



Kaye Capital Management

Professional Financial Counsel

A Registered Investment Advisor

Form ADV Part 2A Firm Brochure

Kaye Capital Management, LLC.

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Item 1 – Cover Page

This brochure provides information about the qualifications and business practices of Kaye Capital Management (the “KCM”). If you have any questions about the contents of this brochure, please contact us at (310) 207-5293 or compliance@kayecapital.com. 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 Kaye Capital Management is also available on the SEC’s website at www.adviserinfo.sec.gov.

References herein to Kaye Capital Management as a “registered investment adviser” or any reference to being “registered” do not imply a certain level of skill or training.

Item 2 – Material Changes

Since our last ADV Annual Amendment filing made on March 22, 2024, no material changes have occurred.

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Item 4 – Advisory Business

Kaye Capital Management (“KCM” “the Firm”) is a corporation formed on January 17, 2003, in the State of California. The Firm was approved for registration by the SEC in April 2000. KCM is principally owned by the Watten Family Trust and the Hilton Family Trust, for which Kenneth J. Watten and David W. Hilton serve as respective trustees. Mr. Watten and Mr. Hilton are also the Firm’s Principals.

ADVISORY SERVICES

INVESTMENT MANAGEMENT

KCM offers asset management services to advisory Clients. KCM will offer Clients ongoing asset management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring, and the overall investment program will be based on the above factors.

Discretionary

When the Client elects to use KCM on a discretionary basis, the Client will sign a limited trading authorization or equivalent allowing KCM to determine the securities to be bought or sold and the amount of the securities to be bought or sold. KCM will have the authority to execute transactions in the account without seeking Client approval on each transaction.

Non-Discretionary

When the Client elects to use KCM on a non-discretionary basis, KCM will determine the securities to be bought or sold and the amount of the securities to be bought or sold. However, KCM will obtain prior Client approval for each and every transaction before executing any transaction.

KCM may also recommend that certain qualified Clients consider an investment in private funds/offerings. KCM’s role relative to the private investment funds can include, but not limited to, initial and ongoing due diligence, performance reporting, and investment monitoring services. KCM’s Clients are under no obligation to consider or make an investment in a private investment fund(s).

Each prospective private fund investor will be required to complete a Subscription Agreement or similar application, pursuant to which the Client shall establish that he/she is qualified for investment in the fund and acknowledges and accepts the various risk factors that are associated with such an investment. Please see Item 8 for more information on the risks associated with this type of investment.

ADVISORY SERVICES TO BROKERAGE CUSTOMERS

KCM provides investment advisory services to certain broker-dealers’ customers (“Brokerage Customers”) who provide written consent requesting to receive the firm’s advisory services. Brokerage Customers have entered into a written advisory agreement with KCM.

FINANCIAL PLANNING AND CONSULTING

Services include an evaluation of a Client’s current and future financial state using currently known variables to predict future cash flows and asset values, recommend purchase and sales, and withdrawal plans. KCM will use current net worth, tax liabilities, asset allocation, and future retirement and estate plans to develop financial plans. Topics for planning may include, but are not limited to:

- Personal net worth statement: A snapshot of assets and liabilities serves as a benchmark for measuring progress toward financial goals.

- Cash flow analysis: An income and spending plan determines how much can be set aside for debt repayment, savings and investing each month.
- Retirement strategy: A strategy for achieving retirement independent of other financial priorities. Including a strategy for accumulating the required retirement capital and its planned lifetime distribution.
- Long-term investment plan: Build a customized asset allocation strategy based on specific investment objectives and a risk profile. This strategy sets guidelines for selecting, buying, and selling investments and establishing benchmarks for performance review.
- Tax reduction strategy: Identify ways to minimize taxes on personal income to the extent permissible by the tax code. The strategy should include the identification of tax-favored investment vehicles that can reduce taxation of investment income.
- Estate preservation: Help update accounts, review beneficiaries for retirement accounts and life insurance, provide a second look at your current estate planning documents, and prompt you to update your plan when the legal environment changes or you have major life events such as a marriage, death, or births.

If a conflict of interest exists between the interests of KCM and the interests of the Client, the Client is under no obligation to act upon KCM's recommendation. If the Client elects to act on any of the recommendations, the Client is under no obligation to affect the transaction through KCM.

INSTITUTIONAL RETIREMENT PLAN SERVICES

KCM offers services to qualified and non-qualified retirement plans, including 401(k) plans, 403(b) plans, pension and profit-sharing plans, cash balance plans, and deferred compensation plans ("Plan"). KCM may act as a 3(21) or 3(38) advisor:

Limited Scope ERISA 3(21) Fiduciary. KCM acts as a limited scope ERISA 3(21) fiduciary that can advise, help, and assist plan sponsors with their investment decisions. As an investment advisor, KCM has a fiduciary duty to act in the best interest of the Client. The plan sponsor is still ultimately responsible for the decisions made in their plan, though using KCM can help the plan sponsor delegate liability by following a diligent process.

1. Fiduciary Services are:

- Provide investment advice to the Plan about asset classes and investment alternatives available for the Plan in accordance with the Plan's investment policies and objectives. The Plan Sponsor will make the final decision regarding the initial selection, retention, removal, and addition of investment options. KCM acknowledges that it is a fiduciary as defined in ERISA section 3 (21) (A) (ii).
- Assist the Plan in the development of an investment policy statement ("IPS"). The IPS establishes the investment policies and objectives for the Plan. Plan shall have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the IPS.
- Provide investment advice to the Plan Sponsor with respect to the selection of a qualified default investment alternative (QDIA) for participants who are automatically enrolled in the Plan or who have otherwise failed to make investment elections. The Plan retains the sole responsibility to provide all notices to the Plan participants required under ERISA Section 404(c)(5) and 404(a)-5.



- Assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management, and conformance to the guidelines set forth in the IPS and make recommendations to maintain, remove, or replace investment options.
 - Meet with the Plan Sponsor on a periodic basis to discuss the reports and the investment recommendations.
2. Non-fiduciary Services are:
- Assist in the education of Plan participants about general investment information and the investment alternatives available to them under the Plan. Plan understands that KCM's assistance in the education of the Plan participants shall be consistent with and within the scope of the Department of Labor's definition of investment education (Department of Labor Interpretive Bulletin 96-1). As such, KCM is not providing fiduciary advice as defined by ERISA 3(21)(A)(ii) to the Plan participants. KCM will not provide investment advice concerning the prudence of any investment option or combination of investment options for a particular participant or beneficiary under the Plan.
 - Assist in the group enrollment meetings designed to increase retirement plan participation among the employees and investment and financial understanding by the employees.

KCM may provide these services or, alternatively, may arrange for the Plan's other providers to offer these services, as agreed upon between KCM and the Plan.

3. KCM has no responsibility to provide services related to the following types of assets ("Excluded Assets"):
- Employer securities;
 - Real estate (except for real estate funds or publicly traded REITs);
 - Stock brokerage accounts or mutual fund windows;
 - Participant loans;
 - Non-publicly traded partnership interests;
 - Other non-publicly traded securities or property (other than collective trusts and similar vehicles) or
 - Other hard-to-value or illiquid securities or property.

Excluded Assets will **not** be included in the calculation of Fees paid to KCM in the ERISA Agreement. Specific services will be outlined in detail for each plan in the 408(b)2 disclosure.

3(38) Investment Manager. KCM acts as an ERISA 3(38) Investment Manager in which it has discretionary management and control of a given retirement plan's assets. KCM would then become solely responsible and liable for the selection, monitoring, and replacement of the plan's investment options.

1. Fiduciary Services include:

- KCM has discretionary authority and will make the final decision regarding the initial selection, retention, removal, and addition of investment options in accordance with the Plan's investment policies and objectives.
- Assist the Plan Sponsor with the selection of a broad range of investment options consistent with ERISA Section 404(c) and the regulations thereunder.
- Assist the Plan Sponsor in the development of an investment policy statement. The IPS establishes the investment policies and objectives for the Plan.
- Provide discretionary investment advice to the Plan Sponsor with respect to the selection

of a qualified default investment alternative for participants who are automatically enrolled in the Plan or who have otherwise failed to make investment elections. The Plan Sponsor retains the sole responsibility to provide all notices to the Plan participants required under ERISA Section 404(c) (5).

- Assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management, and conformance to the guidelines set forth in the IPS and make recommendations to maintain, remove, or replace investment options.
- Meet with Plan Sponsor on a periodic basis to discuss the reports and the investment recommendations.

2. Non-fiduciary Services include:

- Assist in the education of Plan participants about general investment information and the investment alternatives available to them under the Plan. KCM's assistance in the education of the Plan participants shall be consistent with and within the scope of the Department of Labor's definition of investment education (Department of Labor Interpretive Bulletin 96-1). As such, KCM does not provide fiduciary advice as defined by ERISA to the Plan participants. KCM will not provide investment advice concerning the prudence of any investment option or combination of investment options for a particular participant or beneficiary under the Plan.
- Assist in the group enrollment meetings designed to increase retirement plan participation among the employees and investment and financial understanding by the employees.

KCM may provide these services or, alternatively, may arrange for the Plan's other providers to offer these services, as agreed upon between KCM and Plan Sponsor.

3. KCM has no responsibility to provide services related to the following types of assets ("Excluded Assets"):

- a. Employer securities;
- b. Real estate (except for real estate funds or publicly traded REITs);
- c. Stock brokerage accounts or mutual fund windows;
- d. Participant loans;
- e. Non-publicly traded partnership interests;
- f. Other non-publicly traded securities or property (other than collective trusts and similar vehicles); or
- g. Other hard-to-value or illiquid securities or property.

CLIENT-TAILORED SERVICES AND CLIENT-IMPOSED RESTRICTIONS

The goals and objectives for each Client are documented in our Client files. Investment strategies are created that reflect the stated goals and objectives. Clients may impose restrictions on investing in certain securities or types of securities. These restrictions may, however, prohibit engagement with KCM.

WRAP FEE PROGRAMS

KCM does not participate in a Wrap Fee Program.

AMOUNTS UNDER MANAGEMENT

As of December 31, 2023, the Firm had total assets under management of \$668,671,257. Of that, \$643,216,449 were managed on a discretionary basis, and \$25,454,808 were managed on a non-discretionary basis. In addition to Assets Under Management, the Firm also advised on Retirement Plan assets that totaled \$332,909,550.

Item 5 – Fees and Compensation

FEE SCHEDULE

INVESTMENT MANAGEMENT SERVICES

KCM offers Investment Management Services to advisory Clients. KCM charges an annual investment advisory fee based on the total assets under management as follows:

Market Value of Portfolio	Annual Fee
First \$750,000	1.00%
Next \$750,001-\$1,500,000	0.80%
Next \$1,500,001-\$4,000,000	0.70%
Next \$4,000,001-\$6,500,000	0.60%
Then \$6,500,001 and above	0.50%

This is a blended fee schedule, meaning different asset levels are assessed different fees, as shown above. For example, a client placing \$1,000,000 under KCM's management would pay an annual fee of 1.00% on the first \$750,000 and 0.80% on the remaining \$250,000. Fees are billed quarterly in advance based on the amount of assets managed as of the close of business on the last business day of the previous billing period. If margin is utilized, the fees will be billed based on the net asset value of the account.

KCM, in its sole discretion, may charge a lesser investment advisory fee and/or charge a flat fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, prior fee schedules, competition, negotiations with client, etc.). As a result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

FINANCIAL PLANNING AND CONSULTING SERVICES

KCM Clients receiving Investment Management Services and have a household asset level above \$500,000 may request Financial Planning Services for no additional charge.

KCM may be engaged to provide financial planning and/or consulting services (including investment and non-investment-related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. KCM's planning and consulting fees are negotiable but generally range from \$5,000 to \$10,000 on a fixed fee basis and \$500 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

ADVISORY SERVICES TO BROKERAGE CUSTOMERS

KCM receives an advisory fee based on the Assets Under Management from Brokerage Customers who have provided written consent to a broker-dealer to receive the investment advisory service from [Name

of RIA] and have entered into a written advisory contract with KCM. The advisory fee is calculated in advance based on the value of the Assets Under Management from Brokerage Customers as of the end of the previous quarter. The maximum advisory fee will not exceed 1% annually. This advisory fee is paid by the broker-dealer and is not charged to the client separately.

INSTITUTIONAL RETIREMENT PLAN SERVICES

KCM's Institutional Retirement Plan Services fee shall be based upon a percentage (%) of the market value of the plan assets that the Firm is consulting on but will generally be between 0.10% and 1.00%. KCM, at its sole discretion, may alternatively determine to charge a flat fee for retirement plan consulting services, for which flat fees shall generally range from \$40,000 to \$60,000 on an annual basis.

Fees may be charged quarterly or monthly in arrears or in advance based on the assets as calculated by the custodian or record keeper of the Included Assets (without adjustments for anticipated withdrawals by Plan participants or other anticipated or scheduled transfers or distribution of assets) on the last business day of the previous quarter.

The fee schedule, which includes compensation of KCM for the services, is described in detail in the Institutional Retirement Plan Services Agreement. The Plan is obligated to pay the fees; however, the Plan Sponsor may elect to pay the fees. Clients may elect to be billed directly or have fees deducted from Plan Assets. KCM does not reasonably expect to receive any additional compensation, directly or indirectly, for its services. If additional compensation is received, KCM will disclose this compensation, the services rendered, and the payer of compensation.

PAYMENT OF FEES

KCM will generally debit its advisory fees directly from the client's custodial account. Both KCM's Investment Advisory Agreement and the custodial/clearing agreement authorize the custodian to debit the account for the amount of the Firm's investment advisory fee and to directly remit that management fee to the Firm in compliance with regulatory procedures. In the event that the Firm bills the client directly, payment is due upon receipt of the Firm's invoice. KCM shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.

For all services, Clients may terminate their engagement with KCM within five (5) business days of signing an Agreement with no obligation and without penalty. After the initial five (5) business days, the Agreement may be terminated by either party with written notice to the other party. For accounts opened mid-quarter, fees will be prorated based on the number of days when services are provided during the given quarter. For accounts closed within the first sixty (60) days of a quarter, KCM will refund a pro-rated portion of the fees paid based on the number of days remaining in the billing quarter. For accounts closed within the last thirty (30) days of a quarter, no refund is provided for prepaid fees. In the case of hourly engagements, fees will be prorated based on the work completed at the stated hourly rate. All unpaid earned fees will be due to KCM by the Client at the time of termination. Any increase in fees will be acknowledged in writing by both parties before any increase in fees occurs.

ADDITIONAL FEES

Custodians may charge brokerage commissions, transaction fees, and other related costs on the purchases or sales of mutual funds, equities, bonds, options, margin interest, and exchange-traded funds. Mutual funds, money market funds, and exchange-traded funds may also charge internal management fees, which are disclosed in the fund's prospectus. KCM does not directly receive any compensation from

these fees. All of these fees are in addition to the management fee you pay to KCM. For more details on the brokerage practices, see Item 12 of this brochure.

PREPAYMENT OF FEES

KCM does not expect Clients to prepay fees.

EXTERNAL COMPENSATION FOR THE SALE OF SECURITIES

Neither the Firm nor its representatives accept compensation from the sale of securities or other investment products.

Item 6 – Performance-Based Fees and Side-by-Side Management

Neither the Firm nor any supervised person of the Firm accepts performance-based fees.

Item 7 – Types of Clients

KCM's clients are generally individuals, business entities, trusts, estates, charitable organizations, and retirement plans. KCM also serves a broker-dealer as a client. Client relationships vary in scope and length of service.

KCM generally requires a minimum account size of \$500,000 to enter into an Advisory Agreement. However, KCM retains the discretion to lower or waive the minimum.

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

METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

Investing in securities involves risk of loss that Clients should be prepared to bear. Past performance is not a guarantee of future returns. Security analysis methods may include:

Charting analysis strategy involves using and comparing various charts to predict long and short-term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

Fundamental Analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Technical Analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns, and if these patterns can be identified, then a prediction can be made. The risk is that markets do not always follow patterns, and relying solely on this method may not take into account new patterns that emerge over time.

Cyclical Analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are twofold: 1) the markets do not always repeat cyclical patterns, and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

Quantitative Analysis deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

Modern Portfolio Theory is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various assets.

In developing a financial plan for a Client, KCM's analysis may include cash flow analysis, investment planning, risk management, tax planning, and estate planning. Based on the information gathered, a detailed strategy is tailored to the Client's specific situation.

The main sources of information include financial newspapers and magazines, annual reports, prospectuses, and filings with the SEC.

INVESTMENT STRATEGY

The investment strategy for a specific Client is based on the objectives stated by the Client during consultations. The Client may change these objectives at any time by providing written notice to KCM. Each Client executes a Client profile form or similar form that documents their objectives and their desired investment strategy.

RISKS OF INVESTMENTS AND STRATEGIES UTILIZED

Investing in securities involves risk of loss that Clients should be prepared to bear. KCM's investment approach constantly keeps the risk of loss in mind. Investors may face the following investment risks:

General Investment and Trading Risks. Clients may invest in securities and other financial instruments using strategies and investment techniques with significant risk characteristics. The investment program utilizes such investment techniques as option transactions, margin transactions, short sales, leverage, and derivatives trading, the use of which can, in certain circumstances, maximize the adverse impact to which a Client may be subject.

Interest-rate Risk. Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

Inflation Risk. When any type of inflation is present, a dollar today will buy more than a dollar next year because purchasing power is eroding at the rate of inflation.

Currency Risk. Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

Reinvestment Risk. This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed-income securities.

Liquidity Risk. Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

Management Risk. The advisor's investment approach may fail to produce the intended results. If the advisor's assumptions regarding the performance of a specific asset class or fund are not realized in the expected time frame, the overall performance of the Client's portfolio may suffer.

Cybersecurity Risk. KCM and its service providers may be subject to operational and information security risks resulting from cyberattacks. Cyberattacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information, or various other forms of cybersecurity breaches. Cybersecurity attacks affecting KCM and its service providers may adversely impact Clients. For instance, cyberattacks may interfere with the processing of transactions, cause the release of private information about Clients, impede trading, subject KCM to regulatory fines or financial losses, and cause reputational damage. Similar types of cybersecurity risks are also present for issuers of securities in which Clients may invest in, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions. Cybersecurity incidents that could ultimately cause them to incur losses, including, for example, financial losses, cost and reputational damages, and loss from damage or interruption of systems. Although KCM has established its systems to reduce the risk of these incidents from coming to fruition, there is no guarantee that these efforts will always be successful, especially considering that KCM does not directly control the cybersecurity measures and policies employed by third-party service providers.

Options Trading. The risks involved with trading options are that they are very time-sensitive investments. An options contract generally lasts for a few months. The buyer of an option could lose his or her entire investment even with a correct prediction about the direction and magnitude of a particular price change if the price change does not occur in the relevant time period (i.e. before the option expires). Additionally, options are less tangible than some other investments. An option is a "book-entry" only investment without a paper certificate of ownership.

Trading on Margin. In a cash account, the risk is limited to the amount of money that has been invested. In a margin account, risk includes the amount of money invested plus the amount that has been loaned. As market conditions fluctuate, the value of marginable securities will also fluctuate, causing a change in the overall account balance and debt ratio. As a result, if the value of the securities held in a margin account depreciates, the Client will be required to deposit additional cash or make full payment of the margin loan to bring the account back up to maintenance levels. Clients who cannot comply with such a margin call may be sold out or bought in by the brokerage firm.

Exchange-Traded Funds. ETFs are a type of index fund bought and sold on a securities exchange. The risks of owning an ETF generally reflect the risks of owning the underlying securities they are designed to track, although the lack of liquidity in an ETF could result in it being more volatile, and ETFs have management fees that increase their costs. ETFs are also subject to other risks, including (i) the risk that their prices may not correlate perfectly with changes in the underlying reference units and (ii) the risk of possible trading halts due to market conditions or other reasons that, in the view of the exchange upon which an ETF trades, would make trading in the ETF inadvisable.

Mutual Fund Risks. An investment in mutual funds could lose money over short or even long periods. A mutual fund's share price and total return are expected to fluctuate within a wide range, like the fluctuations of the overall stock market.

Dimensional Fund Advisors. Certain mutual funds, such as those issued by Dimensional Fund Advisors ("DFA"), are generally only available through approved registered investment advisers. KCM is one such

approved investment adviser and may use or recommend DFA mutual funds in providing its advisory services. Upon the termination of KCM's advisory services, the client or the client's new adviser may maintain or sell out of DFA mutual fund positions but may be restricted in the ability to purchase additional DFA mutual fund shares.

Common Stocks and Equity-Related Securities. Certain ETFs or mutual funds hold common stock. Prices of common stock react to the economic condition of the company that issued the security, industry, and market conditions, as well as other factors that may fluctuate widely. Investments related to the value of stocks may rise and fall based on an issuer's actual and anticipated earnings, changes in management, the potential for takeovers and acquisitions, and other economic factors. Similarly, the value of other equity-related securities, including preferred stock, warrants, and options, may also vary widely.

Small- and Mid-Cap Risks. Certain ETFs and mutual funds hold securities of small- and mid-cap issuers. Securities of small-cap issuers may present greater risks than those of large-cap issuers. For example, some small- and mid-cap issuers often have limited product lines, markets, or financial resources. They may be subject to high volatility in revenues, expenses, and earnings. Their securities may be thinly traded, may be followed by fewer investment research analysts, and may be subject to wider price swings, thus creating a greater chance of loss than when investing in securities of larger-cap issuers. The market prices of securities of small- and mid-cap issuers generally are more sensitive to changes in earnings expectations, corporate developments, and market rumors than are the market prices of large-cap issuers.

Futures, Commodities, and Derivative Investments. Certain ETFs and mutual funds hold commodities, commodities contracts, and/or derivative instruments, including futures, options, and swap agreements. The prices of commodities contracts and derivative instruments, including futures and options, are highly volatile. Payments made pursuant to swap agreements may also be highly volatile. Price movements of commodities, futures and options contracts, and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary, and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of futures, options, and swap agreements also depends upon the price of the commodities underlying them. In addition, Client assets are subject to the risk of the failure of any of the exchanges on which its positions trade or of its clearinghouses or counterparties.

Highly Volatile Markets. The prices of financial instruments can be highly volatile. Price movements of forward and other derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary, and exchange control programs and policies of governments, and national and international political and economic events and policies. Clients are also subject to the risk of failure of any of the exchanges on which their positions trade or of its clearinghouses.

Non-U.S. Securities. Certain ETFs and mutual funds hold securities of non-U.S. issuers. Investments in securities of non-U.S. issuers pose a range of potential risks, which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, political or social instability, illiquidity, price volatility, market manipulation. In addition, less information may be available regarding securities of non-U.S. issuers, and non-U.S. issuers may not be subject to accounting, auditing, and financial reporting standards and requirements comparable to or as uniform as those of U.S. issuers.

Emerging Markets. Certain ETFs and mutual funds hold securities of emerging markets issuers. In addition to the risks associated with investments outside of the United States, investments in emerging markets (i.e., the developing countries) may involve additional risks. Emerging markets generally are not

as efficient as those in developed countries. In some cases, a market for the security may not exist locally, and transactions will need to be made on a neighboring exchange. Volume and liquidity levels in emerging markets are lower than in developed countries. When seeking to sell emerging market securities, little or no market may exist for the securities. In addition, issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices, and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices.

Capitalization Risks. Investing in Companies within the same market capitalization category carries the risk that the category may be out of favor due to current market conditions or investor sentiment.

Market Risks. Turbulence in the financial markets and reduced liquidity may negatively affect the Companies, which could have an adverse effect on each of them. If the securities of the Companies experience poor liquidity, investors may be unable to transact at advantageous times or prices, which may decrease the Company's returns. In addition, there is a risk that policy changes by central governments and governmental agencies, including the Federal Reserve or the European Central Bank, which could include increasing interest rates, could cause increased volatility in financial markets, which could have a negative impact on the Companies. Furthermore, local, regional, or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, or other events could have a significant impact on the Companies. For example, the rapid and global spread of a highly contagious novel coronavirus respiratory disease designated COVID-19, resulted in extreme volatility in the financial markets and severe losses; reduced liquidity of many Companies' securities; restrictions on international and, in some cases, local travel; significant disruptions to business operations (including business closures); strained healthcare systems; disruptions to supply chains, consumer demand, and employee availability; and widespread uncertainty regarding the duration and long-term effects of this pandemic. Some sectors of the economy and individual issuers experienced particularly large losses. In addition, the COVID-19 pandemic resulted in increased volatility and/or decreased liquidity in the securities markets. The Companies' values could decline over short periods due to short-term market movements and over longer periods during market downturns.

Inverse and Leveraged Products. KCM may recommend and engage in trading with leveraged and inverse products. These products are aggressive in nature and carry unusual and significant risk. They are not appropriate for inexperienced investors. These products are intended to be used/traded daily. Most leveraged and inverse ETFs reset on a daily basis and have published prospectuses that state (1) they're designed to achieve their stated objective within one day, (2) clients can lose all of their investment potentially in one day, and (3) holding these securities for periods longer than one day could lead to losses even if the underlying index moves in the anticipated direction. Regulatory organizations, such as FINRA & SEC, have released alerts stating that inverse and leveraged ETFs that reset daily typically are not suitable for retail investors who plan to hold them longer than one day. Managers may hold these products in client accounts for periods of time significantly greater than one day. Investors with holding periods longer than a day expose themselves to substantial risk as the holding period returns will deviate from the returns to a leveraged or inverse investment in the index. It is possible for an investor in a leveraged ETF to experience negative returns even when the underlying index has positive returns.

Penny Stock Risks. Generally, Penny Stocks are low-priced shares of small companies that are not traded on an exchange. Penny Stocks typically trade over-the-counter, such as on the OTC Bulletin Board or Pink Sheets. Penny Stocks, unlike listed stocks, are not subject to SEC reporting requirements or the

listing standards of stock exchanges. Because of this, information about the Penny Stock companies can be difficult to find and verify. Penny Stocks also have lower liquidity as they are traded less frequently. This also leads to higher volatility. For these reasons, Penny Stocks are considered to be speculative investments, and Clients who trade in penny stocks should be prepared for the possibility that they may lose their entire investment or an amount in excess of their investment if they purchased Penny Stocks on margin.

Alternative Investments. When appropriate for a Client's objective, risk tolerance, and qualifications, KCM recommends the client participate in private issues, such as single-purpose vehicles, funds of funds, private equity, and hedge funds. These are usually structured as limited partnerships with differing minimum investments, liquidity, fees, and carries.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment with KCM.

Item 9 – Disciplinary Information

KCM and its management have not been involved in any criminal or civil actions, administrative or self-regulatory enforcement proceedings, nor any legal or disciplinary events that are material to a Client's or prospective Client's evaluation of KCM or the integrity of its management.

Item 10 – Other Financial Industry Activities and Affiliations

Neither KCM nor its management persons are registered as a broker-dealer, broker-dealer representative, futures commission merchant, commodity pool operator, or commodity trading advisor.

Insurance Company and Licensed Insurance Agents. Cogent Insurance Solutions is a licensed insurance agency that is partially owned by certain of KCM's associated persons. Also, certain of KCM's representatives, in their individual capacities, are licensed insurance agents, and as referenced above, clients can engage these representatives to purchase insurance products on a commission basis.

The recommendation by the Firm or its representatives that a client purchase an insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received rather than on a particular client's need. No client is under any obligation to purchase any commission products through Cogent Insurance Solutions or from KCM's representatives in their separate capacities as licensed insurance agents. Clients may purchase investment products recommended by KCM through the insurance agencies and agents of their choosing.

ADVISORY SERVICES TO BROKERAGE CUSTOMERS

KCM has an agreement with a broker-dealer to provide investment advisory services to Brokerage Customers. Broker-dealers pay compensation to KCM for providing investment advisory services to Customers. Brokerage Customers will execute a written advisory agreement directly with KCM.

This relationship presents conflicts of interest. Potential conflicts are mitigated by Brokerage Customers consenting to receive investment advisory services from KCM, by KCM not accepting or billing for additional compensation on broker-dealers' Assets Under Management beyond the advisory fees disclosed in Item 5, and by KCM not engaging as or holding itself out to the public as, a securities broker-dealer. KCM is not affiliated with any broker-dealer.

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

CODE OF ETHICS

The affiliated persons (affiliated persons include employees and/or independent contractors) of KCM have committed to a Code of Ethics (“Code”). The purpose of our Code is to set forth standards of conduct expected of KCM-affiliated persons and address conflicts that may arise. The Code defines acceptable behavior for affiliated persons of KCM. The Code reflects KCM and its supervised persons’ responsibility to act in the best interest of their Client.

One area that the Code addresses is when affiliated persons buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our Clients. We do not allow any affiliated persons to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our Clients.

KCM’s policy prohibits any affiliated person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other affiliated person, officer, or director of KCM may recommend any transaction in a security or its derivative to advisory Clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

KCM’s Code is based on the guiding principle that the interests of the Client are our top priority. KCM’s officers, directors, advisors, and other affiliated persons have a fiduciary duty to our Clients and must diligently perform that duty to maintain the complete trust and confidence of our Clients. When a conflict arises, it is our obligation to put the Client’s interests over the interests of either affiliated persons or the company.

The Code applies to “access” persons. “Access” persons are affiliated persons who have access to non-public information regarding any Clients’ purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to Clients, or who have access to such recommendations that are non-public.

KCM will provide a copy of the Code of Ethics to any Client or prospective Client upon request.

RECOMMENDATIONS INVOLVING MATERIAL FINANCIAL INTERESTS

Neither KCM nor its related persons recommend to Clients, or buys or sells for Client accounts, securities in which KCM or a related person has a material financial interest.

ADVISORY FIRM PURCHASE OF SAME SECURITIES RECOMMENDED TO CLIENTS AND CONFLICTS OF INTEREST

KCM and its affiliated persons may invest in the same securities (or related securities, e.g., warrants, options, or futures) that KCM or an affiliated person recommends to Clients. In order to mitigate conflicts of interest, such as frontrunning, KCM’s Chief Compliance Officer, or their designee, will no less than quarterly review firm and/or personal holdings of its affiliated persons. These reviews ensure that the personal trading of affiliated persons does not disadvantage KCM clients.

CLIENT SECURITIES RECOMMENDATIONS OR TRADES AND CONCURRENT ADVISORY FIRM SECURITIES TRANSACTIONS AND CONFLICTS OF INTEREST

KCM and its affiliated persons may recommend securities or buy or sell securities for Clients' accounts at or about the same time that they also buy or sell the same securities in their own account(s). KCM, for instance, will place trades in an account in an attempt to earn better than money market rates. In order to mitigate conflicts of interest, such as frontrunning, KCM's Chief Compliance Officer, or their designee, will no less than quarterly review firm and/or personal holdings of its affiliated persons. These reviews ensure that the personal trading of affiliated persons does not disadvantage KCM clients.

Item 12 – Brokerage Practices

FACTORS USED TO SELECT OR RECOMMENDING BROKER-DEALERS

In the event that the client requests that the Firm recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Firm to use a specific broker-dealer/custodian), KCM generally recommends that investment management accounts be maintained at Fidelity. Prior to engaging KCM to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with KCM setting forth the terms and conditions under which KCM shall manage the client's assets and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Firm considers in recommending Fidelity (or any other broker-dealer/custodian to clients) include historical relationship with the Firm, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by KCM's clients shall comply with the Firm's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Firm determines, in good faith, that the commission/transaction fee is reasonable. 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 broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although KCM will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, KCM's investment management fee. KCM's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

RESEARCH AND OTHER SOFT DOLLAR BENEFITS

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, KCM can receive from Fidelity (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, vendor, unaffiliated product/fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist the Firm to better monitor and service client accounts maintained at such institutions. Included within the support services that can be obtained by the Firm may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events,

marketing support, computer hardware and/or software and/or other products used by KCM in furtherance of its investment advisory business operations.

Certain of the above support services and/or products assist the Firm in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Firm to manage and further develop its business enterprise.

KCM's clients do not pay more for investment transactions effected and/or assets maintained at Fidelity as a result of this arrangement. There is no corresponding commitment made by the Firm to Fidelity or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as a result of the above arrangement.

BROKERAGE FOR CLIENT REFERRALS

KCM does not receive Client referrals from any custodian or third party in exchange for using that broker-dealer or third party.

DIRECTED BROKERAGE

KCM does not allow Client-directed brokerage.

AGGREGATING TRADING FOR MULTIPLE CLIENT ACCOUNTS

When a Client authorizes discretionary management, KCM is authorized in its discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and transactions in the same securities for other Clients of KCM. All Clients participating in the aggregated order shall receive an average share price with all other transactions. If aggregation is not allowed or infeasible and individual transactions occur (e.g., withdrawal or liquidation requests, odd-late trades, etc.), an account may potentially be assessed higher costs or less favorable prices than those where aggregation has occurred. KCM will always attempt to aggregate orders whenever it has the opportunity to do so.

Item 13 – Review of Accounts

FREQUENCY AND NATURE OF PERIODIC REVIEWS AND WHO MAKES THOSE REVIEWS

Account reviews are performed at least annually by the CEO & President of KCM, Ken Watten. Account reviews are performed more frequently when market conditions dictate. Reviews of Client accounts include but are not limited to a review of Client documented risk tolerance, adherence to account objectives, investment time horizon, and suitability criteria, reviewing target allocations of each asset class to identify if there is an opportunity for rebalancing, and reviewing accounts for tax loss harvesting opportunities.

FACTORS THAT WILL TRIGGER A NON-PERIODIC REVIEW OF CLIENT ACCOUNTS

Other conditions that may trigger a review of Clients' accounts are changes in tax laws, market corrections, new investment information, changes in a Client's investment objectives and/or financial situation, and client requests.

CONTENT AND FREQUENCY OF REGULAR REPORTS

Clients receive written account statements no less than quarterly for managed accounts. Account statements are issued by the Client's account custodian. The client receives confirmations of each transaction in the account from the Custodian and an additional statement during any month in which a transaction occurs. KCM may also send periodic or other event-inspired reports based on market or

portfolio activity, summarizing account activity and performance. Reports will generally be provided in electronic format.

Item 14 – Client Referrals and Other Compensation

ECONOMIC BENEFITS FROM OTHERS

KCM does not receive any economic benefits from external sources.

COMPENSATION TO NON-ADVISORY PERSONNEL FOR CLIENT REFERRALS

KCM does not compensate, directly or indirectly, any person other than its representatives for client referrals.

Item 15 – Custody

All assets are held at qualified custodians, which means the custodians provide account statements directly to Clients at least quarterly. Clients are urged to compare the account statements received directly from their custodians to any documentation or reports prepared by KCM.

KCM is deemed to have limited custody solely because advisory fees are directly deducted from Client's accounts by the custodian on behalf of KCM. KCM will obtain written authorization from Client to allow for such deductions.

KCM is not affiliated with the custodian. The custodian does not supervise KCM, its employees, or its activities.

Item 16 – Investment Discretion

The client can determine to engage the Firm to provide investment advisory services on a discretionary basis. Prior to the Firm assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming the Firm as the client's attorney and agent, in fact, granting the Firm full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Firm on a discretionary basis may, at any time, impose restrictions, in writing, on the Firm's discretionary authority. (i.e., limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Firm's use of margin, etc.).

Item 17 – Voting Client Securities

KCM does not vote client proxies. Clients maintain exclusive responsibility for (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings, or other type events pertaining to the petition.

Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Firm to discuss any questions they may have with a particular solicitation.

Item 18 – Financial Information

KCM does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance. KCM has no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.