

# Kroon & Mitchell Asset Management, LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Kroon & Mitchell Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at (616) 356-2002 or by email at: [pmitchell@kroon.us](mailto:pmitchell@kroon.us). 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 Kroon & Mitchell Asset Management, LLC. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Kroon & Mitchell Asset Management, LLC.'s CRD number is: 168120.*

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*Registration does not imply a certain level of skill or training*

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## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of Kroon & Mitchell Asset Management, LLC on 03/09/2024 are described below. Material changes relate to Kroon & Mitchell Asset Management, LLC's policies, practices or conflicts of interests.

- Phillip Mitchell is the firm's Chief Compliance Officer. (Item 13)
- The firm updated fee calculations for portfolio management and pension consulting services. (Item 5)

## Item 3: Table of Contents

Item 1: Cover Page

Item 2: Material Changes.....	ii
Item 3: Table of Contents.....	iii
Item 4: Advisory Business .....	5
A. Description of the Advisory Firm .....	5
B. Types of Advisory Services .....	5
C. Client Tailored Services and Client Imposed Restrictions.....	6
D. Wrap Fee Programs.....	6
E. Assets Under Management.....	6
Item 5: Fees and Compensation.....	7
A. Fee Schedule.....	7
B. Payment of Fees.....	8
C. Clients Are Responsible For Third Party Fees.....	9
D. Prepayment of Fees .....	9
E. Outside Compensation For the Sale of Securities to Clients.....	9
Item 6: Performance-Based Fees and Side-By-Side Management .....	9
Item 7: Types of Clients .....	9
Item 8: Methods of Analysis, Investment Strategies, and Risk of Investment Loss.....	10
A. Methods of Analysis and Investment Strategies .....	10
B. Material Risks Involved .....	10
C. Risks of Specific Securities Utilized.....	11
Item 9: Disciplinary Information.....	13
A. Criminal or Civil Actions .....	13
B. Administrative Proceedings.....	13
C. Self-regulatory Organization (SRO) Proceedings.....	13
Item 10: Other Financial Industry Activities and Affiliations.....	13
A. Registration as a Broker/Dealer or Broker/Dealer Representative .....	13
B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor .....	13

C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests .....	13
D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections .....	13
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	14
A. Code of Ethics .....	14
B. Recommendations Involving Material Financial Interests .....	14
C. Investing Personal Money in the Same Securities as Clients .....	14
D. Trading Securities At/ Around the Same Time as Clients' Securities .....	14
Item 12: Brokerage Practices .....	15
A. Factors Used to Select Custodians and/or Broker/Dealers.....	15
B. Aggregating (Block) Trading for Multiple Client Accounts .....	15
Item 13: Reviews of Accounts .....	16
A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews .....	16
B. Factors That Will Trigger a Non-Periodic Review of Client Accounts.....	16
C. Content and Frequency of Regular Reports Provided to Clients.....	16
Item 14: Client Referrals and Other Compensation.....	17
A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes).....	17
B. Compensation to Non – Advisory Personnel for Client Referrals.....	17
Item 15: Custody .....	17
Item 16: Investment Discretion .....	17
Item 17: Voting Client Securities (Proxy Voting) .....	17
Item 18: Financial Information.....	18
A. Balance Sheet .....	18
B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients.....	18
C. Bankruptcy Petitions in Previous Ten Years .....	18

## Item 4: Advisory Business

### A. Description of the Advisory Firm

Kroon & Mitchell Asset Management, LLC. (hereinafter “K&M”) is a Limited Liability Company organized in the State of Michigan.

The firm was formed in July 2013, and the principal owner is Phillip Mitchell.

### B. Types of Advisory Services

K&M offers the following services to advisory clients:

#### *Portfolio Management Services*

K&M offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. K&M creates an Investment Policy Statement for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels). Portfolio management services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

K&M evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. K&M will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

K&M seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of K&M’s economic, investment or other financial interests. To meet its fiduciary obligations, K&M attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and, accordingly, K&M’s policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is K&M’s policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent, including initial public offerings (“IPOs”) and other investment opportunities that might have a limited supply, among its clients on a fair and equitable basis over time.

### ***Pension Consulting Services***

K&M offers ongoing consulting services to pension or other employee benefit plans (including but not limited to 401(k) plans) based on the demographics, goals, objectives, time horizon, and/or risk tolerance of the plan's participants.

### ***Financial Planning***

Financial plans and financial planning may include, but are not limited to: investment planning; life insurance; tax concerns; retirement planning; college planning; and debt/credit planning. K&M provides one-off and ongoing financial planning, depending on the client's needs.

### ***Services Limited to Specific Types of Investments***

K&M generally limits its investment advice to mutual funds, equities, fixed income securities, ETFs (including ETFs in the gold and precious metal sectors), real estate funds (including REITs), commodities, and non-U.S. securities. K&M may use other securities as well to help diversify a portfolio when applicable.

## **C. Client Tailored Services and Client Imposed Restrictions**

K&M offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels). Clients may not impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

## **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. K&M does not participate in any wrap fee programs.

## **E. Assets Under Management**

Discretionary assets under our firm's management were approximately \$164,051,761.00. Non-discretionary assets under management were approximately \$ 1,225,824.00 as of December 2023.

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Portfolio Management Services Fees*

Total Assets Under Management	Annual Fee
\$0 - \$500,000	0.90%
\$,500,001 - \$1,000,000	0.80%
\$1,000,001 - \$2,000,000	0.70%
\$2,000,001 - \$15,000,000	0.60%
\$15,000,001 - \$100,000,000	0.50%

These fees are generally negotiable and the final fee schedule is attached as Exhibit I of the Investment Advisory Contract.

K&M Portfolio Management Service Fees will be billed quarterly in arrears based on the market value of each Portfolio on the last day of the calendar quarter, in accordance with the Portfolio Management Services Fee schedule outlined above. An example of the quarterly fee: a client with \$1,000,000 in assets would pay  $(0.90\%/4 = 0.225\%)$  on the first \$500,000.00, and the next \$500,00.00  $(0.80\%/4 = 0.20\%)$ .

#### *Pension Consulting Services Fees*

#### *AUM-based Fees for Pension Consulting*

Total Assets Under Management	Annual Fee
\$0 - \$500,000	0.90%
\$,500,001 - \$1,000,000	0.80%
\$1,000,001 - \$2,000,000	0.70%
\$2,000,001 - \$15,000,000	0.60%
\$15,000,001 - \$25,000,000	0.50%

These fees are generally negotiable and the final fee schedule is attached as Exhibit I of the Investment Advisory Contract.

K&M Pension Consulting Service Fees will be billed quarterly in arrears based on the market value of each Portfolio on the last day of the calendar quarter, in accordance with the Portfolio Management Services Fee schedule outlined above. An example of the quarterly fee: a client with \$1,000,000 in assets would pay  $(0.90\%/4 = 0.225\%)$  on the first \$500,000.00, and the next \$500,00.00  $(0.80\%/4 = 0.20\%)$ .

### ***Financial Planning Fees***

#### **Hourly Fees**

The hourly fee for these services is between \$150 and \$300. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement.

#### ***Termination of Agreement***

Clients may terminate the agreement without penalty, for full refund of K&M's fees, within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with three days' written notice.

### **B. Payment of Fees**

#### ***Payment of AUM-based Portfolio Management Fees***

AUM-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis or invoiced and billed directly to the client on a quarterly basis; clients may select the method in which they are billed.

#### ***Payment of AUM-based Pension Consulting Fees***

AUM-based pension consulting fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis or invoiced and billed directly to the client on a quarterly basis; clients may select the method in which they are billed.

#### ***Payment of Financial Planning Fees***

Hourly Financial Planning fees are paid via check.



### **C. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by K&M. Please see Item 12 of this brochure regarding broker/custodian.

### **D. Prepayment of Fees**

K&M collects its fees in arrears. It does not collect fees in advance.

### **E. Outside Compensation For the Sale of Securities to Clients**

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

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

K&M does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

K&M generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans
- ❖ Corporations or Business Entities

### ***Minimum Account Size for Portfolio Management***

There is an account minimum of \$500,000, which may be waived by K&M in its discretion.

### ***Minimum Account Size for Pension Consulting***

There is an account minimum of \$500,000, which may be waived by K&M in its discretion.

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

K&M's methods of analysis include fundamental analysis, quantitative analysis and modern portfolio theory.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

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

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

#### *Investment Strategies*

K&M uses long-term purchases.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

### B. Material Risks Involved

#### *Methods of Analysis*

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

**Quantitative Model Risk:** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

**Modern Portfolio Theory** assumes that investors are risk adverse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

### ***Investment Strategies***

Clients should be aware that there is a material risk of loss using any of those strategies. **Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. They can be of bond “fixed income” nature (lower risk) or stock “equity” nature (mentioned below).

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry market conditions and general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary and include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general the fixed income market is volatile, and fixed income securities carry interest rate risk. (As

interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing.

**Exchange Traded Funds (ETFs):** Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). The price of Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) may be negatively impacted by several factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

**Real Estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Private placements** carry a substantial risk as they are subject to less regulation than publicly offered securities, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets.

**Commodities** are tangible assets used to manufacture and produce goods or services. Commodity prices are affected by different risk factors, such as disease, storage capacity, supply, demand, delivery constraints and weather. Because of those risk factors, even a well-diversified investment in commodities can be uncertain.

**Non-U.S. securities** present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

## **Item 10: Other Financial Industry Activities and Affiliations**

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither K&M nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither K&M nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Joshua Thomas Bilisko is the sole proprietor of a rock band named Pretoria.

Robert Arthur Roper is an accountant. From time to time, he will offer clients advice or products from this activity. Kroon & Mitchell always acts in the best interest of the client. Clients are in no way required to utilize the services of any representative of Kroon & Mitchell in their capacity as an accountant.

### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

K&M does not utilize nor select third-party investment advisers. All assets are managed by K&M management.

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

### **A. Code of Ethics**

K&M has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

### **B. Recommendations Involving Material Financial Interests**

K&M does not recommend that clients buy or sell any security in which a related person to K&M or K&M has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of K&M may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of K&M to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. K&M will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of K&M may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of K&M to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, K&M will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on K&M's duty to seek "best execution," which is the obligation to seek to execute securities transactions for a Client on terms that are the most favorable to the Client under the circumstances. The Client will not necessarily pay the lowest commission or commission equivalent, and K&M may also consider the market expertise and research access provided by the payment of commissions, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers to aid in the research efforts of K&M. K&M will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

Charles Schwab Corporation is recommended by K&M.

#### ***1. Research and Other Soft-Dollar Benefits***

K&M receives no research, product, or services other than execution from broker dealers or custodians in connection with client securities transactions ("soft dollar benefits").

#### ***2. Brokerage for Client Referrals***

K&M receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

#### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

K&M will require clients to use a specific broker-dealer to execute transactions.

### **B. Aggregating (Block) Trading for Multiple Client Accounts**

If K&M buys or sells the same securities on behalf of more than one client, it might, but would be under no obligation to, aggregate or bunch, to the extent permitted by applicable law and regulations, the securities to be purchased or sold for multiple clients in order to seek more favorable prices, lower brokerage commissions or more efficient execution. In such case, K&M would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically

disadvantaged by this policy. K&M would determine the appropriate number of shares to place with brokers and will select the appropriate brokers consistent with the adviser's duty to seek best execution, except for those accounts with specific brokerage direction (if any).

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All client portfolio management accounts are reviewed at least monthly only by Phillip Mitchell, Chief Compliance Officer with regard to clients' respective investment policies and risk tolerance levels. All accounts at K&M are assigned to this reviewer.

All one-off financial planning accounts are reviewed upon financial plan creation and plan delivery by Phillip Mitchell, Chief Compliance Officer. There is only one level of review for one-off financial plans, and that is the total review conducted to create the financial plan.

K&M provides ongoing financial planning services, and reviews are conducted at least quarterly by Phillip Mitchell, Chief Compliance Officer.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Portfolio Management and ongoing financial planning reviews may be triggered by material market, economic or political events, or by changes in clients' financial situations (such as retirement, termination of employment, physical move, or inheritance).

With respect to one-off financial plans, K&M's services will generally conclude upon delivery of the financial plan.

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive a quarterly written report that details the client's account including assets held and asset value. This report will come from the custodian that holds the client's assets.



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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

K&M does not receive any economic benefit, directly or indirectly from any third party for advice rendered to K&M clients.

### **B. Compensation to Non – Advisory Personnel for Client Referrals**

K&M does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

K&M, with client written authority, has limited custody of client's assets through direct fee deduction of K&M's fees only. If the client chooses to be billed directly by Charles Schwab Corporation, the client's chosen custodian, K&M would have constructive custody over that account and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

## **Item 16: Investment Discretion**

K&M provides discretionary investment advisory services to clients. The Investment Advisory Contract established with each client outlines the discretionary authority for trading. Where investment discretion has been granted, K&M generally manages the client's account and makes investment decisions without consultation with the client as to what securities to buy or sell, when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, the brokers with whom orders for the purchase or sale of securities are placed for execution, and the price per share.

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

K&M will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

K&M neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither K&M nor its management has any financial condition that is likely to reasonably impair K&M's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

K&M has not been the subject of a bankruptcy petition in the last ten years.