

## Item 1: Cover Page

### DISCLOSURE BROCHURE

PREPARED IN COMPLIANCE WITH  
THE INVESTMENT ADVISERS ACT OF 1940 RULE 204-3(A)

# TKG Advisors, LLC dba Kotys Wealth Professionals

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This brochure provides information about the qualifications and business practices of TKG Advisors, LLC dba Kotys Wealth Professionals. Being registered as a registered investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 219-465-6924. 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 TKG Advisors, LLC dba Kotys Wealth Professionals (CRD #168156) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**MARCH 6, 2024**

## **Item 2: Material Changes**

Since Kotys Wealth Professionals' other than annual update on March 21, 2023, this Disclosure Brochure has been revised at Item 4 to provide additional information regarding our advisory services, including new ownership of the Registrant by the Wesley M. Kotys Revocable Trust dated April 5, 2023.

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## **Item 4: Advisory Business**

- A. TKG Advisors, LLC dba Kotys Wealth Professionals ("KWP") was founded in 2013. Wesley Kotys is KWP's Founder and serves as its Chief Executive Officer and Chief Compliance Officer. Mr. Kotys is also the sole trustee of KWP's owner, the Wesley M. Kotys Revocable Trust dated April 5, 2023.
- B. As discussed below, KWP provides investment supervisory services, also known as asset management services, and to the extent specifically requested by a client, furnishes financial planning and investment advice through consultations.

### **ASSET MANAGEMENT**

KWP offers discretionary and non-discretionary asset management services to advisory clients on a fee basis. The client can also engage KWP to provide services limited to the management of the investment sub accounts of variable annuity products previously purchased by the client on a fee basis.

### **INVESTMENT ADVISORY SERVICES**

The client can engage KWP to provide discretionary or non-discretionary investment advisory services on a fee basis. KWP's annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under KWP's management. Before engaging KWP to provide investment advisory services, clients are required to enter into an Investment Advisory Agreement with KWP setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

KWP's annual investment advisory fee shall include investment advisory services, and, for clients with assets under KWP's management exceeding \$500,000, financial planning and consulting services. For clients with less than \$500,000 in assets under KWP's management, KWP may determine to charge a \$750 minimum planning fee in addition to the client's standard investment advisory fee, if the client elects to receive such financial planning and/or consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of KWP), KWP may determine to charge for such additional services pursuant to a stand-alone Financial Planning Agreement (see below).

Please Note: KWP believes that it is important for the client to address financial planning issues on an ongoing basis. KWP's advisory fee, as set forth at Item 5 below, will remain the same regardless of whether or not the client determines to address financial planning issues with KWP.

To commence the investment advisory process, an investment adviser representative will first ascertain each client's investment objectives and then allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. Once allocated, KWP provides ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives, and may rebalance

and/or may recommend that clients rebalance accounts as necessary based on such reviews.

### **CASH MANAGEMENT**

Clients may also engage KWP to provide cash management services. KWP's annual fee for cash management services is based upon a percentage (%) of the market value of the assets placed in the cash management program, in accordance with the client's Cash Management Agreement.

KWP shall generally invest cash management assets in short term bonds, exchange-traded funds, certificates of deposit (CDs), United States Treasuries, structured notes, and mutual funds. KWP imposes a \$100,000 minimum investment for cash management services, which asset minimum may be waived or reduced by KWP, at its sole discretion.

### **VARIABLE ANNUITY MANAGEMENT**

The client can also engage KWP to provide investment advisory services through its Variable Annuity Management Program (the "VA Program"). Under the VA Program, KWP allocates client investment assets on a fee basis, among the investment subaccounts of variable annuity products previously purchased by the client. Once allocated, KWP provides ongoing monitoring and review of subaccount performance, asset allocation, and client investment objectives.

### **ERISA PLAN SERVICES**

KWP provides service to qualified and non-qualified retirement plans including 401(k) plans, 403(b) plans, pension and profit sharing plans, cash balance plans, and deferred compensation plans. KWP may act as either:

*ERISA 3(21) Fiduciary.* KWP typically acts as a 3(21) fiduciary that can advise, help and assist plan sponsors with their investment decisions. The plan sponsor is still ultimately responsible for the decisions made in their plan, though using KWP can help mitigate that plan sponsor's liability by following a diligent process.

*ERISA 3(38) Investment Manager.* KWP can also act as an ERISA 3(38) Investment Manager in which it has discretionary management and control of a given retirement plan's assets. KWP would then become solely responsible and liable for the selection, monitoring and replacement of the plan's investment options and, to the extent requested by the plan, the ongoing management of discretionary investment allocation models made available to plan participants. In such engagements, KWP will serve as an investment fiduciary as that term is defined under ERISA. KWP will generally provide services on an "assets under management" fee basis per the terms and conditions of an Investment Advisory Agreement between the Plan and the Firm.

### **QUALIFIED PLAN CONSULTING SERVICES**

KWP offers Qualified Plan Consulting Services to individuals relative to 401(k) plan assets maintained by the client in conjunction with the retirement plan

established by the client's employer. KWP will meet with the client for information gathering initially and then every quarter thereafter for review and recommendations. Every quarter, KWP will review the investment options available within the plan and make investment recommendations to the client based on the investment options available and the client's financial objectives. It is ultimately the clients' decision to execute the recommendations made by KWP. KWP's ability shall be limited to the allocation of the assets among the investment alternatives available through the plan. KWP will not receive any communications from the plan sponsor or custodian, and it shall remain the client's exclusive obligation to notify KWP of any changes in investment alternatives, restrictions, etc. pertaining to the retirement account.

### **FINANCIAL PLANNING AND CONSULTING**

KWP offers financial consulting on specific topics or as a plan for an hourly fee described in Item 5 below.

#### **Goal Specific Planning**

For a modular or goal specific plan, the client may select any one of the following financial planning modules at an hourly fee:

- Retirement Planning
- Succession Planning
- Education Planning
- Estate Planning
- Insurance Planning
- Investment Planning
- Accumulation Planning
- Survivor Needs
- Disability Income
- Long Term Care
- Cash Flow Analysis
- Debt Management
- Tax Planning
- Major Purchase Planning
- Divorce Planning

For a financial plan, the client will receive an analysis on any or all of the above modules in order to analyze their complete financial picture. In addition, planning for unique situations such as the sale of a business, managing stock options, or receiving a windfall/inheritance may be included in a comprehensive financial plan.

The client retains full discretion to accept or reject any of KWP's planning recommendations. If the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through KWP. Financial plans will generally be completed and delivered inside of ninety (90) days.

## MISCELLANEOUS

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** To the extent requested by a client, KWP may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. KWP will generally provide such consulting services inclusive of its advisory fee set forth at Item 5 below (exceptions could occur based upon assets under management, extraordinary matters, special projects, stand-alone planning engagements, etc. for which KWP may charge a separate or additional fee). **Please Note:** KWP believes that it is important for the client to address financial planning issues on an ongoing basis. KWP's advisory fee, as set forth at Item 5 below, will remain the same regardless of whether or not the client determines to address financial planning issues with KWP. KWP does not serve as a law firm, accounting firm, or insurance agency, and no portion of KWP's services should be construed as legal, accounting, or insurance implementation services. Accordingly, KWP does not prepare estate planning documents, tax returns, nor does it offer or sell insurance products. To the extent requested by a client, KWP may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.), including KWP's representatives acting in their capacity as licensed insurance agents (See disclosure at Item 10.C below) . Clients are reminded that they are under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation made by KWP or its representatives. Also, the recommendation by KWP that a client consider the purchase of an insurance product from a KWP representative presents a potential conflict of interest, however, this conflict of interest is mitigated where KWP representatives do not sell insurance commission-based products. **Please Note:** If the client engages any unaffiliated professional, recommended or otherwise, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional(s) (i.e., attorney, accountant, insurance agent, etc.), and not KWP, shall be responsible for the quality and competency of the services provided.

**Custodian Charges-Additional Fees.** As discussed below at Item 12 below, when requested to recommend a broker-dealer/custodian for client accounts, KWP generally recommends that Charles Schwab & Co., Inc. ("Schwab") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Schwab charge brokerage commissions, transaction, and/or other type fees for effecting certain types of securities transactions (i.e., including transaction fees for certain mutual funds, and mark-ups and mark-downs charged for fixed income transactions, etc.). The types of securities for which transaction fees, commissions, and/or other type fees (as well as the amount of those fees) shall differ depending upon the broker-dealer/custodian (while certain custodians, including Schwab, do not currently charge fees on individual equity or ETF transactions, others do).

Please Note: there can be no assurance that Schwab will not change its transaction fee pricing in the future. Please Also Note: Schwab may also assess fees to clients who elect to receive trade confirmations and account statements by regular mail rather than electronically. When beneficial to the client, individual fixed-income and/or equity transactions may be effected through broker-dealers with whom KWP and/or the client have entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through other SEC registered and FINRA member broker-dealers (in which event, the client generally will incur both the transaction fee charged by the executing broker-dealer and a “trade-away” fee charged by Schwab). These fees/charges are in addition to KWP’s investment advisory fee at Item 5 below. KWP does not receive any portion of these fees/charges. ANY QUESTIONS: KWP’s Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above.

**Data Aggregation Platforms.** KWP, in conjunction with the services provided by ByAllAccounts, Orion, eMoney, Riskalyze, and/or other data aggregation platforms may also provide periodic comprehensive reporting services which can incorporate all of the client’s investment assets, including those investment assets that are not part of the assets managed by KWP (the “Excluded Assets”). The client and/or their other advisors that maintain trading authority, and not KWP, shall be exclusively responsible for the investment performance of the Excluded Assets. Unless otherwise specifically agreed to, in writing, KWP’s service relative to the Excluded Assets is limited to reporting only. The sole exception to the above shall be if KWP is specifically engaged to monitor and/or allocate the assets within the client’s 401(k) account maintained away at the custodian directed by the client’s employer. As such, except with respect to the client’s 401(k) account (if applicable), KWP does not maintain any trading authority for the Excluded Assets. Rather, the client and/or the client’s designated other investment professional(s) maintain supervision, monitoring and trading authority for the Excluded Assets. If KWP were asked to make a recommendation as to any Excluded Assets, the client is under absolutely no obligation to accept the recommendation, and KWP shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that KWP provide investment management services for the Excluded Assets, the client may engage KWP to do so pursuant to the terms and conditions of the Investment Advisory Agreement between KWP and the client. The eMoney platform also provides access to other types of information and applications including financial planning concepts and functionality, which should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by KWP. Finally, KWP shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the eMoney platform without KWP’s assistance or oversight.

**Client Obligations.** In performing its services, KWP shall not be required to verify any information received from the client or from the client’s other



professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify KWP if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising KWP's previous recommendations and/or services.

**Authorized Agents.** In an attempt to enhance services to its clients, KWP has entered into an arrangement with an unaffiliated registered investment adviser (G&S Capital, LLC; CRD: 171033) ("G&S") for the provision of certain back-office services. Pursuant to this arrangement, certain representatives of G&S have executed documents to become authorized agents of KWP. This arrangement gives such G&S representatives the ability to implement trades on behalf of KWP, at KWP's direction. Per the terms of this arrangement, no representative of G&S is entitled to make any investment decisions or trades on behalf of any KWP client without prior instruction from an appropriate KWP representative.

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

**Cash Sweep Accounts.** Account custodians generally require that cash proceeds from account transactions or cash deposits be swept into and/or initially maintained in the custodian's sweep account. The yield on the sweep account is generally lower than those available in money market accounts. To help mitigate this issue, KWP shall generally purchase a higher yielding money market fund available on the custodian's platform with cash proceeds or deposits, unless KWP reasonably anticipates that it will utilize the cash proceeds to purchase additional investments for the client's account. Exceptions and/or modifications can and will occur with respect to all or a portion of the cash balances for various reasons, including, but not limited to, the amount of dispersion between the sweep account and a money market fund, an indication from the client of an imminent need for such cash, or the client has a demonstrated history of writing checks from the account.

Please Note: The above does not apply to the cash component maintained within KWP's actively managed investment strategy (the cash balances for which shall generally remain in the custodian designated cash sweep account), an indication from the client of a need for access to such cash, assets allocated to an unaffiliated investment manager, and cash balances maintained for fee billing purposes. Please Also Note: The client shall remain exclusively responsible for yield dispersion/cash balance decisions and corresponding transactions for cash balances maintained in any of KWP's unmanaged accounts.

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

**Margin Accounts: Risks/Conflict of Interest.** KWP does not recommend the use of margin for investment purposes. A margin account is a brokerage account that allows investors to borrow money to buy securities and/or for other non-investment borrowing purposes. The broker/custodian charges the investor interest for the right to borrow money and uses the securities as collateral. By using borrowed funds, the customer is employing leverage that will magnify both account gains and losses. Should a client determine to use margin, KWP will include the net value of the margined assets when computing its advisory fee. Please Note: The use of margin can cause significant adverse financial consequences in the event of a market correction.

**Cash Positions.** Depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), KWP may maintain cash and cash equivalent positions (such as money market funds, etc.) for defensive and liquidity purposes. Unless otherwise agreed in writing, all such cash positions are

included as part of assets under management for purposes of calculating KWP's advisory fee. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, KWP's advisory fee could exceed the interest paid by the client's money market fund. **Please Note:** In addition to fees attributable to cash positions within a client's advisory account, clients who maintain assets in KWP's cash management program shall be assessed a fee on the cash management account value in accordance with the client's Cash Management Agreement. **ANY QUESTIONS:** KWP's Chief Compliance Officer, Wesley Kotys, remains available to address any questions that a client or prospective may have regarding the above fee billing practice.

**Non-Discretionary Services Limitations.** KWP generally provides its investment advisory services on a discretionary basis and only accepts non-discretionary authority in very limited circumstances, generally as a client accommodation. Clients that determine to engage KWP on a non-discretionary investment advisory basis must be willing to accept that KWP cannot effect any account transactions without obtaining prior consent to any such transaction(s) from the client. Thus, in the event that KWP would like to make a transaction for a client's account, and client is unavailable, KWP will be unable to effect the account transaction (as it would for its discretionary clients) without first obtaining the client's consent.

**Use of Mutual Funds and Exchange Traded Funds.** While KWP may recommend allocating investment assets to mutual funds and exchange traded funds that are not available directly to the public, KWP may also recommend that clients allocate investment assets to publicly-available mutual funds and exchange traded funds that the client could obtain without engaging KWP as an investment adviser. However, if a client or prospective client determines to allocate investment assets to publicly-available mutual funds without engaging KWP as an investment adviser, the client or prospective client would not receive the benefit of KWP's initial and ongoing investment advisory services. In addition to KWP's investment advisory fee described below, and transaction and/or custodial fees discussed below, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses).

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

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

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

**Disclosure Statement.** A copy of KWP's written Brochure as set forth on Part 2 of Form ADV, along with the Form CRS Relationship Summary, shall be provided to each client before, or contemporaneously with, the execution of the Investment Advisory Agreement or Financial Planning Agreement.

- C. Prior to providing investment advisory services, an investment adviser representative will discuss with each client, their particular investment objective(s). The goals and objectives for each client are documented in our client files. Investment strategies are then created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.
- D. KWP does not participate in a wrap fee program.
- E. As of December 31, 2023, KWP had \$223,430,054 in client assets under management on a discretionary basis.

## **Item 5: Fees and Compensation**

- A. KWP bases its fees on a percentage of assets under management and hourly charges. KWP, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

For asset-based fee arrangements, fee adjustments are made for account deposits and withdrawals. For account deposits, these fee adjustments are prorated based on the date on which KWP began managing the deposited assets. For account withdrawals, the fee adjustment is prorated based on the

date of the withdrawal. When KWP bills its fee in advance, any applicable fee adjustments are applied at the following billing interval.

#### INVESTMENT ADVISORY SERVICES

The negotiable annual investment advisory fee (“Annual Fee”) schedule for KWP’s advisory services is described below:

<b>Assets Under Management</b>	<b>KWP Maximum Annual Fee</b>	<b>KWP Maximum Quarterly Fee*</b>
\$0 - \$499,999	1.75%	.44%
\$500,000 - \$999,999	1.65%	.41%
\$1,000,000 - \$2,999,999	1.50%	.38%
\$3,000,000 - \$4,999,999	1.00%	.25%
\$5,000,000 - \$9,999,999	0.75%	.19%
\$10,000,000 and above	0.50%	.13%

\*Maximum quarterly fees are rounded to the nearest one-hundredth of a percent.

In its sole discretion, KWP may aggregate asset totals of related accounts for the purposes of fee breakpoints and calculations.

For clients with assets under KWP’s management exceeding \$500,000, KWP’s annual investment advisory fee shall also include financial planning and consulting services. For clients with less than \$500,000 in assets under KWP’s management, KWP may determine to charge a \$750 minimum planning fee in addition to the client’s standard investment advisory fee, if the client elects to receive such financial planning and/or consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of KWP), KWP may determine to charge for such additional services pursuant to a stand-alone Financial Planning Agreement (see below).

#### CASH MANAGEMENT

The annual fee for KWP’s cash management services shall generally range from 0.15% to 0.50% of assets held in the cash management program, based upon various objective and subjective factors, including the complexity of the client’s overall engagement with KWP, the level and scope of the overall investment advisory services to be rendered for the client in addition to cash management, negotiations, and other factors. As a result, similarly situated clients could pay diverse fees, and the services to be provided by KWP to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly. ANY QUESTIONS: KWP’s

Chief Compliance Officer, Wesley Kotys, remains available to address any questions regarding Fee Differentials.

#### VARIABLE ANNUITY MANAGEMENT

KWP offers asset management services to advisory clients on their variable annuities based on an annual fee of 1.30% of assets held in variable annuity subaccounts. If a client holds assets managed under other advisory agreements, the assets held in variable annuity subaccounts will be aggregated with those assets and applied to the above tiered fee schedule, potentially lowering the overall fee for the client.

#### ERISA PLAN SERVICES

The annual fees are based on the market value of the Included Assets and will not exceed 1% of the value. The compensation of KWP for the services is described in detail in Schedule A of the ERISA Plan Agreement. The Plan is obligated to pay the fees, however the Plan Sponsor may elect to pay the fees. KWP does not reasonably expect to receive any additional compensation, directly or indirectly, for its services under this Agreement. If additional compensation is received, KWP will disclose this compensation, the services rendered, and the payer of compensation. KWP will offset the compensation against the fees agreed upon under this Agreement.

#### QUALIFIED PLAN CONSULTING SERVICES

The annual fee for Qualified Plan Consulting Services will not exceed 1% of included plan assets. If a client holds assets managed under other advisory agreements, the assets managed under this section will be aggregated with those assets and applied to the tiered fee schedule, potentially lowering the overall fee for the client.

#### FINANCIAL PLANNING and CONSULTING

KWP charges an hourly fee of \$375 for financial planning and consulting. Prior to the planning process the client will be provided an estimated plan fee. Client will pay the estimated fee at the signing of the agreement. The services include, but are not limited to, a thorough review of all applicable topics including Wills, Estate Plan/Trusts, Investments, Taxes, and Insurance.

**Fee Dispersion.** KWP, in its discretion, may charge a lesser investment advisory fee, charge a flat fee, waive its fee entirely, or charge fee on a different interval, based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, anticipated services to be rendered, grandfathered fee schedules, employees and family members, courtesy accounts, competition, negotiations with client, etc.). Please Note: As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees. ANY QUESTIONS: KWP's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding advisory fees.

- B. Clients may elect to have KWP's advisory fees deducted from their custodial account. Both the respective form of client agreement that KWP's clients sign and the custodial/clearing agreements may authorize the custodian to debit the account for the amount of KWP's investment advisory fee and to directly remit that management fee to KWP in compliance with regulatory procedures. In the limited event that KWP bills the client directly, payment is due upon receipt of KWP's invoice. KWP shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, KWP shall generally recommend that Schwab serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Schwab charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to KWP's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses). For more details on brokerage practices, see Item 12 of this brochure.

When KWP reasonably determines that it would be beneficial for the client, individual equity and/or fixed income transactions may be executed through broker-dealers other than the account custodian. In that event, the client will generally incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate "trade-away" and/or prime broker fee charged by the account custodian.

D. INVESTMENT ADVISORY AND CASH MANAGEMENT SERVICES

Fees are billed quarterly in advance based on the amount of assets managed as of the close of business on the last business day of each quarter. Quarterly advisory fees deducted from the clients' account by the custodian will be reflected in a provided fee invoice as fees are withdrawn. Lower fees for comparable services may be available from other sources.

The agreement may be terminated by either party by giving to the other party thirty (30) days written notice. On termination, any prepaid fees will be refunded to the client.

VARIABLE ANNUITY MANAGEMENT

Fees are billed quarterly in advance based on the amount of assets managed as of the close of business on the last business day of each quarter and will be due within ten (10) business days. The agreement may be terminated by either party by giving to the other party thirty (30) days written notice. On termination, any prepaid fees will be refunded to the client.

ERISA PLAN SERVICES

The fee is charged quarterly in arrears and the initial fee will be based on the market value of the Plan assets as calculated by the custodian or record keeper of the Included Assets on the first business day of the initial fee period and will be due on the first business day of the fee period. For services started any time other than the first day of a quarter, the fee will be prorated based on the number of days remaining in the initial fee period. Thereafter, the fee will be based on the market value of the Plan assets on the last business day of the previous fee period (without adjustments for anticipated withdrawals by Plan participants or other anticipated or scheduled transfers or distribution of assets) and will be due within ten (10) business days. If this Agreement is terminated prior to the end of the fee period, KWP shall be entitled to a prorated fee based on the number of days during the fee period services were provided. Any unearned fees shall be refunded to the Plan or Plan Sponsor.

#### QUALIFIED PLAN CONSULTING SERVICES

Fees will be paid quarterly in advance. Client will be provided an invoice at the commencement of services payable directly to KWP within ten (10) days of receipt. Clients will have the amount deducted from another account managed by KWP. Client shall be given thirty (30) days prior written notice of any increase in fees, and client will acknowledge, in writing, any agreement of increase in said fees. On termination, the client will be entitled to a pro-rata refund based on advice already rendered.

#### FINANCIAL PLANNING AND CONSULTING

Client will pay the estimated fee at the signing of the agreement. Services are generally completed and delivered inside of ninety (90) days. The fees for financial planning and consulting may be waived at the discretion of KWP if KWP manages \$500,000 or more of the client's assets.

- E. KWP does not receive any external compensation for the sale of securities to clients, nor do any of the investment advisor representatives of KWP.

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

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

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

KWP generally provides investment advice to individuals, high net worth individuals, charitable organizations, and pension and profit sharing plans. Client relationships vary in scope and length of service.

KWP requires a minimum of \$500,000 to open an investment advisory account. KWP requires a minimum of \$100,000 to open a cash management account. However, KWP may waive its minimum account size and/or charge a lesser investment advisory fee at their discretion based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity,



anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.). As discussed in Item 4 above, investment advisory clients with less than \$500,000 under KWP's management will be subject to a \$750 minimum financial planning fee, if the client elects to receive such service. **Please Note:** Similar advisory services may be available from other investment advisers for similar or lower fees.

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

### **A. Methods of Analysis**

As an investment philosophy, KWP practices a nimble trading strategy that seeks to grow client assets in up trends and protect principal during down trends. We employ a technical quantitative and qualitative strategy that seeks to minimize risk by participating in market environments when they are positive and exiting the market when the environment is negative. Our goal is to position for potential gains in advancing markets and to help protect capital in sideways or down markets.

Security analysis methods may include fundamental analysis and technical analysis. **Please Note:** Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is not a guarantee of future returns.

Fundamental analysis involves evaluating a stock using real data such as company revenues, earnings, return on equity, and profits margins to determine underlying value and potential growth. Technical analysis involves evaluating securities based on past prices and volume.

When creating a financial plan, KWP utilizes fundamental analysis to provide review of insurance policies for economic value and income replacement. Technical analysis is used to review mutual funds, stock and ETFs. The main sources of information include client documents such as tax returns and insurance policies, and other research processes KWP uses.

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

The main sources of information include financial newspapers and magazines, annual reports, prospectuses, filings with the Securities and Exchange Commission, and an investment committee, which is described in more detail below.

### **Investment Committee**

KWP has formed an investment committee in conjunction with G&S. The committee meets on a regular basis to share information regarding market trends, investment strategies, research findings, and other topics related to the management of client accounts. The committee does not discuss any specific

client accounts, and each member of the committee maintains exclusive responsibility for ensuring that any actions taken with respect to client accounts are in accordance with that client's designated investment objective and any applicable restrictions. Members of the investment committee are under absolutely no obligation to accept or implement any trading concepts and/or strategies discussed by the committee. **ANY QUESTIONS:** KWP's Chief Compliance Officer, Wesley Kotys, remains available to address any questions regarding this investment committee arrangement.

### Investment Strategies

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an Investment Policy Statement or Risk Tolerance that documents their objectives and their desired investment strategy.

Strategies implemented by KWP may include long-term purchases, short-term purchases, trading, and option writing (including covered options, uncovered options or spreading strategies).

All investment programs have certain risks that are borne by the investor. Fundamental analysis may involve interest rate risk, market risk, business risk, and financial risk. Risks involved in technical analysis are inflation risk, reinvestment risk, and market risk. Cyclical analysis involves inflation risk, market risk, and currency risk.

Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks and should discuss these risks with KWP:

- *Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Market Risk:* The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- *Inflation Risk:* When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Reinvestment Risk:* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Business Risk:* These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies

depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

- *Liquidity Risk*: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Financial Risk*: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

- B. KWP's methods of analysis and investment strategies do not present any unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis KWP must have access to current/new market information. KWP has no control over the dissemination rate of market information; therefore, unbeknownst to KWP, certain analyses may be compiled with outdated market information, severely limiting the value of KWP's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

KWP's primary investment strategies - Long Term Purchases and Short Term Purchases - are basic investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

Transactions in options carry a higher degree of risk. Purchasers and sellers of options should familiarize themselves with the type of option (e.g., put or call) which they contemplate trading and the associated risks. Selling ("writing" or "granting") an option generally entails greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavorably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller being obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is "covered" by the seller holding a corresponding position in the underlying interest, the risk may be reduced. If the option is uncovered, the risk may be unlimited.

### **Options Strategies.**

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

### **Covered Call Writing.**

Covered call writing is the sale of in-, at-, or out-of-the-money call options against a long security position held in a client portfolio. This type of transaction is intended to generate income. It also serves to create partial downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced or lost to the extent it is determined to buy back the option position before its expiration. There can be no assurance that the security will not be called away by the option buyer, which will result in the client (option writer) to lose ownership in the security and incur potential unintended tax consequences. Covered call strategies are generally better suited for positions with lower price volatility.

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

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

- C. Currently, KWP primarily allocates client investment assets among various individual debt securities (bonds), individual equities (stocks), CDs, United States Treasuries, mutual funds, exchange-traded notes, and exchange-traded funds, on a discretionary or non-discretionary basis in accordance with the client's designated investment objective(s).

**Inverse and Enhanced Funds.** KWP may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices as an investment strategy and/or for the purpose of hedging against downside market risk; or (2) enhanced relationship to certain market indices as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct KWP, in writing, not to employ any or all such strategies for their accounts.

**Exchange-Traded Notes.** KWP may also utilize and/or recommend that a client utilize exchange-traded notes ("ETNs"). ETNs are a type of debt security that trade on exchanges and seek a return linked to a market index or other benchmark. ETNs are unsecured debt securities issued by an underwriting bank. They have a maturity date and are backed only by the credit of the underwriting bank. ETNs are linked to the performance of a particular market benchmark(s) or strategy and upon maturity, the underwriting bank promises to pay the amount reflected in the benchmark index minus fees. ETNs are only linked to the performance of a benchmark; they do not actually own the benchmark index. ETNs face the risk that the credit rating of the underwriting bank may be reduced or the underwriting bank may go bankrupt, thus reducing the value of the ETN. Even though ETNs are not equities or index funds, they may also face some of the risks of investing in equities or index funds. The return on an ETN generally depends on price changes if the ETN is sold prior to maturity (as with stocks or ETFs) or on the payment, if any, of a distribution if the ETN is held to maturity (as with some other structured products).

**Use of Margin and Securities Based Loans.** KWP generally does not recommend the use of margin loans or securities-based loans (collectively, "SBLs") as a leveraged investment strategy, in which the account would leverage borrowed assets as collateral for the purchase of additional securities. However, client accounts may maintain the ability to use margin, including in connection the use of options, discussed further above. Clients also generally retain the ability to establish a margin account with the client's broker-dealer/custodian or their affiliated banks (each, an "SBL Lender") to access SBLs for financial planning and cash flow management purposes. The client is never under any obligation to establish an SBL and may restrict KWP's ability to utilize SBLs in managing the client's account at any time, in writing.

The terms and conditions of each SBL are contained in a separate agreement between the client and the SBL Lender selected by the client, which terms and conditions may vary from client to client. Borrowing funds on margin is not suitable for all clients and is subject to certain risks, including but not limited

to those described below. Before agreeing to participate in an SBL program, clients should carefully review the applicable SBL agreement and all risk disclosures provided by the SBL Lender including the initial margin and maintenance requirements for the specific program in which the client enrolls, and the procedures for issuing “margin calls” and liquidating securities and other assets in the client’s accounts. The following describes some of the risks associated with SBLs, which KWP recommends that clients consider before participating in an SBL program:

1. **Increased Portfolio Risk, Including the Risk for Potential Losses in the Event of a Downturn:** Borrowing money on margin increases a client’s level of exposure to market risk and volatility. The more money a client borrows on margin, the greater the market risk. This is especially true in the event of a significant downturn in the value of the assets used to collateralize the SBL. In some circumstances, clients may lose more money than they originally invested and borrowed. As the marginable investments in a client’s portfolio provide the collateral for the SBL, the value of that collateral fluctuates according to market activity, while the amount the client borrows stays the same.
2. **The Potential Obligation to Post Collateral or Repay the SBL if the SBL Lender Determines that the Value of Collateralized Securities is No Longer Sufficient to Support the Value of the SBL:** The SBL requires a certain minimum value of equity to continue service of the SBL (the “Maintenance Requirement”). If the value of the client’s portfolio securities decline in value, so does the value of the collateral supporting the SBL. If the value of the SBL collateral declines to an amount where it is no longer sufficient to support the borrower’s line of credit or loan, the SBL Lender will issue a “Maintenance Call” (also referred to as a “margin call”). In that event, the client would be required to post additional collateral or repay the SBL within a specified period of time. The SBL Lender is also commonly entitled to increase its Maintenance Requirement at any time, without having to provide prior written notice to the borrower. As a result, borrowers are subject to risk of repayment of the loan and should be aware of such risks when foregoing a traditional mortgage to finance a real estate purchase.
3. **The Risk that the SBL Lender may Liquidate the Client’s Securities to Satisfy its Demand for Additional Collateral or Repayment:** The SBL Lender commonly reserves the right to render the borrower’s repayment immediately due, and/or terminate the SBL at any time without cause, at which point, the outstanding SBL balance would become immediately due and payable. However, if the borrower is unable to add additional collateral to their account or repay the loan with readily available cash, the SBL Lender can typically liquidate the borrower’s securities and keep the cash to satisfy the Maintenance Call. When liquidating the securities of the borrower’s investment portfolio, the SBL Lender usually reserves the right to decide which securities to sell to protect its interests, and is not necessarily required to provide written notice of its intentions to liquidate. Accordingly, clients who borrow money through an SBL should be aware

of this risk and that such risk is not limited to the margin in the client's account, which could result in the client having to owe additional money or collateral to the SBL Lender after the positions are liquidated. It is therefore possible that a client can lose more money than what the client originally invested into the portfolio.

4. **Liquidity Risk:** SBLs also have a significant effect on the liquidity of a client's portfolio. Namely, a security (whether an equity, mutual fund or ETF) that is used as collateral for an SBL loses its liquidity as long as the SBL is outstanding. Decreased liquidity increases portfolio risk and restricts a client's access to their funds, which clients should strongly consider before using an SBL.
5. **Impact on Advisory Fees:** KWP's fee is generally calculated based on assets under KWP's management, net of any outstanding SBL balance. This incentivizes KWP to recommend that clients pay off any outstanding SBL balances, as such outstanding balances reduce the asset base upon which KWP's fee is based. If margin is used either by KWP or the client to purchase assets that KWP will manage, KWP would not include the entire market value of the margined assets when computing its advisory fee. Further, if KWP recommends that a client apply for an SBL instead of selling securities that KWP manages for a fee to meet liquidity purposes, the recommendation presents a conflict of interest because selling those securities (instead of leveraging those securities to access an SBL) would decrease KWP's investment advisory fee.

## **Item 9: Disciplinary Information**

- A. Neither KWP nor any of its management persons have anything to report with respect to criminal or civil actions in a domestic, foreign, or military court of competent jurisdiction.
- B. Neither KWP nor any of its management persons have anything to report with respect to administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory agency.
- C. Neither KWP nor any of its management persons have anything to report with respect to any self-regulatory organization proceedings.

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

- A. Neither KWP nor any of its employees are registered representatives of a broker-dealer, nor do they have applications pending to register.
- B. Neither KWP nor its employees are registered or has an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.
- C. **Licensed Insurance Agents.** Certain associated persons of KWP, in their individual capacities, are licensed insurance agents. However, these

associated persons do not hold themselves out to the public as insurance agents, are not currently appointed by any insurance broker or agency, and do not solicit KWP's clients to purchase insurance products. Commission-based insurance sales is not material to KWP's investment advisory operations and is set forth on this Brochure for full disclosure purposes. KWP and its associated persons do not receive any insurance commission compensation.

- D. KWP does not receive, directly or indirectly, compensation from investment advisers that it recommends or selects for its clients.

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

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

The employees of KWP have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of KWP employees and addresses conflicts that may arise. The Code defines acceptable behavior for employees of KWP. The Code reflects KWP and its supervised persons' responsibility to act in the best interest of their client.

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

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

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

The Code applies to "access" persons. "Access" persons are employees who have access to non-public information regarding any clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to clients, or who have access to such recommendations that are non-public.

The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

- B. KWP and its employees do not recommend to clients securities in which we have a material financial interest.



- C. KWP and its employees *may* buy or sell securities that are also held by clients. This practice may create a situation where KWP and/or representatives of KWP are in a position to materially benefit from the sale or purchase of those securities. There, this situation creates a potential conflict of interest.

In order to mitigate conflicts of interest such as trading ahead of client transactions, employees are required to disclose all reportable securities transactions as well as provide KWP with copies of their brokerage statements. The Chief Compliance Officer of KWP is Wesley Kotys. He reviews all employee trades each month. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment over employee transactions.

- D. KWP does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist. However, employees *may* buy or sell securities at the same time they buy or sell securities for clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide KWP with copies of their brokerage statements.

The Chief Compliance Officer of KWP is Wesley Kotys. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment over employee transactions.

## **Item 12: Brokerage Practices**

- A. KWP may recommend the use of a particular broker-dealer such as Schwab or may utilize a broker-dealer of the client's choosing. KWP will select appropriate brokers based on a number of factors including but not limited to their relatively low transaction fees and reporting ability. KWP relies on its broker to provide its execution services at the best prices available. Lower fees for comparable services may be available from other sources. Clients pay for any and all custodial fees, commissions, and/or transaction fees in addition to the advisory fee charged by KWP.

Factors that KWP considers in recommending Schwab (or any other broker-dealer/custodian to clients) include historical relationship with Schwab, financial strength, reputation, execution capabilities, pricing, research, and service. Broker-dealers such as Schwab can charge transaction fees for effecting certain securities transactions (*See* Item 4 above). To the extent that a transaction fee will be payable by the client to Schwab, the transaction fee shall be in addition to KWP's investment advisory fee referenced in Item 5 above.

To the extent that a transaction fee is payable, KWP shall have a duty to obtain best execution for such transaction. However, that does not mean that the client will not pay a transaction fee that is higher than another qualified broker-dealer might charge to effect the same transaction where KWP determines, in

good faith, that the transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, transaction rates, and responsiveness. Accordingly, although KWP will seek competitive rates, it may not necessarily obtain the lowest possible rates for client account transactions.

- *Research and Benefits.*

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

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

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

- *Directed Brokerage*

KWP does not allow clients to use directed brokerage.

- *Best Execution*

Investment advisors who manage or supervise client portfolios have a fiduciary obligation of best execution. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the portfolios, the efficiency with which the transaction is effected, the ability to effect the transaction where a large block is involved, the operational facilities of the broker-dealer, the value of an ongoing relationship with such

broker and the financial strength and stability of the broker. The firm does not receive any portion of the trading fees.

- B. KWP is authorized in its discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and transactions in the same securities for other clients of KWP. All clients participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rated basis.

Order Aggregation. Transactions for each client account generally will be effected independently, unless KWP decides to purchase or sell the same securities for several clients at approximately the same time. The Firm may (but is not obligated to) combine or “batch” such orders for individual equity transactions (including ETFs) with the intention to obtain better price execution, to negotiate more favorable commission rates, or to allocate more equitably among KWP’s clients differences in prices and commissions or other transaction costs that might have occurred had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. In the event that KWP becomes aware that KWP employee seeks to trade in the same security on the same day, the employee transaction will either be included in the “batch” transaction or transacted after all discretionary client transactions have been completed. KWP shall not receive any additional compensation or remuneration as the result of such aggregation.

### **Item 13: Review of Accounts**

- A. Account reviews are performed quarterly by the Chief Compliance Officer of KWP. Account reviews are performed more frequently when market conditions dictate. Financial Plans are considered complete when recommendations are delivered to the client and ongoing reviews are conducted with the client on at least an annual basis.
- B. Other conditions that may trigger a review of client’s accounts are changes in the tax laws, new investment information, and changes in a client’s own situation.
- C. Clients receive written account statements no less than quarterly for managed accounts. Account statements are issued by KWP’s custodian. Client receives confirmations of each transaction in account from Custodian and an additional statement during any month in which a transaction occurs.

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

- A. As disclosed under Item 12 above, KWP receives economic benefits from Schwab, including support services and/or products without cost (and/or at a discount). KWP’s clients do not pay more for investment transactions effected and/or assets maintained at Schwab, or as a result of this arrangement. There

is no corresponding commitment made by KWP to Schwab to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

- B. KWP participates in various client referral programs, for which KWP pays recurring fees to be identified as a participating investment adviser. Through these referral programs, prospective clients are given a brief series of questions, the responses to which are then used to identify one or more participating advisers who may be able to meet the prospective client's advisory needs. The client retains absolute discretion over the investment adviser to be retained. Depending on the arrangement, the fees paid by KWP pursuant to these referral programs can be a recurring periodic payment, a payment per lead generated (which will generally not depend on the success of converting the lead into a client), or some combination thereof. Any fees paid by KWP to participate in these programs shall be paid solely by KWP and shall not result in any additional charge to the client.

## **Item 15: Custody**

KWP shall have the ability to have its advisory fee for each client debited by the custodian. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. KWP provides a written quarterly report to clients summarizing account activity and performance.

**Please Note:** To the extent that KWP provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by KWP with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of KWP's advisory fee calculation.

KWP provides other services on behalf of its clients that require disclosure at ADV Part 1, Item 9. In particular, certain clients have signed asset transfer authorizations that permit the qualified custodian to rely upon instructions from KWP to transfer client funds to "third parties." In accordance with the guidance provided in the SEC Staff's February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subjected to an annual surprise CPA examination.

## **Item 16: Investment Discretion**

KWP accepts discretionary authority to manage securities accounts on behalf of clients. KWP has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, KWP consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

Prior to assuming discretionary authority over a client's account, the client shall be required to execute an investment advisory agreement, naming KWP as the client's attorney and agent in fact, granting KWP full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

The client approves the custodian to be used. KWP does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

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

### **Item 17: Voting Client Securities**

- A. KWP does not vote proxies on securities. Clients are expected to vote their own proxies. When assistance on voting proxies is requested, KWP will provide recommendations to the client. If a conflict of interest exists, it will be disclosed to the client.
- B. KWP does not vote proxies on securities. The client will receive their proxies directly from the custodian of their account or from a transfer agent. **ANY QUESTIONS:** KWP's Chief Compliance Officer, Wesley Kotys, remains available to address any questions that a client or prospective may have regarding any particular proxy solicitation.

### **Item 18: Financial Information**

- A. A balance sheet is not required to be provided because KWP does not serve as a custodian for client funds or securities and KWP does not require prepayment of fees of more than \$1,200 per client and six months or more in advance.
- B. KWP has no condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.
- C. Neither KWP nor its management has had any bankruptcy petitions in the last ten years.