

# Kobo Wealth Conservancy, LLC

## Form ADV Part 2A Brochure

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This Form ADV Part 2A brochure provides information about the qualifications and business practices of Kobo Wealth Conservancy, LLC. If you have any questions about the contents of this brochure, please contact us at (808) 546-1001. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Kobo Wealth Conservancy, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Our CRD number is 143654. Kobo Wealth Conservancy, LLC is a registered investment advisor. Registration as an investment advisor does not imply any certain level of skill or training.

### Material Changes (Item 2)

*This section of the brochure helps you quickly identify material changes from the last annual update.*

The material changes in this brochure from the last annual updating amendment of Kobo Wealth Conservancy, LLC on 03/21/2023 are described below. Material changes relate to Kobo Wealth Conservancy, LLC policies, practices or conflicts of interests only.

- Charles Schwab & Co., Inc. Advisor Services has acquired TD Ameritrade. Due to this acquisition clients of the firm have transitioned from TD Ameritrade to Charles Schwab & Co., Inc. Advisor Services. (Item 12)

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## **Advisory Business (Item 4)**

*This section of the brochure tells you about our business, including ownership, and a description of the services we offer.*

Kobo Wealth Conservancy, LLC is referred to in this document as “Kobo”, “the Company”, “us”, “we”, or “our”. In this document we refer to current and prospective clients of Kobo as “you”, “client”, or “your”. Kobo was created in 2007 and is wholly owned by Kobo, LLC. Kobo, LLC’s principal owner is Cris Borden.

### **Types of Advisory Services**

#### Investment Supervisory Services

Clients enter into a written Investment Advisory Agreement, where Kobo and our investment adviser representatives provide asset management services on a continuous and ongoing basis guided by the individual needs of the client. Using the information provided by you, the investment advice provided to you is tailored to your individual situation. We regularly inquire about, and you are responsible for providing, information about your investment goals, time horizon, and risk tolerance. These investment supervisory services are generally not provided to all your holdings or net worth but rather only to assets specifically designated by you and agreed to by us as managed assets.

#### Selection of Other Advisors

In some situations we recommend that all or a portion of a client’s investment portfolio be actively managed by another investment advisor(s). These other advisors are reviewed and recommended by us to provide clients with expertise in a particular investment style, market segment or investment strategy. We consider your individual circumstances, needs, and objectives and recommend other advisors when recommending other advisors. The other advisors managing portions of your portfolio will charge a fee for these services and these fees are distinct, separate, and in addition to, the fees we charge. A detailed description of the other advisors’ services and fees is provided in their disclosure brochure. Our role is to oversee these other advisors to assure they perform their services as expected.

#### Pension Plans and Participants

Kobo also provides investment advice to both plan sponsors of and plan participants in defined contribution plans (i.e., 401(k) and 403(b) plans) whose employers have contracted with Kobo to provide such services, or in cases where Kobo has been appointed as an ERISA 3(38) investment fiduciary by a named ERISA 3(21) fiduciary.

### **Types of Investments Used**

We consider many different types of securities when formulating the investment advice we give to you. If you come to us with existing investments, we evaluate them with respect to your financial goals, risk tolerance, and investment time horizon. Depending upon your situation, your account(s) managed by us may contain individual stocks, corporate and/or

government bonds, mutual funds, or exchange traded funds (“ETFs”). In some situations we may recommend that real estate be part of your investment portfolio.

#### Negatively Correlated Investments

We may invest a portion of your portfolios in negatively correlated mutual funds or ETFs. Negatively correlated mutual funds or ETFs may rise in value while the general stock market declines and vice versa. We may add these negatively correlated mutual funds or ETFs in an attempt to reduce the volatility of your portfolio. The addition of negatively correlated investments does not in any way guarantee that the volatility, draw down, or loss of portfolio principal will be lower and it may actually reduce long-term portfolio performance.

#### Tailored Services and Investment Restrictions

We attempt to tailor your investment portfolio to your situation as you have described it to us. This is why it is so important that you let us know about changes to your financial situation, goals, or investment time horizon. You may impose restrictions on investing in certain securities or types of securities. You must clearly identify these restrictions in writing to us.

### **Assets Under Management**

As of December 31, 2023, Kobo manages approximately \$114,669,753.00 in client assets on a discretionary basis and \$22,242,301.00 on a non-discretionary basis.

## **Fees and Compensation (Item 5)**

*This section of the brochure describes how we are compensated for the services we offer.*

### **Compensation Methodology and Rates**

#### Assets Under Management

Clients are charged for our asset management services based on a percentage of the assets being managed. The following fee schedule is our standard fee schedule for investment supervisory services. Your specific annual fee arrangement will be described in the written Investment Advisory Agreement entered into between Kobo and you. Investment advisory fees charged by us are negotiable at our sole discretion. All clients do not pay the same fee. A lower fee for a comparable service may be available from other sources.

<b>Equity/ Balanced Assets Under Management</b>	<b>Annual Rates</b>
\$0 to \$1,000,000	1.00%
\$1,000,001 to \$5,000,000	0.85%
\$5,000,000 and above	0.60%

<b>Fixed Income Assets Under Management</b>	<b>Annual Rates</b>
\$0 to \$1,000,000	1.00%
\$1,000,001 to \$5,000,000	0.85%
\$5,000,000 and above	0.60%

The annual fee for our services is billed monthly, in arrears, based on the value of the account at the end of the month. If the management agreement does not span the entire monthly billing period, the fee will be prorated based on the number of days the account is open during the billing period. Your account custodian will send client statements, at least quarterly, showing all disbursements for the account including the amount of the advisory fee, if deducted directly from the account. It is the shared responsibility of Kobo and you to verify the accuracy of the fee calculation as the account custodian will not determine whether the fee has been properly calculated. See Brokerage Practices (Item 12) in this brochure for more information about your account custodian(s).

You may terminate the Investment Advisory Agreement without fee or penalty by providing written notice to Kobo within five (5) business days from the execution of the agreement. Thereafter, either party may terminate the Investment Advisory Agreement by providing written notice. If an engagement does not span a full monthly billing period, any unearned fees collected in advance of services being performed will be returned to you on a pro rata basis.

#### Fixed Fees

You may enter into an Investment Advisory Agreement where the fee for services is determined through negotiations and agreement between you and Kobo. Fixed fees are not necessarily based upon the value of assets managed or time expended providing services. Fixed fees are normally agreed to for one year, then renegotiated and agreed to for future periods. If you are paying a fixed fee you may pay a fee higher or lower than one based upon the value of assets managed. In the event a fixed fee engagement is terminated, unearned fees will be returned to you on a *pro rata* basis.

#### Valuation of Publicly Traded Securities

Publicly traded securities in your account(s) managed by us are held at the custodian that we recommend but is ultimately chosen by you. We use the securities valuation provided by the independent qualified custodian for reporting and billing purposes. Publicly traded securities are usually valued as of the end of business on the last trading day of the calendar month.

#### Valuation of Private Equities

Some of our clients hold privately issued securities in their managed account portfolios. Your independent qualified custodian may hold the privately issued securities, you may hold the physical certificates, or you may have ownership that is only reflected on the books of the issuer. These privately issued securities are not publicly traded and therefore do not have a daily indication of their fair market value. It is our policy to use the last

known transaction price to value these non-publicly traded securities for reporting and billing purposes. Because the last known transaction price for these securities may be from a date far in the past, it may be higher or lower than the actual fair value of the securities at the portfolio valuation date. Therefore, the management fee related to the asset will be higher or lower than it would have been had an actual fair market value been available and used.

### Third-Party Advisor Fees

Kobo has entered into agreements with various third-party advisors. We offer clients various types of programs sponsored by these third-party advisors. We may help you select a particular third-party advisor's service or program. The third-party advisor provides the investment advice regarding the portfolio under their management. We provide investment advice regarding the selection and replacement of third party advisors.

Each third-party advisor provides differing levels of service to clients. The fees you will pay depend upon the size and complexity of your investment portfolio and the services provided. Please refer to the Investment Advisory Agreement you have with the third-party advisor to determine your actual fee.

The investment advisory fees you pay to a third-party advisor are separate from and in addition to the fee that you pay to us. Third Party Manager Fees will range from 0.20% (20bps) to 1.25% (125bps). The cost of any Third-Party Manager selected and assigned to assist in the management of a client's account shall be disclosed to the client upon establishment of the relationship and on a quarterly basis as shown on the statements from the account custodian.

<b>Example</b>	<b>Annual Rate</b>	
Kobo's investment advisory fee	1.0%	
Sample Third Party Manager fee	0.2% to	1.25%
Third Party Due Diligence Fee	0.10% to	0.20%
Total Advisory fee paid by client	1.30% to	2.35%

### How Clients Pay Advisory Fees

Fees are generally deducted directly from your account. You must provide your qualified account custodian with written authorization to have fees deducted from your account and paid to Kobo.

If agreed upon by both client and Kobo, fees can be billed directly to the client instead of being deducted from account balances. Some third-party advisors will only accept clients that agree to have fees directly deducted from your account.

### Other Types of Fees and Expenses

In addition to the investment advisory fees you pay to us, you will pay transaction fees (commissions) to your custodian or broker-dealer for executing securities transactions and charges for special services elected by you or Kobo. These fees may include:

- periodic distribution fees
- electronic fund and wire transfer fees
- certificate delivery fees
- reorganization fees
- account transfer fees (outbound)
- returned check fees
- international security transfer fees
- overnight mail and check fees
- Rule 144 transfer fees
- transfer agent fees

This list is not meant to be all inclusive. Any fee on a special service incurred by the client will be fully disclosed. Please refer to Item 12 of this document for an explanation of our brokerage practices.

#### Investment Company Fees

Investment company funds (e.g., mutual funds or ETFs) that are held by you will bear their own internal transaction and execution costs, as well as directly compensate their investment managers along with internal administrative services. Some funds pay 12b-1 fees, distribution fees, and/or shareholder service fees to broker-dealers that offer investment company funds to their clients. These fees affect the net asset value of the fund shares and are indirectly borne by fund shareholders such as you.

Some fund companies have imposed a redemption fee. A redemption fee is another type of fee that some funds charge their shareholders when shares are sold or redeemed within a short period of time from the purchase of the fund shares. Although a redemption fee is deducted from redemption proceeds just like a deferred sales load, it is not considered to be a sales load. Unlike a sales load, which is generally used to compensate brokers, a redemption fee is typically used to defray fund costs associated with a shareholder's redemption and is paid directly to the fund, not to a broker. The SEC generally limits redemption fees to 2%. In most cases, the funds will use the "first-in, first-out" (FIFO) method to determine the holding period. Under this method, the date of the redemption will be compared with the earliest purchase date of shares held in the account. While it is not the general practice of Kobo to sell client's securities in a period that would generate a redemption fee we might do so if we believe the sale is in your best interests, or if fund shares must be redeemed to pay fees from the account.

A complete explanation of these charges is contained in the Prospectus and Statement of Additional Information for each investment company fund. You can get a prospectus through the investment company website, by telephone, or by mail.

#### Commission Based Compensation

Our investment advisor representatives do not receive any commission based compensation while providing investment advisory services to you.

## **Performance-Based Fees and Side-By-Side Management (Item 6)**

*This section of the brochure explains any performance-based fees we may charge you for and how they may be different from other clients' charges.*

Kobo does not charge fees that are based upon a share of capital gains or capital appreciation of client assets. We provide investment advisory services to other clients in addition to you. Not all clients receive the same investment advice, nor do they pay the same fee. We strive to act in the best interests of each of our clients at all times.

## **Types of Clients (Item 7)**

*This section of the brochure describes who we generally provide our services to.*

### Individuals

Kobo provides advisory services to a variety of types of clients including individuals, trusts, individual's pension plan accounts, and retirement plan trustees. We do not currently impose a minimum account size requirement.

### Pension Plans

Kobo provides advisory services to pension plans. These services include recommendations to the plan which are then approved by the pension plan sponsor. In some cases we will serve as a discretionary advisor to the plan. You are encouraged to ask your plan sponsor what services we are providing the plan.

## **Methods of Analysis, Investment Strategies, and Risk of Loss (Item 8)**

*This section of the brochure explains how we formulate our investment advice and manage client assets.*

### **Methods of Analysis**

From time to time a portfolio is referred to and managed by a third party advisor who designs a particular investment goal that the third party advisor has determined is suitable for your circumstances. Once the appropriate portfolio has been determined by the third party advisor, the portfolio will be continuously managed based on the portfolio's goal, rather than on each client's individual needs.

Our knowledge of the third party advisors comes from publically available sources and in some cases interviews with the third party advisors or their representatives. You must form your own opinion and choose whether or not to hire the third party manager.



As part of our analysis of investments, we use a method called modern portfolio theory. Modern portfolio theory is a theory of investment that attempts to maximize an investment portfolio's expected return for a given amount of portfolio risk, when risk is defined as volatility of the value of the investment portfolio, or to minimize risk for a given level of expected return. We attempt to do this by carefully choosing the proportions of various assets in an investment portfolio.

Modern portfolio theory is a mathematical formulation of the concept of diversification in investing, with the aim of selecting an assortment of investment assets that has collectively lower risk than any individual asset. Modern portfolio theory models an asset's return as a normally distributed function (or more generally as an elliptically distributed random variable), defines risk as the standard deviation of return, and models a portfolio as a weighted combination of assets so that the return of a portfolio is the weighted combination of the assets' returns. By combining different assets whose returns are not perfectly positively correlated, modern portfolio theory seeks to reduce the total variance of the portfolio return. Modern portfolio theory also assumes that investors are rational, markets are efficient, and that the future performance of investments will have some similarity to their historical performance. These assumptions are not guaranteed and might not come to pass. Past performance might not be indicative of future performance.

We analyze an investment by examining its publically available financial statements or reports, its management, competitive advantages, competitors, and markets. We attempt to identify investments that are selling for less than their intrinsic worth. Our fundamental analysis method is based upon the assumption that markets may misprice an investment in the short run but that the "correct" price will eventually be reached. Kobo purchases the services of a non-affiliated third party to select and provide due diligence on Third Party Managers and analysis on asset allocation strategies. The cost of such analysis is passed on to the client. The fees of such services range from 0.10% (10bps) to 0.20% (20bps) annually.

## **Investment Strategies**

### Tactical Asset Allocation

As part of our investment strategy we use a method called Tactical Asset Allocation. Tactical Asset Allocation is a dynamic investment strategy that adjusts a portfolio's asset allocation. Our goal in using Tactical Asset Allocation is to improve the risk-adjusted returns of an investment portfolio when compared with other investment strategies. We modify our asset allocation advice according to our opinion of the valuation of the markets in which our clients are invested. We attempt to adjust our asset allocation advice to overweight or focus on a market or sector of the market that we feel will perform better than others. We strive to buy investments with the goal of holding them as long-term investments, but we might recommend you sell a particular investment if, in our opinion, it is no longer in your best interest to hold.

## **Risks**

### General Risks to Investing

Investing is not without risk, and involves the risk of loss of principal which you should be prepared to bear. The third party advisors that provide the day-to-day management of your account try to reduce risk by diversifying your portfolio across multiple asset classes.

Despite this strategy, historical evidence clearly shows that every asset class has experienced severe declines in value—sometimes sustained over many years—throughout several periods of time in history. In addition, the benefits of diversification decline if asset classes become more correlated.

As with any investment, you could lose all or part of your investments managed by the third party advisor we introduce you to.

### Specific Risks

You should refer to the Risk section (Item 8) of the Brochure for the third party advisor that you choose to manage your account for a complete discussion of the risks associated with their investment analysis and strategies.

### Passive Investment Risk

Kobo may use a passive investment strategy that is not actively managed where we do not attempt to take defensive positions in declining markets.

### Key Man Risk

We are a small firm with one principal executive who is also our Chief Investment Officer (CIO). This fact leads to “key man risk,” or the risk that something could happen to Cris Borden that negatively affects your portfolio.

### Potential Effect of Third-Party Advisor Paying Transaction Costs

In some situations, we might recommend you hire a third-party advisor to manage a portion or all your account, and the third-party advisor might charge a wrap program fee. In a wrap fee program the third-party advisor’s fee includes the cost of securities transactions and they have the full discretionary power to decide if and when a securities transaction is made. In this situation the third-party advisor has the financial incentive not to make securities transaction. Paying for securities transactions in the client’s investment portfolio creates a potential conflict of interest where the third-party advisor has the financial incentive not to make a securities transaction in the clients account when it is in the client’s best interests to do so. The wrap program may cost you more or less than purchasing such services separately.

## **Disciplinary Information (Item 9)**

*This section of the brochure lists legal and disciplinary information for Kobo, its owners, and management team.*

Neither Kobo nor any of our owners or management team members has been involved in any civil or criminal investment-related events.

## **Other Financial Industry Activities and Affiliations (Item 10)**

*This section of the brochure describes other financial services industry affiliations we may have that could present a conflict of interest with you.*

Mr. Borden is the Chief Investment Officer and a registered representative of SFG Retirement Plan Consulting, LLC where he will oversee the research and selection of mutual funds and ETFs for inclusion in retirement plan line-ups. He is also responsible for constructing and managing portfolios for pension plans and individual clients. From time to time, he will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. Kobo Wealth Conservancy, LLC always acts in the best interest of the client, including with respect to the sale of commissionable products to advisory clients. Clients always have the right to decide whether or not to utilize the services of any Kobo Wealth Conservancy, LLC representative in such individual's outside capacities. 10 hours a month during trading hours are spent on this activity. 40 hours a month outside of trading hours are spent on this activity. 15% of his yearly income derives from this activity.

Mr. Borden is an investment adviser representative of Kobo Retirement Strategies.

Mr. Borden is the owner of Pan Pacific Partners, LLC, a Honolulu-based private trust and fiduciary practice. Pan Pacific Partners provides trust and fiduciary services to individuals in Hawaii and California.

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

*This section of the brochure describes our code of ethics, adopted pursuant to SEC rule 204A-1, and how we deal with client and related person trading.*

### Code of Ethics

We have adopted a code of ethics designed to prevent and detect violations of securities rules by our employees and affiliated persons. Our controls in this area focus upon securities transactions made by our employees that have access to material information about the trading of Kobo. We will provide a copy of our code of ethics to clients or prospective clients upon request.

### Material Financial Interest and Personal Trading

From time-to-time the interests of the principals and employees of Kobo may coincide with yours and other clients. Individual securities may be bought, held, or sold by a principal or

employee of Kobo that is also recommended to or held by you or another client. If potential insider information is inadvertently provided or learned by a principal or employee, it is our policy to strictly prohibit its use.

It is the policy of Kobo to permit the firm, its employees, and investment advisor representatives to buy, sell, and hold the same securities that the investment advisor representatives also recommend to clients. It is acknowledged and understood that we perform investment services for different types of clients with varying investment goals, risk profiles, and time horizons. As such, the investment advice offered to you may differ from other clients and investments made by our investment advisor representatives. We have no obligation to recommend for purchase or sale a security that Kobo, its principals, affiliates, employees, or investment advisor representatives may purchase, sell, or hold. We address the potential conflict of interest that owning the same investments as our clients presents by following the procedure of when a decision is made to liquidate a security from all applicable accounts, priority will always be given to client orders before those of a related or associated person to Kobo. In some cases, the trades of the clients and advisory personnel will be combined in a single block trade, and all trades will receive the average price. We have procedures for dealing with insider trading, employee-related accounts, “front running” and other issues that may present a potential conflict when buy/sell recommendations are made. These procedures include reviewing employee security transactions and holdings to eliminate, to the extent possible, the adverse effects of potential conflicts of interest on clients.

## **Brokerage Practices (Item 12)**

*This section of the brochure describes how we recommend broker-dealers for client transactions.*

### Factors Considered When Recommending a Qualified Custodian

Kobo does not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15 – Custody, below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We may require that our clients use a particular qualified custodian (“Custodian”), typically a registered broker-dealer, Member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with the Custodian. The Custodian will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we require that you use the custodian, you will decide whether to do so and will open your account with the Custodian by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so.

### How We Select Brokers/Custodians

We seek to use a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds, etc.)
- Availability of investment research and tools that help us make investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us

#### Your Brokerage and Custody Costs

For our clients' accounts that the Custodian maintains, the Custodian generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your account. The Custodian's commission rates applicable to our client accounts were negotiated based on the condition that our clients collectively maintain minimum amount of assets in accounts at the Custodian. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. In addition to commissions, the Custodian charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have the Custodian execute most trades for your account. We have determined that having the Custodian execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How We Select Brokers/Custodians").

#### Products and Services Available to Us From the Custodian

The Custodian(s) we recommend are in the business serving independent investment advisory firms like us. They provide us with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to The Custodian's retail customers. The Custodian also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. The Custodian's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a minimum amount of assets with the Custodian. Following is a more detailed description of the Custodian's support services.

### Services That Benefit You

The Custodian's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through the Custodian include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. The Custodian's services described in this paragraph generally benefit you and your account.

### Services That May Not Directly Benefit You

The Custodian also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both the Custodian's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at the Custodian. In addition to investment research, the Custodian also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

### Services That Generally Benefit Only Us

The Custodian also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

The Custodian may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. The Custodian may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. The Custodian may also provide us with other benefits, such as occasional business entertainment of our personnel.

### Our Interest in The Custodian's Services

The availability of these services from the Custodian benefits us because we do not have to produce or purchase them. We don't have to pay for the Custodian's services so long as our clients collectively keep a minimum amount of their assets in accounts at the Custodian. The minimum may give us an incentive to recommend or require that you maintain your account with the Custodian, based on our interest in receiving the Custodian's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential

conflict of interest. We believe, however, that our selection of the Custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of the Custodian's services (see "How We Select Brokers/Custodians") and not the Custodian's services that benefit only us.

#### Factors Considered When Recommending Charles Schwab & Co., Inc. Advisor Services Institutional as Your Qualified Custodian or Broker Dealer

Kobo participates in the institutional advisor program (the "Program") offered by Charles Schwab & Co., Inc. Advisor Services Institutional. Charles Schwab & Co., Inc. Advisor Services Institutional is a division of Charles Schwab & Co., Inc. Advisor Services Inc., member FINRA/SIPC/ ("Charles Schwab & Co., Inc. Advisor Services"), an unaffiliated SEC-registered broker-dealer and FINRA member. Charles Schwab & Co., Inc. Advisor Services offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. We receives some benefits from Charles Schwab & Co., Inc. Advisor Services through our participation in the Program. (Please see the disclosure under Item 14. below.)

Some of the products or services provided by the Custodian do not qualify for the safe harbor in section 28(e) of the Securities Exchange Act of 1934, including those services that do not aid in investment decision-making or trade execution. These business management and development services, in addition to those listed above, may include consulting, publications and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, the Custodian may use independent third parties to offer these services to Kobo.

#### Brokerage for Client Referrals

Kobo does not have any agreements in place where securities transactions are directed to particular broker-dealers in exchange for client referrals.

#### Directed Brokerage

If you direct Kobo to execute securities transaction at a broker-dealer other than one we use for our other clients you will forgo any benefit from savings on execution costs that we may have obtained through our negotiation of volume discounts or batched orders. In directing the use of a particular broker-dealer, it should be understood that we will not have authority to negotiate commissions or obtain volume discounts, and best execution may not be achieved. You may incur higher commissions, other transactions costs, greater spreads, or receive less favorable net prices, on transactions for your account than would otherwise be the case had you used a broker-dealer we prefer.

#### Aggregated Orders

When we decide to purchase or sell a specific security for multiple clients at the same time, we will consider aggregating, or combining the orders. This procedure will result in a single average price for all client transactions in the aggregated order. The account custodian charges for each transaction as if it were placed individually.

### Allocation of Thinly Traded Securities

Kobo may allocate securities among accounts when enough of a particular security or securities cannot be purchased or sold on a given day at a desired price. In this event, we will allocate the shares actually purchased or sold on pro rata basis. We may remove small allocations from the process if we believe it would not be in the best interest of our client(s).

Kobo participates in the institutional advisor program (the “Program”) offered by Charles Schwab & Co., Inc. Advisor Services Institutional. Charles Schwab & Co., Inc. Advisor Services Institutional is a division of Charles Schwab & Co., Inc. Advisor Services Inc., member FINRA/SIPC (“Charles Schwab & Co., Inc. Advisor Services”), an unaffiliated SEC-registered broker-dealer and FINRA member. Charles Schwab & Co., Inc. Advisor Services offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from Charles Schwab & Co., Inc. Advisor Services through its participation in the Program. (Please see the disclosure under Item 14. below.)

### Betterment for Advisors’ Trading Policy

When using the Betterment for Advisors platform, we and you are subject to the trading policies and procedures established by Betterment. These policies and procedures limit our ability to control, among other things, the timing of the execution of certain trades (including in response to withdrawals, deposits, or asset allocation changes) within your account. You should not expect that trading on Betterment is instant, and, accordingly, you should be aware that Betterment does not permit you or us to control the specific time during a day that securities are bought or sold in your account (i.e., to “time the market”). Betterment describes its trading policies in Betterment LLC’s Form ADV Part 2A. As detailed in that document, Betterment generally trades on the same business day as it receives instructions from you or us. However, transactions will be subject to processing delays in certain circumstances. In particular, orders initiated on non-business days and after markets close generally will not transact until the next business day. Betterment also maintains a general approach of not placing securities orders during approximately the first thirty minutes after the opening of any market session. Betterment also generally stops placing orders arising from allocation changes in existing portfolios approximately thirty minutes before the close of any market session. Betterment continues placing orders associated with deposit and withdrawal requests until market close. Betterment maintains a general approach of not placing orders around the time of scheduled Federal Reserve interest rate announcements. Furthermore, Betterment may delay or manage trading in response to market instability. For further information, please consult Betterment LLC’s Form ADV Part 2A.

## **Review of Accounts (Item 13)**

*This section of the brochure describes how often client accounts are reviewed and by whom.*



### Reviews

Kobo reviews the securities held in its clients' investment supervisory accounts on an ongoing basis. The reviews are conducted by Cris Borden. Your accounts are reviewed at least quarterly for proper asset allocation to assure they comply with your investment objectives and mandates.

### Reports

Kobo does not prepare or send written reports to all clients. We have arranged for your independent qualified account custodian to prepare and distribute account statements directly to you. These account statements describe all activity in the clients' accounts including account holdings, transactions, and investment advisory fees deducted from the account. Some third-party advisors require that clients agree to receive reports electronically.

## **Client Referrals and Other Compensation (Item 14)**

*This section of the brochure discloses our arrangements with people who are compensated for referring us business.*

### **Referral Relationships**

Kobo is not currently participating in any referral relationships.

## **Custody (Item 15)**

*This section of the brochure encourages you to check the statements sent to you by your account custodian to ensure the accuracy of the fee calculation.*

You have authorized us to deduct periodic investment advisory fees directly from one or more of your accounts managed by Kobo. These deductions from your account are shown on the periodic statements sent by your custodian directly to you or made available for you to review on your custodian's account portal and web site. You are encouraged to review these statements carefully and compare the amounts on the custodian statements with any statements we send and the fee schedule outlined in your Investment Advisory Agreement.

## **Investment Discretion (Item 16)**

*This section of the brochure discloses the power we have to make trades in your account.*

Most of our clients grant Kobo a limited power of attorney to select, purchase, or sell securities without obtaining your specific consent within the account(s) you have under our management. The limited powers of attorney are granted in the written Investment Advisory Agreement entered into between us. There are no restrictions upon the securities that may be purchased, sold, or held in your account unless you provide these restrictions to us in writing.

Some of our clients request that we contact them and receive their consent before every security transaction placed in their account. Because of the requirement for pre-approval of transactions, trades in these non-discretionary accounts may be placed later than those in discretionary accounts or not at all if, in our opinion, a specific investment opportunity has passed.

## **Voting Client Securities (Item 17)**

*This section of the brochure explains our proxy voting policy and your ability to get proxy voting information from us.*

In some circumstances Kobo will vote proxies for securities held in your investment account. If the investment account is for a pension or other employee benefit plan governed by ERISA, you direct us not to vote proxies for securities held in the account, because the right to vote such proxies is expressly reserved for you or your plan fiduciary not Kobo. If a Third-Party Manager has been selected to manage all or a portion of your account, that Third Party Manager will vote proxies for securities they manage on a day to day basis.

## **Financial Information (Item 18)**

*This section of the brochure is where investment advisors that collect more than \$1200 in fees per client and six months or more in advance would include a balance sheet.*

Kobo is not aware of any circumstance that is reasonably likely to impair our ability to meet contractual commitments to you or our other clients. We do not require pre-payment of investment advisory fees of greater than \$1200 and more than six months in advance.