with individual equities managed by Independent Managers as well as ETFs

and mutual funds to build out a diversified and thoughtful portfolio in that client's image. As an example, the equity portion will be invested via core-satellite exposure, with the core piece being comprised of a large cap core dividend strategy or manager. The satellite exposures of additional U.S. Large Cap, mid-cap, international developed, and emerging markets to come from allocations to ETFs, Independent Managers, individual equities and mutual funds to round out the diversified equity allocation. Fixed income will be managed either with the use of Independent Managers, individual credits, mutual funds, and/or ETFs on a client-by-client basis. Alternative assets will be recommended when appropriate to qualified purchaser clients and will represent 10-30% of a client's portfolio, not to exceed 50% without written consent by the client.

### **Risk of Loss**

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The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved with respect to the Firm's investment management activities. Clients should consult with their legal, tax, and other advisors before engaging the Firm to provide investment management services on their behalf.

#### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of KDKPWM's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. In addition, investments may be adversely affected by financial markets and economic conditions throughout the world. There can be no assurance that KDKPWM will be able to predict these price movements accurately or capitalize on any such assumptions.

#### *Volatility Risks*

The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

#### *Cash Management Risks*

The Firm may invest some of a client's assets temporarily in money market funds or other similar types of investments, during which time an advisory account may be prevented from achieving its investment objective.

## *Equity-Related Securities and Instruments*

The Firm may take long and short positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies may suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small-capitalization, midcapitalization and financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

## *Fixed Income Securities*

Fixed income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations and to price volatility.

## *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata

NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *Use of Independent Managers*

As stated above, KDKPWM selects certain Independent Managers to manage a portion of its clients' assets. In these situations, KDKPWM continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, KDKPWM does not have the ability to supervise the Independent Managers on a day-to-day basis.

### *Use of Private Collective Investment Vehicles*

KDKPWM recommends that certain clients invest in privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each fund's private placement memorandum and/or other documents explaining such risks prior to investing.

### *Currency Risks*

An advisory account that holds investments denominated in currencies other than the currency in which the advisory account is denominated may be adversely affected by the volatility of currency exchange rates.

### *Interest Rate Risks*

Interest rates may fluctuate significantly, causing price volatility with respect to securities or instruments held by clients.

## **Item 9. Disciplinary Information**

KDKPWM has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

## Item 10. Other Financial Industry Activities and Affiliations

This item requires investment advisers to disclose certain financial industry activities and affiliations. The Firm does not have any other financial industry activities or affiliations that need to be disclosed.

## Item 11. Code of Ethics

KDKPWM has adopted a code of ethics in compliance with applicable securities laws (“Code of Ethics”) that sets forth the standards of conduct expected of its Supervised Persons. KDKPWM’s Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of KDKPWM’s personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (*e.g.*, initial public offerings, limited offerings). However, the Firm’s Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm’s policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly effect for themselves or for their immediate family (*i.e.*, spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase

agreements; (iii) shares issued by money market funds; and iv) shares issued by other unaffiliated open-end mutual funds.

Clients and prospective clients may contact KDKPWM to request a copy of its Code of Ethics.

## Item 12. Brokerage Practices

### **Recommendation of Broker-Dealers for Client Transactions**

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KDKPWM recommends that clients utilize the custody, brokerage and clearing services of National Financial Services LLC and Fidelity Brokerage Services LLC (together with affiliates, “Fidelity”) for investment management accounts. The final decision to custody assets with Fidelity is at the discretion of the client, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. KDKPWM is independently owned and operated and not affiliated with Fidelity. Fidelity provides KDKPWM with access to its institutional trading and custody services, which are typically not available to retail investors.

Factors which KDKPWM considers in recommending Fidelity or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Fidelity enables the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. Fidelity has also agreed to reimburse clients for exit fees associated with moving accounts to Fidelity. The reimbursement is only available up to a certain amount for all of the Firm’s clients over a twelve month period. Fees are reimbursed on a first-come-first-served basis so that no clients are favored. The commissions and/or transaction fees charged by Fidelity may be higher or lower than those charged by other Financial Institutions.

The commissions paid by KDKPWM’s clients to Fidelity comply with the Firm’s duty to obtain “best execution.” Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where KDKPWM determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution’s services, including among others, the value of research provided, execution capability, commission rates and responsiveness. KDKPWM seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.



Consistent with obtaining best execution, brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist KDKPWM in its investment decision-making process. Such research will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because KDKPWM does not have to produce or pay for the products or services.

KDKPWM periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

## **Software and Support Provided by Financial Institutions**

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KDKPWM receives without cost from Fidelity administrative support, computer software, related systems support, as well as other third party support as further described below (together "Support") which allow KDKPWM to better monitor client accounts maintained at Fidelity and otherwise conduct its business. KDKPWM receives the Support without cost because the Firm renders investment management services to clients that maintain assets at Fidelity. The Support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The Support benefits KDKPWM, but not its clients directly. Clients should be aware that KDKPWM's receipt of economic benefits such as the Support from a broker-dealer creates a conflict of interest since these benefits may influence the Firm's choice of broker-dealer over another that does not furnish similar software, systems support or services, especially because the support is contingent upon clients placing a certain level(s) of assets at Fidelity. In fulfilling its duties to its clients, KDKPWM endeavors at all times to put the interests of its clients first and has determined that the recommendation of Fidelity is in the best interest of clients and satisfies the Firm's duty to seek best execution.

Specifically, KDKPWM receives the following benefits from Fidelity: i) receipt of duplicate client confirmations and bundled duplicate statements; ii) access to a trading desk that exclusively services its institutional traders; iii) access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and iv) access to an electronic communication network for client order entry and account information.

Fidelity also makes available to the Firm, at no additional charge, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by KDKPWM (within specified parameters). These research and brokerage services presently include services such as Morningstar research and are used by the Firm to manage accounts for which it has investment discretion. KDKPWM also receives additional services including Fidelity's proprietary

technology, Wealthscape, and access to financial planning software, E-Money. Fidelity also reimburses the Firm's fees for account aggregation services provided by Addepar, Inc. Without this arrangement, the Firm might be compelled to purchase the same or similar services at its own expense.

## **Brokerage for Client Referrals**

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KDKPWM does not consider, in selecting or recommending broker-dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

## **Directed Brokerage**

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The client may direct KDKPWM in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to "batch" client transactions for execution through other Financial Institutions with orders for other accounts managed by KDKPWM (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, KDKPWM may decline a client's request to direct 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 (as further discussed below).

Trade Aggregation

Transactions for each client will be effected independently, unless KDKPWM decides to purchase or sell the same securities for several clients at approximately the same time. KDKPWM may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and allocated among KDKPWM's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which KDKPWM's Supervised Persons may invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. KDKPWM does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest

order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by

other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

## Item 13. Review of Accounts

### Account Reviews

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KDKPWM monitors client portfolios on a continuous and ongoing basis while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by the Firm's Principal and/or investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with KDKPWM and to keep the Firm informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and quarterly to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

### Account Statements and Reports

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time to time or as otherwise requested, clients may also receive written or electronic reports from KDKPWM and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from KDKPWM or an outside service provider.

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

### **Client Referrals**

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The Firm does not currently provide compensation to any third-party solicitors for client referrals.

## **Item 15. Custody**

KDKPWM is deemed to have custody of client funds and securities because the Firm is given the ability to debit client accounts for payment of the Firm's fees. As such, client funds and securities are maintained at one or more Financial Institutions that serve as the qualified custodian with respect to such assets. Such qualified custodians will send account statements to clients at least once per calendar quarter that typically detail any transactions in such account for the relevant period.

In addition, as discussed in Item 13, KDKPWM will also send, or otherwise make available, periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from KDKPWM.

## **Item 16. Investment Discretion**

KDKPWM is given the authority to exercise discretion on behalf of clients. KDKPWM is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. KDKPWM is given this authority through a power-of-attorney included in the agreement between KDKPWM and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). KDKPWM takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made;
- The Independent Managers to be hired or fired.

## Item 17. Voting Client Securities

The Firm accepts the authority to vote a client's securities (i.e., proxies) on their behalf. When the Firm accepts such responsibility, it will cast proxy votes only in a manner it believes consistent with the best interest of its clients. At any time clients may contact the Firm to request information about how KDKPWM voted proxies for that client's securities.

A brief summary of the Firm's proxy voting policies and procedures is as follows:

- The Firm has engaged Broadridge Financial Solutions, Inc. ("Broadridge") to provide electronic proxy voting services. Through Broadridge, the Firm has access to research, analysis, and recommendations on the various proxy proposals for the client securities that the Firm manages. In general, the Firm expects to vote proxies based on Broadridge's Shareholder Value Template.
- In some circumstances, certain issues may need to be considered on a case-by-case basis due to the diverse and continually evolving nature of corporate governance issues. If such cases should arise, then the Firm will devote appropriate time and resources to consider those issues.

Where the Firm is responsible for voting proxies on behalf of a client, the client cannot direct the Firm's vote on a particular solicitation. The client, however, can revoke the Firm's authority to vote proxies. In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that the Firm maintains with persons having an interest in the outcome of certain votes, the Firm will take appropriate steps to ensure that proxy voting decisions are made in what it believes is the best interest of its clients and are not the product of any such conflict.

## Item 18. Financial Information

KDKPWM is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$500 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

## Item 19. Requirement for State Registered Advisers

### Principal Executive Officer and Management Person

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**KAMDEN KANALY**

Born 1983

#### *Post-Secondary Education*

Texas Tech University | BS, Personal Financial Planning | 2006

#### *Recent Business Background*

KDK Private Wealth Management, LLC | Chief Executive Officer | January 2019 – Present

Kanally Trust/Mercer Advisors | Vice President | March 2012 – April 2018

### Additional Information

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Neither the Firm nor its Supervised Persons are compensated for advisory services with performance-based fees. Neither the Firm nor its Supervised Persons have been the subject of the type of disciplinary event that warrants disclosure pursuant to this Item. Neither the Firm nor its Supervised Persons have a material relationship or arrangement with any issuers of securities.