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This brochure provides information about the qualifications and business practices of Kades & Cheifetz, LLC (Kades & Cheifetz). If you have any questions about the contents of this brochure, please contact Stephen Cheifetz at 610-679-9256. 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. Our registration does not imply a certain level of skill or training.

Additional information about Kades & Cheifetz is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Kades & Cheifetz is 285068.

## Item 2: Material Changes

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There are no material changes since the Annual Amendment filing on February 9, 2023.

## Item 3: Table of Contents

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## Item 4: Advisory Business

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Kades & Cheifetz is registered as an Investment Adviser with the Securities and Exchange Commission. We were founded in August of 2016. Howard Kades and Stephen Cheifetz are the principal owners of Kades & Cheifetz.

### Types of Advisory Services

#### Investment Management Services

Investment management services will generally be provided on a “discretionary” basis. Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's asset allocation target, and create and manage a portfolio based on that allocation target. During our data-gathering process, we ascertain the client's individual objectives, time horizons, risk tolerance, liquidity needs, and reasonable restrictions, if any.

Before engaging Kades & Cheifetz to provide investment advisory services, clients are generally required to enter into an *Investment Advisory Agreement* with Kades & Cheifetz setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client. To commence the investment advisory process, Kades & Cheifetz will ascertain each client's investment objective(s) and then allocate the client's assets consistent with the client's designated investment objective(s). Once allocated, Kades & Cheifetz provides ongoing supervision of the account(s).

#### Financial Planning

**Financial Planning and Non-Investment Consulting Services.** To the extent requested, Kades & Cheifetz will generally provide financial planning and consulting services regarding non-investment related matters, such as tax and estate planning, insurance, college planning, etc., inclusive of its advisory fee set forth at Item 5 below (exceptions may occur based upon assets under management, special projects, or a stand-alone financial planning engagement when asset management services are not desired by the client-**see** Item 5 below). **Please Note:** Kades & Cheifetz **does not** serve as an attorney, accountant, or insurance agent, and no portion of our services should be construed as legal, accounting, or insurance services. Accordingly, Kades & Cheifetz **does not** prepare estate-planning documents, tax returns, or sell insurance products. To the extent requested by a client, we may recommend the services of other professionals for non-investment implementation purpose (i.e. attorneys, accountants, insurance, etc.) The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Kades & Cheifetz and/or its representatives. **Please Also Note:** If the client engages any professional (i.e. attorney, accountant, insurance agent, etc.), recommended or otherwise, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively

from the engaged professional. At all times, the engaged licensed professional(s) (i.e. attorney, accountant, insurance agent, etc.), and not Kades & Cheifetz, shall be responsible for the quality and competency of the services provided.

## MISCELLANEOUS

**Please Note: Retirement Rollovers-Potential for Conflict of Interest:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Kades & Cheifetz recommends that a client roll over their retirement plan assets into an account to be managed by Kades & Cheifetz, such a recommendation creates a conflict of interest if Kades & Cheifetz will earn a new (or increase its current) advisory fee as a result of the rollover. If Kades & Cheifetz provides a recommendation as to whether a client should engage in a rollover or not (whether it is from an employer's plan or an existing IRA), Kades & Cheifetz is acting as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. No client is under any obligation to roll over retirement plan assets to an account managed by Kades & Cheifetz, whether it is from an employer's plan or an existing IRA. **Kades & Cheifetz's Chief Compliance Officer, Stephen Cheifetz, remains available to address any questions that a client or prospective client may have regarding the conflict of interest presented by such a rollover recommendation.**

**Cybersecurity Risk.** The information technology systems and networks that Kades & Cheifetz and its third-party service providers use to provide services to Kades and Cheifetz's clients employ various controls, which are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in the firm's operations and result in the unauthorized acquisition or use of clients' confidential or non-public personal information. Clients and Kades & Cheifetz are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost and reputational damage to respond to regulatory obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although Kades & Cheifetz has established its systems to reduce the risk of cybersecurity incidents from coming to fruition, there is no guarantee that these efforts will always be successful, especially considering that Kades & Cheifetz does not directly control the cybersecurity measures and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions.

**Please Note-Use of Mutual and Exchange Traded Funds:** Most mutual funds and exchange traded funds are available directly to the public. Thus, a prospective client can obtain many of the funds that may be utilized by Kades & Cheifetz independent of engaging Kades & Cheifetz as an investment advisor. However, if a prospective client determines to do so, he/she will not receive Kades & Cheifetz's initial and ongoing investment advisory services. Other mutual funds, such as those issued by Dimensional Fund Advisors ("DFA"), are generally only available through selected registered investment advisers. Kades & Cheifetz maintains certain legacy positions in DFA funds

and may add to such positions in the future. However, Kades & Cheifetz will not establish new positions for clients in DFA funds. Upon the termination of Kades & Cheifetz's services to a client, restrictions regarding transferability and/or additional purchases of, or reallocation among DFA funds will apply. **Please Note:** In addition to Kades & Cheifetz's investment advisory fee described below, and transaction and/or custodial fees discussed below, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). **ANY QUESTIONS: Kades & Cheifetz's Chief Compliance Officer, Stephen Cheifetz, remains available to address any questions that a client or prospective client may have regarding the above.**

**Custodian Charges-Additional Fees:** As discussed below at Item 12 below, when requested to recommend a broker-dealer/custodian for client accounts, Kades & Cheifetz generally recommends that Schwab serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Charles Schwab & Co, ("Schwab") charge transaction fees for effecting certain securities transactions (i.e., including transaction fees for certain mutual funds, and mark-ups and mark-downs charged for fixed income transactions, etc.). The types of securities for which transaction fees, commissions, and/or other type fees (as well as the amount of those fees) shall differ depending upon the broker-dealer/custodian. While certain custodians, including Schwab, generally (with the potential exception for large orders) do not currently charge fees on individual equity transactions (including ETFs), others do. **Please Note:** there can be no assurance that Schwab will not change their transaction fee pricing in the future. **Please Also Note:** Schwab may also assess fees to clients who elect to receive trade confirmations and account statements by regular mail rather than electronically. In addition to Kades & Cheifetz's investment advisory fee referenced in Item 5 below, the client will also incur transaction fees to purchase certain securities for the client's account. **ANY QUESTIONS: Kades & Cheifetz's Chief Compliance Officer, Stephen Cheifetz, remains available to address any questions that a client or prospective client may have regarding the above.**

**Please Note: Socially Responsible Investing Limitations.** **Socially Responsible Investing** involves the incorporation of **Environmental, Social and Governance** considerations into the investment due diligence process ("ESG"). There are potential limitations associated with allocating a portion of an investment portfolio in ESG securities (i.e., securities that have a mandate to avoid, when possible, investments in such products as alcohol, tobacco, firearms, oil drilling, gambling, etc.). The number of these securities may be limited when compared to those that do not maintain such a mandate. ESG securities could underperform broad market indices. Investors must accept these limitations, including potential for underperformance. Correspondingly, the number of ESG mutual funds and exchange traded funds are few when compared to those that do not maintain such a mandate. As with any type of investment (including any investment and/or investment strategies recommended and/or undertaken by Kades & Cheifetz), there can be no assurance that investment in ESG securities or funds will be profitable, or prove successful. Kades & Cheifetz does not generally recommend ESG portfolios to clients, however, the Firm may provide general guidance and advice on ESG considerations upon client request.

**Cryptocurrency:** For clients who want exposure to cryptocurrencies, including Bitcoin, Kades & Cheifetz, will advise the client to consider a potential investment in corresponding exchange traded securities, or an allocation to separate account managers and/or private funds that provide cryptocurrency exposure. Crypto is a digital currency that can be used to buy goods and services, but uses an online ledger with strong cryptography (i.e., a method of protecting information and communications through the use of codes) to secure online transactions. Unlike conventional currencies issued by a monetary authority, cryptocurrencies are generally not controlled or regulated and their price is determined by the supply and demand of their market. Because cryptocurrency is currently considered to be a speculative investment, Kades & Cheifetz will not exercise discretionary authority to purchase a cryptocurrency investment for client accounts. Rather, a client must expressly authorize the purchase of the cryptocurrency investment. **Please Note:** Kades & Cheifetz **does not** recommend or advocate the purchase of, or investment in, cryptocurrencies. Kades & Cheifetz considers such an investment to be **speculative**. **Please Also Note:** Clients who authorize the purchase of a cryptocurrency investment must be prepared for the potential for **liquidity constraints, extreme price volatility and complete loss of principal**.

**Portfolio Activity.** Kades & Cheifetz has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Kades & Cheifetz will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when Kades & Cheifetz determines that changes to a client's portfolio are neither necessary nor prudent. Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity. Of course, as indicated below, there can be no assurance that investment decisions made by Kades & Cheifetz will be profitable or equal any specific performance level(s).

**Client Retirement Plan Assets.** If requested to do so, Kades & Cheifetz shall provide investment advisory services relative to the client's 401(k) plan assets (including accounts maintained with TIAA-CREF). In such event, Kades & Cheifetz shall recommend that the client allocate the retirement account assets among the investment options available on the 401(k) platform. Kades & Cheifetz shall be limited to making recommendations regarding the allocation of the assets among the investment alternatives available through the plan. Kades & Cheifetz will not receive any communications from the plan sponsor or custodian, and it shall remain the client's exclusive obligation to notify Kades & Cheifetz of any changes in investment alternatives, restrictions, etc. pertaining to the retirement account. Unless expressly indicated by Kades & Cheifetz to the contrary, in writing, the client's 401(k) plan assets shall be included as assets under management for purposes of Kades & Cheifetz calculating its advisory fee.

**Client Obligations.** In performing our services, Kades & Cheifetz shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, it remains each client's responsibility to promptly notify Kades & Cheifetz if there is ever any change in his/her/its financial

situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

**Disclosure Statement.** A copy of Kades & Cheifetz's written disclosure statement as set forth on Part 2 of Form ADV, along with the firm's Form CRS (Relationship Summary), shall be provided to each client before, or contemporaneously with, the execution of the Investment Management Agreement or Financial Planning and Consulting Agreement.

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Kades & Cheifetz) will be profitable or equal any specific performance level(s).

### Assets under Management

As of the December 31, 2023, Kades & Cheifetz has \$407,217,044 in discretionary assets under management across 875 accounts.

## Item 5: Fees and Compensation

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All investment management clients will be required to execute an Investment Management Agreement that will describe the type of management services to be provided and the fees, among other items.

### Fees Charged

#### Investment Management Services

Our standard advisory fee is based on the market value of the assets under management and is calculated as follows:

Account Value	Annual Advisory Fee
First \$500,000	1.00%
Next \$500,000	0.80%
Next \$2,500,000	0.60%
Next \$2,500,000	0.40%
Above \$6,000,000	0.25%

Fees are payable quarterly in arrears, based upon the market value of the assets on the last day of the previous quarter (if a client engages Kades & Cheifetz subsequent to the start of a calendar quarter, the fee will be based upon the number of days that during the quarter that asset management services were provided). The fee schedule is tiered, with accounts larger than \$500,000 having a blended fee rate. For example, an account worth \$1,500,000 would have a blended rate of 0.80%, with the first \$500,000 billed at



1.00%, the next \$500,000 being billed at 0.80%, and the last \$500,000 being billed at 0.60%. Fees are generally deducted from the client's custodial account-**see** disclosure at Item 15 below. Fees are generally negotiable and are subject to a \$1250 quarterly minimum fee-**see** disclosure at Item 7 below.

Kades & Cheifetz, 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.). **Please Note:** As 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. **ANY QUESTIONS:** Kades & Cheifetz's Chief Compliance Officer, Stephen Cheifetz, remains available to address any questions that a client or prospective client may have regarding advisory fees.

## **Financial Planning**

Financial planning services are included with asset management.

## **Fee Payment**

Clients may elect to have the Kades & Cheifetz's advisory fees deducted from their custodial account. Both Kades & Cheifetz's Investment Advisory Agreement and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of the Kades & Cheifetz's investment advisory fee and to directly remit that management fee to Kades & Cheifetz in compliance with regulatory procedures. In the limited event that Kades & Cheifetz bills the client directly, payment is due upon receipt of the Kades & Cheifetz's invoice. Kades & Cheifetz shall deduct fees and/or bill clients quarterly in arrears, based upon the market value of the assets on the last business day of the previous quarter.

As discussed below, unless the client directs otherwise or an individual client's circumstances require, Kades & Cheifetz shall generally recommend that Schwab serve as the broker-dealer/custodian for client investment advisory assets. Broker-dealers such as Schwab charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain mutual funds transactions). In addition to Kades & Cheifetz's investment advisory fee, brokerage commissions and/or transaction fees, clients will incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

The Investment Advisory Agreement between Kades & Cheifetz and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement. If a client engages Kades & Cheifetz subsequent to the start of a calendar quarter, or terminates their engagement during the middle of a calendar quarter, the fee attributable to that quarter will be prorated based upon the number of days that during the quarter that asset management services were provided. Kades & Cheifetz will also adjust its advisory fee for additions to, or withdrawals

from, accounts on a pro-rata basis, depending upon the number of days in the quarter invested at each amount.

### Compensation for the Sale of Securities

Neither Kades & Cheifetz nor its supervised persons accept any commission-based compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

## Item 6: Performance-Based Fees and Side-By-Side Management

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We do not offer performance-based fees.

## Item 7: Types of Clients

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We provide financial planning and portfolio management services primarily to individuals, high-net worth individuals, and families, as well as related trusts and estates. We do not have a minimum account size requirement.

As discussed in Item 5 above, Kades & Cheifetz, in its sole discretion, may waive or modify its minimum quarterly fee, charge a lesser investment advisory fee and/or a 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, competition, negotiations with client, etc.). **Please Note:** As 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. **Please Also Note:** If a client is subject to the \$1250 minimum quarterly fee referenced at Item 5 above, and maintains assets under management with Kades & Cheifetz of less than \$500,000, the client will pay a higher percentage quarterly fee than the percentage fee referenced in the fee schedule at Item 5 above. **ANY QUESTIONS:** Kades & Cheifetz's Chief Compliance Officer, Stephen Cheifetz, remains available to address any questions that a client or prospective client may have regarding advisory fees.

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

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Our primary method of investment analysis is fundamental analysis.

**Fundamental analysis** involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line,

the experience, and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

## Our Process

Each client's portfolio will be invested according to that client's investment objectives. We determine these objectives by interviewing the client and/or asking the client to put these objectives in writing. Once we ascertain your objectives for each account, we will develop a set of asset allocation guidelines. An asset allocation strategy is a percentage-based allocation to different investment types. For example, a client may have an asset allocation strategy that calls for 40-60% of the portfolio to be invested in equity securities, with 20% of that allocated to international equities and the remaining balance in fixed income. Another client may have an asset allocation of 50-60% in fixed income securities and the remainder equities. The percentages in each type that we recommend are based on the typical behavior of that security type, individual securities we follow, current market conditions, your current financial situation, your financial goals, and the timeline to get you to those goals. Because we develop an investment strategy based on your personal situation and financial goals, your asset allocation guidelines may be similar to or different from another client's.

Additionally, part of the Kades & Cheifetz process includes, where appropriate, involving multiple generations in order to facilitate family financial planning. This can increase the financial education of the later generations and manage expectations. However, potential for conflicts of interest exist with the exchange of intergenerational information. We attempt to minimize these conflicts by treating each household as its own fiduciary relationship. Information can only be shared across generations with each household's consent.

## Material Risks Involved

There are always risks to investing. **Clients should be aware that all investments carry various types of risk including the potential loss of principal that clients should be prepared to bear.** It is impossible to name all possible types of risks. However, our method of investing in equities, mutual funds and fixed income securities brings with it some specific risks worthy of note:

- **Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason, and may take some time to

recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.

- **Currency Risk.** When investing in another country using another currency, the changes in the value of the currency can change the value of your security value in your portfolio.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- **Tax Risks Related to Short Term Trading:** Clients should note that Kades & Cheifetz may engage in short-term trading transactions. These transactions may result in short term gains or losses for federal and state tax purposes, which may be taxed at a higher rate than long term strategies. Kades & Cheifetz endeavors to invest client assets in a tax efficient manner, but all clients are advised to consult with their tax professionals regarding the transactions in client accounts.
- **Purchasing Power Risk.** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- **Business Risk.** This can be thought of as certainty or uncertainty of income. Management comes under business risk. Cyclical companies (like automobile companies) have more business risk because of the less steady income stream. On the other hand, fast food chains tend to have steadier income streams and therefore, less business risk.
- **Financial Risk.** The amount of debt or leverage determines the financial risk of a company.
- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.
- **Short Sales.** "Short sales" are a way to implement a trade in a security Kades & Cheifetz feels is overvalued. In a "long" trade, the investor is hoping the security increases in price. Thus in a long trade, the amount of the investor's loss (without margin) is the amount paid for the security. In a short sale, the investor is hoping the security decreases in price. However, unlike a long trade where the price of the security can only go from the purchase price to zero, in a short sale, the price of the security can go infinitely upwards. Thus in a short sale, the potential for loss is unlimited and unknown, where the potential for loss in a long trade is limited and knowable. Kades & Cheifetz utilizes short sales only when the client's risk tolerances permit.
- **Information Risk.** All investment professionals rely on research in order to make conclusions about investment options. This research is always a mix of both internal (proprietary) and external (provided by third parties) data and analyses. Even an adviser who says they rely solely on proprietary research must still collect data from third parties. This data, or outside research is chosen for its perceived reliability, but there is no guarantee that the data or research will be completely accurate. Failure in data accuracy or research will translate to a compromised ability by the adviser to reach satisfactory investment conclusions.
- **Small Companies.** Some investment opportunities in the marketplace involve smaller issuers. These companies may be starting up, or are historically small. While these

companies sometimes have potential for outsized returns, they also have the potential for losses because the reasons the company is small are also risks to the company's future. For example, a company's management may lack experience, or the company's capital for growth may be restricted. These small companies also tend to trade less frequently than larger companies, which can add to the risks associated with their securities because the ability to sell them at an appropriate price may be limited as compared to the markets as a whole. Not only do these companies have investment risk, if a client is invested in such small companies and requests immediate or short-term liquidity, these securities may require a significant discount to value in order to be sold in a shorter time frame.

- **Concentration Risk.** While Kades & Cheifetz selects individual securities, including mutual funds, for client portfolios based on an individualized assessment of each security, this evaluation comes without an overlay of general economic or sector specific issue analysis. This means that a client's equity portfolio may be concentrated in a specific sector, geography, or sub-sector (among other types of potential concentrations), so that if an unexpected event occurs that affects that specific sector or geography, for example, the client's equity portfolio may be affected negatively, including significant losses.
- **Transition risk.** As assets are transitioned from a client's prior advisers to Kades & Cheifetz there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Accordingly, these investments will need to be sold in order to reposition the portfolio into the asset allocation strategy selected by Kades & Cheifetz. However, this transition process may take some time to accomplish. Some investments may not be unwound for a lengthy period of time for a variety of reasons that may include unwarranted low share prices, restrictions on trading, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities or investments that are never able to be sold. The inability to transition a client's holdings into recommendations of Kades & Cheifetz may adversely affect the client's account values, as Kades & Cheifetz's recommendations may not be able to be fully implemented.
- **Restriction Risk.** Clients may at all times place reasonable restrictions on the management of their accounts. However, placing these restrictions may make managing the accounts more difficult, thus lowering the potential for returns.
- **Risks Related to Investment Term & Liquidity.** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not an accurate measure of its value. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value. Further, some investments are made with the intention of the investment appreciating over an extended period of time. Liquidating these investments prior to their intended time horizon may result in losses.
- **A special note related to the calculation of tax basis.** If a client is unable to provide information on cost basis for tax purposes for each investment at the onset of the client relationship, Kades & Cheifetz will be unable to provide accurate cost basis information in the future. To the extent any cost basis calculation is ever performed for a client, such client should be aware that without accurate information, any cost basis estimates prepared by Single Point will be based on the information available combined with certain assumptions as well as mathematical computation. Therefore, if the cost basis is

not accurate at the onset of the relationship, there is no guarantee that Kades & Cheifetz calculations will be correct, and materially adverse tax circumstances may result.

### **Options Strategies.**

Kades & Cheifetz may engage in options transactions for the purpose of hedging risk and/or generating portfolio income. The use of options transactions as an investment strategy can involve a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security, depending upon the nature of the option contract. Generally, the purchase or sale of an option contract shall be with the intent of "hedging" a potential market risk in a client's portfolio and/or generating income for a client's portfolio. Please Note: Certain options-related strategies (i.e. straddles, short positions, etc.), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct Kades & Cheifetz, in writing, not to employ any or all such strategies for his/her/their/its accounts. Please Also Note: There can be no guarantee that an options strategy will achieve its objective or prove successful. No client is under any obligation to enter into any option transactions. However, if the client does so, he/she must be prepared to accept the potential for unintended or undesired consequences (i.e., losing ownership of the security, incurring capital gains taxes).

**Covered Call Writing.** Covered call writing is the sale of in-, at-, or out-of-the-money call options against a long security position held in a client portfolio. This type of transaction is intended to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position before its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. There can be no assurance that the security will not be called away by the option buyer, which will result in the client (option writer) to lose ownership in the security and incur potential unintended tax consequences. Covered call strategies are generally suited for positions with little price volatility.

### **Long Put Option Purchases.**

Long put option purchases allow the option holder to sell or "put" the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long put option can increase in value depending upon the strike price and expiration. Long puts are often used to hedge a long stock position to protect against downside risk. The security/portfolio could still experience losses depending on the quantity of the puts bought, strike price and expiration. In the event that the security is put to the option holder, it will result in the client (option seller) to lose ownership in the security and to incur potential unintended tax consequences. Options are wasting assets and expire (usually within months of issuance).

**Inverse and Leverage Funds.** Kades & Cheifetz generally does not utilize inverse or enhanced exposure mutual funds and/or exchange traded funds in the management of client accounts. Such funds are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index); or (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index). However, clients of Kades & Cheifetz may retain the ability to trade in such products on their own, outside of the supervision and management of Kades & Cheifetz. There can be no assurance that any such inverse or enhanced exposure fund, or any investment strategy using such funds, will be profitable or successful. Clients who engage in trading inverse or enhanced exposure funds must be willing to accept the heightened risks associated with such products.

## Item 9: Disciplinary Information

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There are no disciplinary items to report.

## Item 10: Other Financial Industry Activities and Affiliations

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### A. Broker-dealer

Neither the principal of Kades & Cheifetz, nor any related persons are registered, or have an application pending to register, as a broker dealer or as an associated person of the foregoing entities.

### B. Futures Commission Merchant/Commodity Trading Advisor

Neither the principal of Kades & Cheifetz, nor any related persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

### C. Relationship with Related Persons

Kades & Cheifetz has no other relationship or arrangement with a related person that is material to its advisory business.

### D. Recommendations of Other Advisers

Kades & Cheifetz does not recommend or select Independent Manager(s) to manage client assets.

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

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- A. A copy of our Code of Ethics is available upon request. Our Code of Ethics includes discussions of our fiduciary duty to clients, political contributions, gifts, entertainment, and trading guidelines. We maintain an investment policy relative to personal securities transactions. This investment policy is part of our overall Code of Ethics, which serves to establish a standard of business conduct for all of our representatives that is based upon fundamental principles of openness, integrity, honesty and trust. In accordance with Section 204A of the Investment Advisers Act of 1940, we also maintain and enforce written policies reasonably designed to prevent the misuse of material non-public information by our firm.
- B. Not applicable. Kades & Cheifetz does not recommend to clients that they invest in any security in which Kades & Cheifetz or any principal thereof has any financial interest.
- C. On occasion, an employee of Kades & Cheifetz may purchase for his or her own account securities which are also recommended for clients. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must be reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Kades and Cheifetz's securities transaction policy requires that an Access Person must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date selected by the firm. Employee statements are reviewed to confirm compliance with the trading procedures.
- D. On occasion, an employee of Kades & Cheifetz may purchase for his or her own account securities which are also recommended for clients at the same time the clients purchase the securities. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must be reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.



## Item 12: Brokerage Practices

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### Brokerage Practices

In the event that the client requests that Kades & Cheifetz recommend a broker-dealer/custodian for execution and/or custodial services, Kades & Cheifetz generally recommends that investment advisory accounts be maintained at Charles Schwab ("Schwab"). Prior to engaging Kades & Cheifetz to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with Kades & Cheifetz setting forth the terms and conditions under which Kades & Cheifetz shall advise on the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Kades & Cheifetz considers in recommending Schwab (or any other broker-dealer/custodian to clients) include historical relationship with Kades & Cheifetz, financial strength, reputation, execution capabilities, pricing, research, and service. Although the transaction fees paid by Kades & Cheifetz's clients shall comply with Kades & Cheifetz's duty to obtain best execution, a client may pay a transaction fee (to the extent that such a transaction fee or commission is payable) that is higher than another qualified broker-dealer might charge to effect the same transaction where Kades & Cheifetz determines, in good faith, that the 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, transaction rates, and responsiveness. Accordingly, although Kades & Cheifetz will seek competitive rates, it may not necessarily obtain the lowest possible rates for client account transactions. Transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Kades & Cheifetz's investment advisory fee.

**Research and Benefits:** Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Kades & Cheifetz can receive from Schwab (or another broker-dealer/custodian, investment manager, platform sponsor, mutual fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist Kades & Cheifetz to better monitor and service client accounts maintained at such institutions. Included within the support services that can be obtained by Kades & Cheifetz can 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-including client events, computer hardware and/or software and/or other products used by Kades & Cheifetz in furtherance of its investment advisory business operations.

Kades & Cheifetz's clients do not pay more for investment transactions effected and/or assets maintained at Schwab as a result of this arrangement. There is no corresponding commitment made by Kades & Cheifetz to Schwab, or any other any entity, to invest any

specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

Kades & Cheifetz does not have any formal soft dollar arrangements.

**ANY QUESTIONS: Kades & Cheifetz's Chief Compliance Officer, Stephen Cheifetz, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflict of interest presented by such arrangements.**

**Brokerage for Client Referrals.** Kades & Cheifetz does not receive referrals from broker-dealers.

**Directed Brokerage.** Kades & Cheifetz recommends that its clients utilize the brokerage and custodial services provided by Schwab. Kades & Cheifetz generally does not accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Kades & Cheifetz will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Kades & Cheifetz. As a result, a client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs Kades & Cheifetz to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Kades & Cheifetz. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

**Order Aggregation.** Transactions for each client account will generally be effected independently, unless Kades & Cheifetz decides to purchase or sell the same securities for several clients at approximately the same time. Kades & Cheifetz may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Firm's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Kades & Cheifetz shall not receive any additional compensation or remuneration as a result of such aggregation.

## Item 13: Review of Accounts

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Kades & Cheifetz shall provide reviews of all client accounts on an ongoing periodic basis. As a practical matter, Kades & Cheifetz does provide ongoing periodic reviews of client accounts. The review is ongoing. There are no differing levels of review. There are no independent factors that initiate reviews. All reviews are handled by either Howard Kades or Stephen Cheifetz.

Kades & Cheifetz sends Client Account Summaries to clients on a quarterly basis.

## Item 14: Client Referrals and Other Compensation

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As indicated at Item 12 above, Kades & Cheifetz can receive from Schwab (and others) without cost (and/or at a discount), support services and/or products. Kades & Cheifetz's clients do not pay more for investment transactions effected and/or assets maintained at Schwab (or any other institution) as result of this arrangement. There is no corresponding commitment made by Kades & Cheifetz to Schwab, or to 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 arrangements. **ANY QUESTIONS: Kades & Cheifetz's Chief Compliance Officer, Stephen Cheifetz, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflict of interest presented by such arrangements.**

Kades & Cheifetz does not compensate unaffiliated individuals or entities for prospective client introductions.

## Item 15: Custody

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Kades & Cheifetz shall have the ability to deduct its advisory fee from the client's custodial account on a quarterly basis. Clients are provided with written transaction confirmation notices, and a written summary account statement directly from the custodian (i.e., Schwab, etc.) at least quarterly. **Please Note:** To the extent that Kades & Cheifetz provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Kades & Cheifetz with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of Kades & Cheifetz's advisory fee calculation.

In addition, certain clients have established asset transfer authorizations that permit the qualified custodian to rely upon instructions from Kades & Cheifetz to transfer client funds or securities to third parties. These arrangements are disclosed at Item 9 of Part 1 of Form ADV. However, in accordance with the guidance provided in the SEC's February 21, 2017 *Investment Adviser Association* No-Action Letter, the affected accounts are not subject

to an annual surprise CPA examination. **ANY QUESTIONS: Kades & Cheifetz's Chief Compliance Officer, Stephen Cheifetz, remains available to address any questions that a client or prospective client may have regarding custody-related issues.**

## Item 16: Investment Discretion

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For those client accounts where we provide discretionary investment management services, we maintain discretion over client accounts with respect to securities to be bought and sold and the amount of securities to be bought and sold. Investment discretion is explained to clients in detail when an advisory relationship has commenced. At the start of the advisory relationship, the client will execute a Limited Power of Attorney, which will grant our firm discretion over the account. Additionally, the discretionary relationship will be outlined in the advisory contract and signed by the client. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

## Item 17: Voting Client Securities

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We do not vote Client proxies. Therefore, Clients maintain exclusive responsibility for: (1) voting proxies, and (2) acting on corporate actions pertaining to the Client's investment assets. The Client shall instruct the Client's qualified custodian to forward to the Client copies of all proxies and shareholder communications relating to the Client's investment assets. If the client would like our opinion on a particular proxy vote, they may contact us at the number listed on the cover of this brochure.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward you any electronic solicitation to vote proxies.

## Item 18: Financial Information

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Registered Investment Advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding.

We do not have custody of client funds or securities or require or solicit prepayment of more than \$1,200.00 in fees per client six months in advance.

**ANY QUESTIONS:** Kades & Cheifetz's Chief Compliance Officer, Stephen Cheifetz, remains available to address any questions regarding this Part 2A.