

Item 1 Part 2A of Form ADV: Firm Disclosure Brochure

Kelsey Financial, LLC

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This brochure provides information about the qualifications and business practices of Kelsey Financial, LLC ("Kelsey Financial"). If you have any questions about the contents of this brochure, please contact us at (833) 4 KELSEY or info@kelseyfinancial.net. 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. Registration (e.g., "registered investment advisor") does not imply a certain level of skill or training.

Additional information about Kelsey Financial also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 314950. Our firm's SEC number is 801-129004.

Item 2 Material Changes

Pursuant to SEC rules, Kelsey Financial, LLC will ensure that clients receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after the Firm's fiscal year end, December 31. This means that if there were any material changes over the past year, clients will receive a summary of those changes no later than April 30. At that time, Kelsey Financial, LLC will also offer a copy of its most current disclosure brochure and may also provide other ongoing disclosure information about material changes as necessary. If there are no material changes over the past year, no notices will be sent.

Clients and prospective clients can always receive the most current disclosure brochure for Kelsey Financial, LLC at any time by contacting their investment advisor representative.

This ADV Brochure represents a registration request with the Securities and Exchange Commission (SEC) and may be significantly different than brochures filed with the firm was registered with the state of California.

Should you desire to review a previously filed Brochure with the state of California please contact us at (833) 4 KELSEY or info@kelseyfinancial.net

Item 3 Table of Contents

Item 1 Part 2A of Form ADV: Firm Disclosure Brochure.....	
Item 2 Material Changes	
Item 3 Table of Contents	
Item 4 Advisory Business	
Item 5 Fees and Compensation	
Item 6 Performance-Based Fees and Side-By-Side Management.....	
Item 7 Types of Clients and Account Requirements.....	
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss	
Item 9 Disciplinary Information.....	
Item 10 Other Financial Industry Activities and Affiliations	
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	
Item 12 Brokerage Practices.....	
Item 13 Review of Accounts.....	
Item 14 Client Referrals and Other Compensation	
Item 15 Custody	
Item 16 Investment Discretion.....	
Item 17 Voting Client Securities	
Item 18 Financial Information.....	

Item 4 Advisory Business

Kelsey Financial, LLC ("Kelsey Financial") is a SEC-registered investment adviser with its principal place of business located in Moorpark CA. Kelsey Financial was originally formed as a sole proprietorship in 2014 and began conducting business in 2014. Kelsey Financial was converted to a California Limited Liability Company (LLC) on December 28, 2015 by Robert Kelsey and Steven Hoppel.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- Steven Hoppel 100% - Owner | Managing Member | CEO | CCO | CIO | IAR

Kelsey Financial offers the following advisory services to our clients:

FEE BASED PORTFOLIO MANAGEMENT SERVICES

The firm focuses on offering investment management and financial planning services to predominantly individuals, high net-worth individuals and institutional clients utilizing various model portfolios. Clients may utilize Folio Institutional or Charles Schwab (for broad equity market exposure), Nationwide (for managed annuity exposure) and American Funds (for 529 mutual fund accounts). Each client's portfolio is designed to meet a particular investment goal based on an individualized risk analysis. Kelsey Financial will manage these portfolios and the client's separate account on a discretionary basis only.

Since 1999, the Alpha Optimization Program (AOP), currently comprised of a variety of different managed portfolios, has successfully accomplished its mission of, at times, generating positive alpha (Alpha is the difference between the actual return of your portfolio and stated benchmark, in this case the stated benchmark is the S&P 500, on a risk adjusted basis. AOP is a quantitative trading approach with a stated goal of outperforming the S&P 500 on a risk adjusted basis. Our strategies are specifically detailed below, and methodologies are defined in greater detail in Item 8 of this disclosure brochure. We believe this statistical approach and the selecting of stocks and ETFs based on momentum, provides a very disciplined and mechanical trading style.

AOP Active Models

A variety of actively traded models consisting of individual stocks, index ETFs and cash. The individual positions are selected based on the firm's algorithmic trading methodology with a goal of producing positive Alpha in excess of the S&P 500 Total Return stock market index, or the iShares Core US Aggregate Bond index, with respect to the Fixed Income model. Actively traded models include exposure to momentum and growth equities, along with access to bond and fixed income markets. These models have the potential to trade among a variety of intervals including daily, weekly, monthly, and longer. Due to these models being opportunistic in the short-term (less than one year), these models tend to create short-term results including generating short-term realized gains and losses along with wash sales.

AOP Passive Models

A variety of passively traded models consisting of index ETFs and cash. The individual positions are selected based on modern portfolio theory targeting a calculated diversification of assets to yield a desired risk vs return balance with a goal of generating positive Alpha in excess of the iShares Conservative, Moderate, Growth and Aggressive Growth indexes with respect to the desired risk model. Passively traded models include exposure to conservative, moderate, and aggressive sectors, along with access to socially responsible investing (SRI) and like-to-like tax harvesting models. These models are rebalanced at least annually and more frequently, such as quarterly. Due to the longer-term holding periods, these models tend to produce long-term realized gains and losses. However, these models can create short-term realized gains and losses along with wash sales when rebalanced within periods of less than one year.

AOP Active Passive Models

A variety of actively and passively traded models consisting of individual stocks, index ETFs and cash. The individual positions are selected based on the firm's belief of each asset's exposure and participation in specific sectors with a goal of generating positive Alpha in excess of that sector's index benchmark as chosen at the discretion of the firm. Actively and passively traded models include exposure to various sectors as opportunistically defined by the firm. These models are rebalanced among a variety of intervals including daily, weekly, monthly, and longer. Due to the variety of holding periods, these models tend to produce a mix of long-term and short-term realized gains and losses along with wash sales when rebalanced in periods of greater than or less than one year, respectively.

Where clients are direct clients of our advisor, the client's investment strategies will be managed through discussions with the respective consultant and the client, in which the client's goals and objectives are established, the client along with the investment advisor representative of Kelsey Financial will determine which of the model portfolios is suitable to the client's particular circumstances or would be most appropriate. The clients will determine if they prefer an aggressive, moderate or conservative approach. Once we determine the suitability of the portfolio, the portfolio is managed based on the portfolio's goal, and that of each client's individual needs.

The separately managed clients may not have the ability to place restrictions on the types of investments to be held in the client's specific AOP model(s). Clients will retain an undivided, individual ownership of all account securities. We will maintain current client suitability information in the client's file in order to ensure that the investment plan continues to be suitable and that the client's account continues to be managed in a manner appropriate to the client's financial circumstances. Our firm currently manages the portfolios on either the Folio Institutional, Charles Schwab, Nationwide and/or American Funds platforms. Minimum account sizes are addressed in Item 7 of this brochure.

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

- at least annually, contact each participating client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions;
- be reasonably available to consult with the client; and maintain client suitability information in each client's file

WRAP FEE PROGRAM

Kelsey Financial does not participate in a wrap fee program currently.

THIRD PARTY MONEY MANAGER PROGRAM (TPMM)

Kelsey Financial may act as or refer its clients to a Third-Party Money Manager. Before engaging in such a relationship, Kelsey Financial will ensure and document that the client is being referred by or to a legally registered investment advisor that is in good standing with the appropriate regulatory bodies and within the proper jurisdictions. The client, with his current financial advisor, will develop an investment strategy that may include advisory services offered by Kelsey Financial or another Third-Party Money Manager. When that becomes the case, Kelsey Financial will create a sub-advisory relationship directly with the client and be compensated per the instructions contained within the Kelsey Financial Advisory Agreement between our firm and the client. Kelsey Financial will obtain suitability information from the client so as to assign an asset allocation strategy developed through personal discussions in which goals and objectives based on the client's particular circumstances are established. Based on the client's individual circumstances Kelsey Financial will offer certain advisory services or rely on the Third-Party Money Manager for services as it may pertain to the client's needs. Factors considered in making this determination include account size, risk tolerance, the opinion of each the client and the presenting registered investment adviser. Clients should refer to this brochure and the presenting registered investment adviser's Firm Brochure or other disclosure documents for a full description of the services offered. Kelsey Financial is available to meet with clients and the referring registered investment advisor on a regular basis – at least annually, or as determined by the client, or the presenting registered investment advisor, to review the account. Kelsey Financial will monitor the performance of the selected advisory services.

FINANCIAL PLANNING AND CONSULTING PROGRAM

Kelsey Financial also provides financial planning and consulting services. Financial planning can be a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Financial planning can also be for one or more specific investment goals, such as retirement planning or educational expenses, as selected by the client. Through the financial planning process, all questions, information, and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients selecting this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives. In general, the financial plan can address any one or more of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **CASH FLOW:** We analyze the client's income and spending for past, current and future years; then illustrate the impact of various investments on the client's current and future income and spending models.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** We may, through our employees that are licensed as insurance agents, review existing policies to ensure proper coverage for life, health, disability, long-term care insurance.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.

- ESTATE: We assist the client in assessing and developing long-term strategies, including as appropriate, and through working with attorneys and tax advisors, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and other issues related to elder care.

Kelsey Financial and its employees and representatives cannot provide tax or legal advice.

The Advisor gathers required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. The Advisor carefully reviews documents supplied by the client, including a questionnaire completed by the client, and prepares a written report. Should the client choose to implement the recommendations contained in the plan, the Advisor suggests the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion. Typically, the financial plan is presented to the client within six weeks of the contract date, provided that all information needed to prepare the financial plan has been promptly provided. Financial Planning recommendations are not limited to any specific product or service offered by any specific issuer, broker-dealer or insurance company. All recommendations are of a generic nature. Kelsey Financial also offers pension consulting services, primarily for pension, profit sharing and 401(k) plans, and where appropriate, to individuals and trusts, estates and charitable organizations. Pension consulting services are comprised of four distinct services, and clients may choose any one or more of these services, consisting of the following:

Investment Policy Statement Preparation (hereinafter referred to as "IPS"):

The Advisor will meet with the client (in person or over the telephone) to determine an appropriate investment strategy that reflects the plan sponsor's stated investment objectives for management of the overall plan. The Advisor will then prepare a written IPS detailing those needs and goals and describing the investment policies under which these goals are to be achieved. The IPS also lists the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring of investment performance.

Selection of Investment Vehicles:

The Advisor will assist plan sponsors in constructing appropriate asset allocation models. The Advisor will then review various mutual funds (both index and managed) to determine which investments are appropriate to implement the client's IPS. The number of investments to be recommended will be determined by the client, based on the IPS.

Monitoring of Investment Performance:

The Advisor will monitor client investments periodically, based on the procedures and timing intervals delineated in the IPS. Although the Advisor is not involved in any way in the purchase or sale of these investments, the Advisor will supervise the client's portfolio and make recommendations to the client as market factors and the client's needs dictate.

Employee Communications:

For pension, profit sharing and 401(k) plan clients with individual plan participants exercising control over assets in their own account ("self-directed plans"), the Advisor may also provide educational support, at least annually, and investment workshops designed for the plan participants. The nature of the topics to be covered will be determined by the Advisor and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

INVESTMENT SUPERVISORY SERVICES

Although we endeavor to meet our client's goals and objectives in an effective and efficient manner through the use of model portfolios, on occasion we are called upon to provide continuous management of one or more of a client's portfolios on an individual basis, i.e. in a non-model portfolio. Such instances may occur when the client's primary goal is current income, rather than capital appreciation, when the account has non-traditional or closely held assets and, in other instances, where the model portfolios would not facilitate the achievement of the client's long-term financial goals and objectives, when the client has legacy assets with substantial capital gains and when the client wants to direct his own trades. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition

and background. We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Clients may impose reasonable restrictions of any type on these accounts. Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- ETFs/Mutual fund shares
- Corporate and Municipal fixed income
- Treasuries, CDs and Money Market securities

VARIABLE ANNUITY MANAGEMENT PROGRAM

In this program, the Advisor may manage variable annuity sub accounts. After consultation with their Advisor, clients may select appropriate services and enter into an agreement for asset management services. Management of variable annuity sub accounts is generally limited to the sub-account models designated by Kelsey Financial from the available investment vehicles provided by the annuity company. The Advisor may assist the client with selecting the account assets within the annuity sub account or assist with selecting a Third-Party Money Manager to select assets within an annuity sub account. Clients may allocate account assets within the annuity sub-accounts based on their investment objectives and financial situations. As RIA Advisors, not registered with a broker-dealer, Kelsey Financial will have never sold the variable annuity to the client and would have never received a commission on the purchase. In some cases, fees for managing the sub-accounts may be deducted from the annuity. Fee deductions are generally considered distributions from the annuity, and may affect the annuity contract terms, and may have tax consequences. Clients are encouraged to consult with a tax professional regarding any tax ramifications related to variable annuity. Given the complexity of many variable annuity contracts, including elected guarantees and/or riders, internal management fees, and surrender charges, clients should discuss the contract terms of their annuity with their Advisor to determine the impact fee deductions will have on contract terms. Clients may receive an invoice for payment of fees, or, subject to certain restrictions, elect to have fees deducted from a different account.

ALTERNATIVE INVESTMENT MANAGEMENT PROGRAM

In this program, the Advisor may manage alternative investments within clients' managed account. After consultation with their Advisor, clients may select appropriate alternative investments and enter into an agreement for asset management of those products. Management of alternative investments is generally limited to the due diligence, tracking, and assisting clients in selecting alternative investment that is appropriate based on their investment objectives. The Advisor may assist clients with selecting the alternative investment to be placed in their managed account. As RIA Advisors, not registered with a broker-dealer, Kelsey Financial, LLC will have never sold the alternative investment to clients as a front-end loaded, commission product and would have never received a commission on the purchase of the alternative investment. Kelsey Financial, LLC intends to charge a reasonable advisory fee based on the assets of the alternative investment. Advisory fees on the alternative investments will never be withdrawn from the product but rather from the available cash within clients' managed accounts. Clients are encouraged to consult with a tax professional regarding any tax ramifications related to investing in an alternative investment. Given the complexity of many alternative investments, including tax implications, internal management fees, and surrender charges, clients should discuss the product prospectus of their alternative investment with any of their trusted Advisors. Advisory fees on alternative assets will likely not be withdrawn from the alternative asset, but rather the client will be requested to pay asset management fees of held away accounts by others means and via individual invoice and fee calculation made by Kelsey Financial. Clients are encouraged to consult with a tax professional regarding any tax ramifications related to paying management fees outside of an investment account. As the management and billing of alternative assets, by nature, are not performed on our contracted custodial platforms, clients will receive an invoice and calculations of fees directly from Kelsey Financial, LLC.

HELD AWAY ASSETS MANAGEMENT PROGRAM

In this program, the Advisor may manage 'held away assets' – as defined as – assets that are held by a client on an investment platform whereby Kelsey Financial does not have custodial relationship with said custodian. The goal of this program is to actively monitor and reallocate held away assets for our clients. Clients will provide Kelsey Financial with view and discretionary trading access to held away accounts via an online service provider called Pontera. After consultation with their Advisor, clients may select appropriate services and enter into an agreement for held away asset

management services. Management of held away assets is generally limited to the models designated by Kelsey Financial from the available investment vehicles provided by the custodian. The Advisor, in a discretionary manner, may assist the client with selecting the account assets to be invested in, and the types of investments to be purchased. The Advisor and client may allocate account assets within the held away accounts based on their investment objectives and financial situations. As Advisors, not partnered with 'held away' custodians, Kelsey Financial may or may not have recommended that a client retain their held away assets with any certain custodian. Kelsey Financial, LLC intends to charge a reasonable advisory fee based on the assets of the held away account. Advisory fees on held away assets will never be withdrawn from the held away account, but rather the client will be requested to pay asset management fees of held away accounts by other means and via individual invoice and fee calculation made by Kelsey Financial. Clients are encouraged to consult with a tax professional regarding any tax ramifications related to paying management fees outside of an investment account. As the management and billing of held away assets, by nature, are not performed on our contracted custodial platforms, clients will receive an invoice and calculations of fees directly from Kelsey Financial, LLC.

AMOUNT OF MANAGED ASSETS

As of December 2023, we have approximately \$128,833,808 of assets under our discretionary management, and \$1,427,600 under the management of a third party.

Item 5 Fees and Compensation

FREQUENTLY ASKED QUESTIONS

How Are Fees Charged? Advisory fees will be payable monthly or quarterly in advance (or in arrears if otherwise stated by the Third-Party Manager or other custodian) and on a prorated basis upon deposit of any additional funds or securities in the client's account. Fee payments are assessed at the beginning of each month based on the reasonable market value of the assets (securities, cash and cash equivalents) in the client's account as of the close of business on the last business day of the preceding month. If assets are deposited into the client's account after the inception of a month, the account fee payable, with respect to such assets, will begin the following month. Additional deposits of funds and/or securities will be subject to the same billing procedures. If management begins after the start of a month, advisory fees will begin the following month. As well, when authorized by the client, fees will be directly debited from the client's account in accordance with the terms set forth in the Investment Management Agreement ("IMA").

What services are covered by advisory fees? The advisory fees pay for our firm's advisory services to clients.

What services are not covered by advisory fees? Advisory fees do not cover brokerage to the extent trades are conducted through brokers or dealers, and custody charges. Advisory fees do not include expenses of mutual funds and exchange traded funds such as fund management fees charged to each fund's investors, mark-ups, mark-downs, or spreads paid to market makers, and/or odd-lot differential fees. Fees will be calculated and debited from the account in accordance with the client's written authorization located in the client's Investment Management Agreement.

Wrap Fee Programs and Separately Managed Account Fees. Kelsey Financial has cancelled the firm's wrap fee program. Clients will no longer be receiving a separate Wrap Fee Program Brochure from Kelsey Financial.

Clients participating in separately managed account programs may be charged various fees in addition to the Advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent adviser. We will review with clients any separate fees that may be charged to clients.

INVESTMENT SUPERVISORY SERVICES

Our annual fee for investment supervisory services ("Management Fee") is a percentage of the market value of the Assets under our management in accordance with the fee schedule noted below. Investment supervisory services fees will be payable monthly or quarterly in advance or in arrears and on a prorated basis upon deposit of any additional funds or securities in the client's account. Fee payments are assessed at the beginning of each month based on the reasonable market value of the assets (securities, cash and cash equivalents) in the client's account as of the close of business on the last business day of the preceding month. If assets are deposited into the client's account after the inception of the month, the account fee payable will begin on the first of the following month. Additional deposits of funds and/or securities will be subject to the same billing procedures. When authorized by the client, fees will be debited from the account in accordance with the terms set forth in the Investment Management Agreement ("IMA") and performed by the designated

custodial agreement. Kelsey Financial has a variety of standard fee structures and reserves the right to create custom fee schedules based on individual clients' needs. All of Kelsey Financial's investment supervisory services standard base fee plans contain breakpoints as assets under management increase and begin at the following ranges:

Maximum advisory management fee is 1.50%

THIRD PARTY MONEY MANAGER PROGRAM

In most cases, we will charge the client a fee for our advisory services, in the amount provided in our agreement with the client, and each presenting registered investment advisor may charge the client a separate fee in the amount provided in the separate agreement between that registered investment advisor and the client.

Maximum advisory management fee is 1.50%

FINANCIAL PLANNING AND CONSULTING FEES

Our financial planning and consulting fees are determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client. In some cases, we charge an hourly fee for financial planning and consulting services, up to a maximum of \$350.00 per hour. Although the length of time it will take to provide a financial plan will depend on each client's personal situation, we will provide an estimate for the total hours at the start of the advisory relationship. In other cases, our fees may be charged on a fixed fee basis, or a percentage of assets managed, as negotiated with the client. Fixed fee arrangements typically range from \$100.00 to \$20,000, depending on the specific arrangement reached with the client. Financial Planning maintenance and fees are typically charged year-over-year, billed monthly. We may request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will never exceed \$1,200 or be charged more than six months in advance. The balance is due upon completion of the plan. For pension plan consulting services, an annual fee is typically agreed to in advance with the client, and the plan sponsor is invoiced in advance (or in arrears) at the beginning of each month (or quarter).

Financial Planning Fee Offset: We may reduce or waive the hourly fee and/or the minimum fixed fee and/or percentage of AUM fee if a financial planning client chooses to engage us for our portfolio management services.

VARIABLE ANNUITY MANAGEMENT PROGRAM

Our annual fee for variable annuity management ("Management Fee") is a percentage of the market value of the assets under our management in accordance with the fee schedule noted below. Along with our management fee the annuity company and/or the custodian may charge appropriate platform fees. Variable annuity management fees will be payable monthly in advance and on a prorated basis upon deposit of any additional funds or securities in the client's account. Fee payments are assessed at the beginning of each month based on the reasonable market value of the assets (securities, cash and cash equivalents) in the client's account as of the close of business on the last business day of the preceding month. If assets are deposited into the client's account after the inception of the month, the account fee payable will begin on the first of the following month. Additional deposits of funds and/or securities will be subject to the same billing procedures. When authorized by the client, fees will be calculated and debited by the custodian from the account in accordance with the terms set forth in the client's custodial agreement with the contract custodian. Kelsey Financial has a variety of standard fee structures and reserves the right to create custom fee schedules based on individual clients' needs. All of Kelsey Financial's variable annuity management program base fee plans contain breakpoints as assets under management increase and begin at the following ranges:

Maximum advisory management fee is 1.50%

ALTERNATIVE INVESTMENT MANAGEMENT PROGRAM

Our annual fee for alternative investment management ("Management Fee") is a percentage of the market value of the assets under our management in accordance with the fee schedule noted below. Along with our management fee the alternative investment company and/or the custodian may charge appropriate platform fees. Alternative investment management fees will be payable monthly in advance and on a prorated basis upon deposit of any additional funds or securities in the client's account. Fee payments are assessed at the beginning of each month based on the reasonable market value of the assets (securities, cash and cash equivalents) in the client's account as of the close of business on the last business day of the preceding month. If assets are deposited into the client's account after the inception of the month, the account fee payable will begin on the first of the following month. Additional deposits of funds and/or securities will be subject to the same billing procedures. When authorized by the client, fees will be calculated and debited by the

custodian from the account in accordance with the terms set forth in the client's custodial agreement with the contract custodian. Kelsey Financial has a variety of standard fee structures and reserves the right to create custom fee schedules based on individual clients' needs. All of Kelsey Financial's alternative investment management program base fee plans contain breakpoints as assets under management increase and begin at the following ranges:

Maximum advisory management fee is 1.50%

HELD AWAY ASSET MANAGEMENT PROGRAM

Our annual fee for held away asset management ("Management Fee") is a percentage of the market value of the assets under our management in accordance with the fee schedule noted below. Along with our management fee the held away company and/or the custodian may charge appropriate platform fees. Held away asset management fees will be payable monthly in advance and on a prorated basis upon deposit of any additional funds or securities in the client's account. Fee payments are assessed at the beginning of each month based on the reasonable market value of the assets (securities, cash and cash equivalents) in the client's account as of the close of business on the last business day of the preceding month. If assets are deposited into the client's account after the inception of the month, the account fee payable will begin on the first of the following month. Additional deposits of funds and/or securities will be subject to the same billing procedures. When authorized by the client, fees will be calculated, and the client invoiced, and payment requested in accordance with the terms set forth in the client's advisory agreement with Kelsey Financial. Our firm has a variety of standard fee structures and reserves the right to create custom fee schedules based on individual clients' needs. All of Kelsey Financial's held away asset management program base fee plans contain breakpoints as assets under management increase and begin at the following ranges:

Maximum advisory management fee is 1.50%

GENERAL INFORMATION

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided.

Right of Cancellation: Termination of the Advisory Relationship - the client has the right to terminate an agreement without penalty or fee within five business days after first receiving a copy of this disclosure brochure.

Mutual Fund Fees: All fees paid to Kelsey Financial for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the Advisory services being provided.

Additional Fees and Expenses: In addition to our Advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Direct Debit vs Billing: When authorized by the client, fees are debited from the account in accordance with the terms set forth in the client's custodial agreement with the contracted custodian. The client and Kelsey Financial agree to the annual fee percentage as demonstrated in the Investment Advisory Agreement, at times, the custodian or Kelsey Financial will calculate the fee and direct the custodian to debit the client's account. Clients are provided with an itemized billing notification within their online custodial portal or upon request to Kelsey Financial, prior to the custodial debiting of any fees. Please review these notices carefully and contact Kelsey Financial with questions or discrepancies. Typically, the management fee is deducted directly from clients' accounts, but, in limited circumstances, we may bill clients directly for their fees. Clients who do not have direct debiting of fees will also receive an invoice for their fee from our firm.

Limited Negotiability of Advisory Fees: Although Kelsey Financial has established the aforementioned maximum fee, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, amount of assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client, called the Investment Advisory Agreement. We may group certain related client accounts for the purposes of achieving the minimum account size requirements (if any) and determining the annualized fee.

Related Accounts: Discounts, not generally available to our Advisory clients, may be offered to family members and friends of associated persons of our firm.

ERISA Accounts: In instances where we provide management to certain retirement plans, Kelsey Financial will be deemed to be a fiduciary to Advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"). As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include, among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Kelsey Financial will rely on the Prohibited Transaction Exemption 2020-02 procedures that the firm has adopted and may only charge fees in ERISA accounts for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, where those fees are used to offset Kelsey Financial's advisory fees.

Advisory Fees in General: Clients should note that similar Advisory services may (or may not) be available from other registered investment Advisers for similar or lower fees.

Compensation from Other Business Activities: Two individuals at Kelsey Financial are also licensed with state of California to solicit fixed insurance. The Agents' names are Steven E. Hoppel, California Insurance License # 0L44233 and Susanne Cullen, California Insurance License # 0F20051. In this capacity, these individuals have the ability to receive separate compensation for the fixed insurance products they recommend to clients. This presents a conflict of interest as this gives Kelsey Financial personnel an incentive to recommend fixed insurance products based on the compensation received, rather than on a client's needs basis. To mitigate this conflict, we advise our clients that no Kelsey Financial client is obligated to purchase any fixed insurance products or services from these individuals. Kelsey Financial has included a list of possible conflicts of interest and ways in which we mitigate these conflicts of interest in Items 10 and 11 of this Firm Disclosure Brochure. Clients are free to purchase fixed insurance products that we recommend through any general agent of their choice, that are not affiliated with our firm. In doing so clients may be charged commissions or mark-ups in addition to our advisory fees. Our firm does not primarily recommend mutual funds. Other than as noted in the ERISA section above, we do not receive and thus do not provide offsets for commissions or 12b-1 fees that might be incurred by our clients. Fixed insurance commissions and other revenues do not represent 50% or more of our total compensation.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

Lower fees for comparable services may be available from other sources.

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

Kelsey Financial does not charge performance-based fees.

Item 7 Types of Clients and Account Requirements

Kelsey Financial provides Advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Other Advisers
- Pension and Profit-Sharing Plans
- Charitable Organizations
- Corporations and Other Businesses

MINIMUM ACCOUNT REQUIREMENTS

Clients should note that Charles Schwab* does not require a minimum account size and does not charge the firm or the client a platform fee, and while Folio Institutional / Goldman Sachs also does not require a minimum account size they do charge the firm a platform fee schedule as follows for account values of:

*a \$50 minimum for small accounts charged to Kelsey Financial, and/or

\$0 - \$500K = 12 basis points

\$500K - \$1M = 10 basis points

\$1M - \$3M = 8 basis points

\$3M - \$5M = 6 basis points

\$5M + = 5 basis points

From the fees that Kelsey Financial charges the client, Folio/Goldman retains a portion of those fees per the aforementioned schedule. Additionally, each Third-Party Money Manager will dictate each of their account size minimums. These account size restrictions are subject to change and are negotiable by our firm, at any time and in our sole discretion. We may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee. Nevertheless, from time to time our minimum separate account size may require that the firm decline to accept particularly small accounts.

Additionally, clients that participate in the Held Away Asset Management Program should note that our platform provider Pontera***, does not require a minimum account size and charges the firm a platform fee.

Further, Clients that participate in the Nationwide**** Variable Annuity Sub-Account management program will be charged an annual fee of \$240 regardless of account size.

*Schwab: No minimum account fee.

**Folio/Goldman: No fee minimum for small accounts (less than \$41,666), and/or

***Pontera: Currently all dollars on the Pontera platform = 25 basis points platform fee paid by the firm.

****Nationwide: Client fee of \$240 annually regardless of account size.

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

METHODS OF ANALYSIS

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

Economic and Market Analysis. We attempt to review, summarize and interpret broad global economic and market trends and themes for the purpose of risk identification and opportunity recognition. Not so much as to market timing but as an aid to overall asset allocation analysis, market-wide trends and developing themes are considered. Recently increased levels of market volatility are considered as are technical and other factors including funds flows, currency movements, commodity prices, inflation, employment, political or regulatory changes.

Quantitative Analysis. We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of share price or earnings per share and predict changes to that data. A risk in using quantitative analysis is that the models used may be based on assumptions or calculations that prove to be incorrect.

Tactical Asset Allocation. We use an active management portfolio strategy that rebalances the percentage of assets held in various categories in order to take advantage of market pricing anomalies or strong market sectors. Tactical asset allocation can be described as a moderately active strategy, since the overall strategic asset mix is returned to when it is judged that the advantageous conditions no longer exist. This strategy demands some discipline, as we must first be able to recognize when tactical opportunities have run their course, and then rebalance the portfolio back to the long-term asset allocation approach.

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Mutual Fund and/or ETF Analysis. We look at the product design, experience, and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in other fund(s) in the client's portfolio. We also

monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy. A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Corporate Fixed Income and Municipal Bond Analysis.

To comply with and achieve best execution when purchasing fixed income positions for clients, Kelsey Financial is considered a Sophisticated Municipal Market Professional (SMMP) as it is a Registered Investment Advisor with the appropriate regulatory body. In acting as such, Kelsey Financial acts as Agent for its clients when bidding and offering clients' fixed income positions to the open market, whether corporate or municipal. At no time will Kelsey Financial act as principal by inventorying clients' fixed income positions and/or buying or selling to or from clients' accounts into or from an account maintained by Kelsey Financial. Additionally, at no time will Kelsey Financial perform Agency Cross transactions between clients' accounts and/or any account maintained by Kelsey Financial.

INVESTMENT STRATEGIES

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

Long-term purchases. We purchase securities with the idea of holding them in the client's account for a year or longer. Typically, we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases. When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase. A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy and will result in increased brokerage and other transaction-related costs. In addition, clients should be aware of the potential for less favorable tax treatment of short-term capital gains.

Trading. We purchase securities with the idea of selling them very quickly (typically within 60 days or less). We do this in an attempt to take advantage of our predictions of brief price swings. The risk involved with a Trading strategy is that we may not always see the opportunity at the best price available and therefore, we may not be able to take full advantage of short-term opportunities.

Risk of Loss

Investing inherently involves risk up to and including loss of the principal sum. Further, past performance of any security is not necessarily indicative of future results. Therefore, future performance of any specific investment or investment strategy based on past performance should not be assumed as a guarantee. Kelsey Financial does not provide any representation or guarantee that the financial goals of clients will be achieved.

The potential return or gain and potential risk or loss of an investment varies, generally speaking, with the type of product invested in. Below is an overview of the types of products available on the market and the associated risks of each:

General Risks. Investing in securities always involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives can or will be met. Past performance is in no way an indication of future performance. We also cannot assure that third parties will satisfy their obligations in a timely manner or perform as expected or marketed.

General Market Risk. Investment returns will fluctuate based upon changes in the value of the portfolio securities. Certain securities held may be worth less than the price originally paid for them, or less than they were worth at an earlier time.

Common Stocks. Investments in common stocks, both directly and indirectly through investment in shares of ETFs, may fluctuate in value in response to many factors, including, but not limited to, the activities of the individual companies, general market and economic conditions, interest rates, and specific industry changes. Such price fluctuations subject certain strategies to potential losses. During temporary or extended bear markets, the value of common stocks will decline, which could also result in losses for each strategy.

Portfolio Turnover Risk. High rates of portfolio turnover could lower performance of an investment strategy due to increased costs and may result in the realization of capital gains. If an investment strategy realizes capital gains when it sells its portfolio investments, it will increase taxable distributions to you. High rates of portfolio turnover in a given year would likely result in short-term capital gains and under current tax law you would be taxed on short-term capital gains at ordinary income tax rates, if held in a taxable account.

Non-Diversified Strategy Risk. Some investment strategies may be non-diversified (e.g., investing a greater percentage of portfolio assets in a particular issuer and owning fewer securities than a diversified strategy). Accordingly, each such strategy is subject to the risk that a large loss in an individual issuer will cause a greater loss than it would if the strategy held a larger number of securities or smaller positions sizes.

Model Risk. Financial and economic data series are subject to regime shifts, meaning past information may lack value under future market conditions. Models are based upon assumptions that may prove invalid or incorrect under many market environments. We may use certain model outputs to help identify market opportunities and/or to make certain asset allocation decisions.

There is no guarantee any model will work under all market conditions. For this reason, we include model related results as part of our investment decision process, but we often weigh professional judgment more heavily in making trades or asset allocations.

ETF Risks, including Net Asset Valuations and Tracking Error. An ETF's performance may not exactly match the performance of the index or market benchmark that the ETF is designed to track because 1) the ETF will incur expenses and transaction costs not incurred by any applicable index or market benchmark; 2) certain securities comprising the index or market benchmark tracked by the ETF may, from time to time, temporarily be unavailable; and 3) supply and demand in the market for either the ETF and/or for the securities held by the ETF may cause the ETF shares to trade at a premium or discount to the actual net asset value of the securities owned by the ETF. Certain ETF strategies may from time to time include the purchase of fixed income, commodities, foreign securities, American Depositary Receipts, or other securities for which expenses and commission rates could be higher than normally charged for exchange-traded equity securities, and for which market quotations or valuation may be limited or inaccurate.

Clients should be aware that to the extent they invest in ETF securities they will pay two levels of advisory compensation – advisory fees charged by Adviser plus any advisory fees charged by the issuer of the ETF. This scenario may cause a higher advisory cost (and potentially lower investment returns) than if a client purchased the ETF directly. An ETF typically includes embedded expenses that may reduce the ETF's net asset value, and therefore directly affect the ETF's performance and indirectly affect a client's portfolio performance or an index benchmark comparison. Expenses of the ETF may include investment advisor management fees, custodian fees, brokerage commissions, and legal and accounting fees. ETF expenses may change from time to time at the sole discretion of the ETF issuer. ETF tracking error and expenses may vary.

Inflation, Currency, and Interest Rate Risks. Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of an investor's future interest payments and principal. Inflation also generally leads to higher interest rates, which in turn may cause the value of many types of fixed income investments to decline. In addition, the relative value of the

U.S. dollar-denominated assets primarily managed by Adviser may be affected by the risk that currency devaluations affect Client purchasing power.

Liquidity Risk. Liquidity is the ability to readily convert an investment into cash to prevent a loss, realize an anticipated profit, or otherwise transfer funds out of the particular investment. Generally, investments are more liquid if the investment has an established market of purchasers and sellers, such as a stock or bond listed on a national securities exchange. Conversely, investments that do not have an established market of purchasers and sellers may be considered illiquid. Your investment in illiquid investments may be for an indefinite time, because of the lack of purchasers willing to convert your investment to cash or other assets.

Legislative and Tax Risk. Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment advisor or securities trading regulation; change in the U.S. government's guarantee of ultimate payment of principal and interest on certain government securities; and changes in the tax code that could affect interest income, income characterization and/or tax reporting obligations, particularly for options, swaps, master limited partnerships, Real Estate Investment Trust, Exchange Traded Products/Funds/Securities. We do not engage in tax planning, and in certain circumstances a client may incur taxable income on their investments without a cash distribution to pay the tax due. Clients and their personal tax advisors are responsible for how the transactions in their account are reported to the IRS or any other taxing authority.

Foreign Investing and Emerging Markets Risk. Foreign investing involves risks not typically associated with U.S. investments, and the risks may be exacerbated further in emerging market countries. These risks may include, among others, adverse fluctuations in foreign currency values, as well as adverse political, social, and economic developments affecting one or more foreign countries.

In addition, foreign investing may involve less publicly available information and more volatile or less liquid securities markets, particularly in markets that trade a small number of securities, have unstable governments, or involve limited industry. Investments in foreign countries could be affected by factors not present in the U.S., such as restrictions on receiving the investment proceeds from a foreign country, foreign tax laws or tax withholding requirements, unique trade clearance or settlement procedures, and potential difficulties in enforcing contractual obligations or other legal rules that jeopardize shareholder protection. Foreign accounting may be less transparent than U.S. accounting practices and foreign regulation may be inadequate or irregular.

Information Security Risk. We may be susceptible to risks to the confidentiality and security of its operations and proprietary and customer information. Information risks, including theft or corruption of electronically stored data, denial of service attacks on our website or websites of our third-party service providers, and the unauthorized release of confidential information are a few of the more common risks faced by us and other investment advisers. Data security breaches of our electronic data infrastructure could have the effect of disrupting our operations and compromising our customers' confidential and personally identifiable information. Such breaches could result in an inability of us to conduct business, potential losses, including identity theft and theft of investment funds from customers, and other adverse consequences to customers. We have taken and will continue to take steps to detect and limit the risks associated with these threats.

Tax Risks. Tax laws and regulations applicable to an account with Adviser may be subject to change and unanticipated tax liabilities may be incurred by an investor as a result of such changes. In addition, customers may experience adverse tax consequences from the early assignment of options purchased for a customer's account. Customers should consult their own tax advisers and counsel to determine the potential tax-related consequences of investing.

Advisory Risk. There is no guarantee that our judgment or investment decisions on behalf of particular any account will necessarily produce the intended results. Our judgment may prove to be incorrect, and an account might not achieve her investment objectives. In addition, it is possible that we may experience computer equipment failure, loss of internet access, viruses, or other events that may impair access to accounts' custodians' software. Adviser and its representatives are not responsible to any account for losses unless caused by Adviser breaching our fiduciary duty.

Dependence on Key Employees. An accounts success depends, in part, upon the ability of our key professionals to achieve the targeted investment goals. The loss of any of these key personnel could adversely impact the ability to achieve such investment goals and objectives of the account.

Item 9 Disciplinary Information

Registered investment advisers are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of the advisory business or integrity of the Firm's management.

Kelsey Financial has no disciplinary disclosures. Steve Hoppel, the owner and operator of Kelsey Financial, have no disciplinary disclosures.

Item 10 Other Financial Industry Activities and Affiliations

As previously stated in Item 5 of this disclosure brochure, two individuals at Kelsey Financial are also licensed with the state of California to solicit fixed insurance. The Agents' names are Steven E. Hoppel, California Insurance License # 0L44233 and Susanne Cullen, California Insurance License # 0F20051. Kelsey Financial is not registered and does not have an application pending to register, as a broker-dealer and its management persons are not registered as broker-dealer representatives. Neither Kelsey Financial nor any of our management persons are registered, or have a registration pending, as a futures commissions merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities. There are no referral fee arrangements between Kelsey Financial and any other firm. While Kelsey Financial and these individuals always endeavors to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the ability to receive separate, additional compensation itself creates a conflict of interest, and may affect the judgment of this individual when making recommendations. Clients should be aware that when any affiliated person(s) of Kelsey Financial receive additional compensation this creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Our firm endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment advisor; we take the following steps to address this conflict:

- I. We disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- II. We disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- III. We require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- IV. We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- V. We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

With respect to ERISA, IRAs the Department of Labor ("DOL") and the Internal Revenue Service ("IRS") and our firm's reliance on the Prohibited Transaction Exemption ("PTE 2020-02"), please consider the following:

- I. When we are providing investment advice to you regarding your retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Securities Act and/or Internal revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts of interests, so we operate under a special rule that requires us to act in your best interest and not put our interests ahead of yours;
- II. The firm mitigates these conflicts of interest by adhering to its PTE 2020-02 procedure. The procedure dictates
 - a. Disclosure of these material conflicts of interest;
 - b. Disclosure of our relationship to your retirement account and the fees we will be paid;
 - c. The firm's compliance with Impartial Conduct Standards, that require
 - i. Prudent advice in your best interest;
 - ii. The charging of only reasonable fees;
 - iii. The avoidance of misleading statements.
 - d. A client disclosure document whereby you examine the pros and cons of an advisory relationship as it pertains to your retirement account; and
 - e. An annual review by our firm of a sampling of PTE 2020-02 applicable accounts to monitor the firm's compliance with the exemption program.

Except as those noted above, our firm and our related persons are not engaged in any other additional financial industry activities and have no other industry affiliations. We may have referral arrangements with any other registered investment advisers or any other referral arrangements. Kelsey Financial may recommend or select investment advisers and may receive compensation, either directly or indirectly, for such recommendations. Management and related persons of our firm do not have any relationships or arrangements with issuers of securities.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable SEC securities laws. Kelsey Financial and our personnel owe a duty of loyalty, fairness, and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code. Our Code of Ethics includes policies and procedures for the periodic review of personal securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics contains policies and procedures which comply with Rule 204A-1 of the Adviser's Act which requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions. Kelsey Financial's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity. A copy of our Code of Ethics is available to our Advisory clients and prospective clients. You may request a copy by email sent to steve@kelseyfinancial.net, or by calling us at (833) 4 KELSEY. Kelsey Financial and individuals associated with our firm are prohibited from engaging in principal transactions. Kelsey Financial and individuals associated with our firm are prohibited from engaging in agency cross transactions. Kelsey Financial does not recommend to clients, or buys or sells for client accounts, securities in which Kelsey Financial or any related person of the Adviser, has a financial interest (i.e. we do not act as principal on securities transactions, we are not general partners in any partnerships for which we solicit client investments and we do not act as an adviser to any investment company that we recommend to our clients). We may purchase securities which we recommend to clients. To mitigate conflicts of interest where employees' trades are favored over client trades, we will aggregate our employee purchases with our client trades and no employee or related account will be favored over any client account. No employee or related account may trade ahead of any client transactions. Our firm will maintain holdings reports and our Compliance Officer will review these reports to ensure that no employees have traded ahead of our clients. Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of Advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Our firm and/or individuals associated with our firm may buy or sell for their personal account's securities identical to or different from those recommended to our clients. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an Advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of Advisory accounts. As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

- i. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
- ii. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
- iii. It is the expressed policy of our firm that no person employed by us may purchase or sell any security immediately prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
- iv. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
- v. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a periodic basis by our firm's Compliance Officer.
- vi. We have established procedures for the maintenance of all required books and records.
- vii. Clients can decline to implement any advice rendered.
- viii. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- ix. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
- x. Any individual who violates any of the above restrictions may be subject to termination.

As previously disclosed in Item 10, two related persons of our firm are separately licensed with the state of California to sell fixed insurance. The Agents' names are Steven E. Hoppel, California Insurance License # 0L44233 and Susanne Cullen, California Insurance License #0F20051. Please refer to the preceding section for a detailed explanation of these relationships and important conflict of interest disclosures.

Item 12 Brokerage Practices

Kelsey Financial requires that clients provide us with written authority to determine the custodian to use, and that the custodian is independently owned and operated, and is not affiliated with the firm. Kelsey Financial will make every attempt to obtain best execution, but clients should be aware that the use of our unaffiliated custodian, as well as the commissions charged by the unaffiliated custodian, may be higher than commissions or charges otherwise available. The firms' client accounts are generally held at Charles Schwab, Folio Institutional, Nationwide, or American Funds. The advisor may recommend the use of these or other custodians in the future. Clients must directly complete new account paperwork with any such custodian, agreeing to and accepting that custodian's Customer Agreement and Custodial Practices. Some mutual funds that may be purchased for an advisory account pay annual distribution charges to custodians, sometimes referred to as "12b-1 fees." The firm does not participate in and/or receive 12b-1 fees. Kelsey Financial will aggregate trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such aggregation. Trade aggregation may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Kelsey Financial will typically aggregate trades among clients whose accounts can be traded at a given broker. Kelsey Financial's aggregated trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Kelsey Financial, or our firm's order allocation policy.
- 2) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit and will enable Kelsey Financial to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, a model order ticket is completed on each custodian's platform which syncs to each clients' account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be documented no later than the morning following the execution of the aggregate trade.
- 8) Kelsey Financial's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 9) Funds and securities for aggregated orders are clearly identified on Kelsey Financial's records and to the custodian or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 10) No client or account will be favored over another. Kelsey Financial strives to offer our clients best execution services based on a total mix of all factors, services, as well as quality of execution and products offered by performing a periodic review of these factors.

Best Execution – Selection and Recommendation

Kelsey Financial has a duty to select brokers, dealers and other trading venues that provide best execution for clients. The duty of best execution requires an investment adviser to seek to execute securities transactions for clients in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances, taking into account all relevant factors. The lowest possible commission, while very important, is not the only consideration. The brokers dealers

It is the policy of the Firm to seek best execution in all portfolio trading activities for all investment disciplines and products, regardless of whether commissions are charged. This applies to trading in any instrument, security, or contract including equities, bonds, and forward or derivative contracts.

The standards and procedures governing best execution are set forth in several written policies. Generally, to achieve best execution, Kelsey Financial considers the following factors, without limitation, in selecting brokers and intermediaries:

- Execution capability;
- Order size and market depth;
- Availability of competing markets and liquidity;
- Trading characteristics of the security;
- Availability of accurate information comparing markets;
- Quantity and quality of research received from the broker dealer;
- Financial responsibility of the broker-dealer;
- Confidentiality;
- Reputation and integrity;
- Responsiveness;
- Recordkeeping;
- Ability and willingness to commit capital;
- Available technology; and
- Ability to address current market condition;

Kelsey Financial periodically evaluates the execution, performance, and risk profile of the broker-dealers it uses.

Research and Other Soft Dollar Benefits

Soft dollar practices are arrangements whereby an investment adviser directs transactions to a broker-dealer in exchange for certain products and services that are allowable under SEC rules. Client commissions may be used to pay for brokerage and research services and products as long as they are eligible under Section 28(e) of the Exchange Act of 1934. Section 28(e) sets forth a "safe harbor," which provides that an investment adviser that has discretion over a client account is not in breach of its fiduciary duty when paying more than the lowest commission rate available if the adviser determines in good faith that the rate paid is commensurate with the value of brokerage and research services provided by the broker-dealer.

In 2021 and during the first part of 2022, our firm was offered and accepted the following benefits to transition client accounts to Charles Schwab:

- Approximately \$30,000 of usable credits to cover transfer ACAT fees that may be charged by Folio Institutional as an account leaves that platform. These credits were paid directly to the clients' accounts from Schwab, and
- \$5,000, directly reimbursable to a vendor that Kelsey Financial may use during the transition. Vendor services may include compliance consulting, technology/research platforms, and marketing/consulting services.

Obtaining these benefits from Charles Schwab was not the motivation for attempting to transition the firm's custodial services from Folio to Schwab.

Directed Brokerage

Kelsey Financial does not allow client directed brokerage.

Trade Error Policy

Kelsey Financial maintains a record of any trading errors that occur in connection with investment activities of its clients. Both gains and losses that result from a trading error made by Kelsey Financial will be borne or realized by Kelsey Financial.

Item 13 Review of Accounts

PORTFOLIO MANAGEMENT AND SEPARATE ACCOUNT MANAGEMENT

REVIEWS: While the underlying securities within portfolio management services accounts are continually monitored, these accounts are reviewed with the client at least annually. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. These accounts are reviewed by the Compliance Officer.

REPORTS: In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer/custodian, we offer, at least annually, meetings and reports summarizing account performance, balances and holdings.

FINANCIAL PLANNING SERVICES

REVIEWS: While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

REPORTS: Financial Planning clients will receive a completed financial plan and/or online access to the eMoney financial planning portal. Additional reports will not typically be provided unless otherwise contracted for.

PENSION CONSULTING SERVICES

REVIEWS: Kelsey Financial will review the client's Investment Policy Statement (IPS) whenever the client advises us of a change in circumstances regarding the needs of the plan. Kelsey Financial will also review the investment options of the plan according to the agreed upon time intervals established in the IPS. Such reviews will generally occur quarterly. These accounts are reviewed by the Chief Compliance Officer.

REPORTS: These client accounts will receive reports as contracted for at the inception of the advisory relationship.

Item 14 Client Referrals and Other Compensation

Our firm may pay and/or receive referral fees to and/or from independent persons or firms ("Solicitors") for introducing clients to us and/or them. Whenever we pay and/or receive a referral fee, the Solicitor is required to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm, the fact that the Solicitor is being paid a referral fee, the amount or percentage of the fee; and whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor. As a matter of firm practice, the advisory fees paid by clients referred by solicitors are not increased as a result of any referral.

Item 15 Custody

We previously disclosed in the "Direct Debit vs Billing" section (Item 5) of this brochure that our custodians are authorized to directly debit Advisory fees from client accounts and pay Kelsey Financial a portion of those fees. As part of this billing process, the client's custodian or Kelsey Financial calculates the amount of the fee to be deducted from that client's account. On at least a quarterly basis, typically monthly, the custodian or Kelsey Financial is required to send to clients and/or post to clients' online custodial account portal a statement showing all transactions within the account during the reporting period. Kelsey Financial may or may not calculate the amount of the fee to be deducted and does not verify the accuracy of Kelsey Financial's advisory fee calculation. Therefore, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement. Kelsey Financial, while it may calculate fees, and disseminate such fee amounts to the custodian, the firm does not have the ability to make withdrawals from client accounts to pay our advisory fees. As previously disclosed in Item 5 of this disclosure brochure, the client signs a custodial agreement with the contracted custodian allowing the custodian to directly debit fees. Kelsey Financial does not maintain actual custody of client accounts due to the fee billing process.

It should be noted that Kelsey Financial is now offering the Held Away Asset Management Program requiring our firm to conduct the fee calculation and invoicing services usually performed by a custodian. While Kelsey Financial will be

calculating the client's asset management fees and invoicing the client, Kelsey Financial does not have the authority to make withdrawals from these held away client accounts to pay our advisory fees, and thus resolves to maintain no custody of clients' funds or assets.

Standing Letters of Authorization (SLOA) - Third-Party Money Movement

In a few instances where instructed by the client, Kelsey Financial has the authority to make SLOA third-party money movements to and from a client's account. Kelsey Financial mitigates this custody risk by adhering to the following seven standards as provided in a February 21, 2017 letter to SEC Rule 206(4) and SEC Rule 206(4)-2.

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Item 16 Investment Discretion

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and to
- Determine the amount of the security to buy or sell; and to
- Determine the time and price of the security to buy or sell.

Clients give us discretionary authority when they sign a discretionary agreement (within the Investment Advisory Agreement) with our firm and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

Item 17 Voting Client Securities

As a matter of firm policy, we do not vote proxies on behalf of clients; however, clients will receive proxy information directly from their custodians. Therefore, although our firm may provide investment Advisory services relative to client investment assets, 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 client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

Item 18 Financial Information

As an Advisory firm that maintains discretionary authority for clients' accounts, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. Kelsey Financial has no additional financial circumstances to report. Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement. Kelsey Financial has not been the subject of a bankruptcy petition at any time during the past ten years.