

# KOBO Retirement Strategies, LLC

## Form ADV Part 2A Brochure

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This Form ADV Part 2A brochure provides information about the qualifications and business practices of KOBO Retirement Strategies, LLC. If you have any questions about the contents of this brochure, please contact Kobo Retirement Strategies, LLC at the number above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about KOBO Retirement Strategies, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Our CRD number is 283743. KOBO Retirement Strategies, LLC is a registered investment advisor. Registration as an investment advisor does not imply any certain level of skill or training.

### **Material Changes (Item 2)**

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

*Since our last updated ADV Form 2A (07/20/2023), we had not had any material changes.*

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

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

KOBO Retirement Strategies, LLC is referred to in this document as “KRS”, “the Company”, “us”, “we”, or “our”. In this document we refer to current and prospective clients of KRS as “you”, “client”, or “your”. KRS was founded in 2016 and is solely owned by Mark Shuster.

### **Types of Advisory Services**

KRS and our investment adviser representatives provide discretionary and non-discretionary management services to individuals, pension plans, trusts, unaffiliated financial institutions, and unaffiliated financial professionals.

Using the information provided by you, our investment advice is tailored to your individual situation. You are responsible for providing information about your investment goals, time horizon, and risk tolerance. These investment advisory services are generally not provided to all your holdings or net worth but rather only to assets specifically designated by you and agreed to by us as managed assets.

#### **Pension Plan Participant Services**

KRS provides investment advice to plan participants of qualified and non-qualified retirement plans (e.g., 401(k), 457(b), 401(a), and 403(b) plans) whose employers have contracted with KRS to provide such services or in cases where KRS has been appointed as an ERISA 3(38) investment options fiduciary by a named ERISA 3(21) fiduciary. Typically, this advice is provided in the form of risk or age based models developed using the investment available within a plan. These models are then made available for plan participants to voluntarily invest all or a portion of their plan assets in one or several of these models. KRS is typically compensated based on the total plan assets invested in our models, with the cost charged to the plan or plan participant. KRS may assist in marketing these models to plan participants. In some situations, KRS may recommend the use of the models and a particular model to individual plan participants.

#### **Unaffiliated Financial Institution Services**

KRS provides investment advice to unaffiliated financial institutions. This advice may consist of a wide range of services but it frequently involves the development of risk or age based models that are made available within the unaffiliated financial institutions products and/or platforms. Recommendations for individual clients of these financial institutions to utilize models developed by KRS will not be made by KRS, nor will these individual clients receive individualized advice from KRS.

### Model Portfolio Newsletters

KRS creates newsletters which provide unaffiliated financial professionals with information regarding the variable sub-accounts available within certain variable life insurance and annuity contracts manufactured by unaffiliated insurance companies. In addition, these newsletters provide model risk and/or age based portfolios using the available sub accounts within a particular product. Recommendations for individual clients of these unaffiliated financial professionals to utilize a particular model are not made by KRS, nor will these individuals receive individualized advice from KRS.

### Individual and Corporate Services

KRS provides investment advice to individuals, businesses, and trusts. The types of services provided vary but may include individualized ongoing investment advice, management of non-qualified benefit plans (e.g. Split Dollar Plans, Deferred Compensation Plans), and management of individual variable life insurance and/or annuity contracts.

### **Types of Investments Used**

We consider many different types of securities when formulating the investment advice we give to you but we may be limited in our recommendations based on the available investment options within the retirement plan or other financial instrument for which we are providing advice. If you come to us with existing investments, we evaluate them with respect to your financial goals, risk tolerance, and investment time horizon. Depending upon the available investments within the financial instrument for which we are providing advice, your account(s) managed by us may contain individual stocks, bonds, mutual funds, or exchange traded funds ("ETFs").

### Negatively Correlated Investments

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

### Tailored Services and Investment Restrictions

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

### **Assets Under Management**

As of January 1, 2023, KRS does not manage any client assets.

## Fees and Compensation (Item 5)

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

### Compensation Methodology and Rates

#### Assets Under Management

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

Assets Under Management	Annual Rates
All amounts	0.02% - 0.50%

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

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

#### Fixed Fees

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

### Valuation of Publicly Traded Securities

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

### How Clients Pay Advisory Fees

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

If agreed upon by both client and KRS, fees can be billed directly to the client instead of being deducted from account balances.

### Other Types of Fees and Expenses

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

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

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

### Investment Company Fees

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

Some fund companies have imposed a redemption fee. A redemption fee is another type of fee that some funds charge their shareholders when shares are sold or redeemed within a short

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

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

#### Commission Based Compensation

KRS does not receive any commission based compensation while providing investment advisory services to you. However, our supervised persons will accept commissions for the sale of securities or other investment products, including asset based sales charges or service fees from the sales of mutual funds in their individual role as a registered representative of a broker-dealer, investment advisor representative of other registered investment advisors, and/or as an insurance agent. This compensation presents a conflict of interest and gives the supervised person an incentive to recommend products based on the additional compensation received rather than on the client's needs.

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

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

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

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

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

#### Individuals

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

### Pension Plans

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

### Unaffiliated Financial Institutions

KRS provides advisory services to unaffiliated financial institutions and product manufacturers. These services include the creation of risk and/or age based models to be made available to individual clients of the financial institutions and/or product manufacturers. KRS does not recommend that any individual client of a financial institution or product manufacturer utilize any model developed by KRS.

### Unaffiliated Financial Professionals

KRS provides education material, including risk and/or age based models that unaffiliated financial professionals may choose to recommend to and implement for their individual clients.

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

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

### **Methods of Analysis**

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

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



We analyze an investment by examining its publically available financial statements or reports, its management, competitive advantages, competitors, and markets. We attempt to identify investments that are selling for less than their intrinsic worth. Our fundamental analysis method is based upon the assumption that markets may misprice an investment in the short run but that the "correct" price will eventually be reached.

## **Investment Strategies**

### Tactical Asset Allocation

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

## **Risks**

Investing in securities involves risk. KRS focuses on mitigating risks whenever possible. The following is a partial list of the risks associated with investing in securities:

### General Risks to Investing

Investing in securities involve the risk of loss of principal which you should be prepared to bear. Advisors that provide the day-to-day management of your account try to reduce risk by diversifying your portfolio across multiple asset classes.

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

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

### Passive Investment Risk

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

### Interest-Rate Risk

Changes in interest rates may cause investments to gain or lose value depending on the type of security.

#### Currency Risk

Foreign investments may change in value as the value of dollar changes in relation to the value of the investments home country currency.

#### Credit Risk

The value of a security is based in part on the creditworthiness of the issuer of the security. When the creditworthiness of the issuer or a security reduces, the price of a security may be reduced.

#### Reinvestment Risk

This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (e.g. interest rate). This primarily relates to bonds.

#### Inflation Risk

When inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

#### 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.

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

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

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

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

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

KRS is affiliated through common ownership with one other registered investment advisor, Shuster Advisory Group, LLC. Because of this common ownership, certain investment advisor representatives have a financial incentive to make successful referrals to the other company. This financial incentive creates a conflict of interest between you and KRS, where your interests and ours might not be aligned. Mark Shuster will from time to time perform services on behalf of Shuster Advisory Group, LLC.

As a registered representative of Equitable Advisors, LLC, Mark Shuster accepts compensation for the sale of securities and from time to time will offer clients advice or products in his role as a registered representative of Equitable Advisors, LLC. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest as commissionable products conflict with the fiduciary duties of a registered investment advisor. Clients are under no obligation to implement any product or services through any representative of KRS in such individual's capacity as a registered representative. Any investment advice provided by KRS is independent of Equitable Advisors, LLC. Equitable Advisors, LLC is not acting as an ERISA fiduciary for your plan/account, and neither provides, oversees nor monitors (i) any investment advice you may receive Shuster Advisory Group, LLC. or (ii) the compliance with applicable law including but not limited to ERISA fiduciary standards and prohibited transaction rules.

Mark Allan Shuster is an Investment Adviser Representative with two other investment advisory firms, Equitable Advisors, LLC and Shuster Advisory Group, LLC, and from time to time, will offer clients advice or products from those activities. Mr. Shuster will receive additional compensation if clients follow his recommendation and use the services of Equitable Advisors, LLC or Shuster Advisory Group, LLC. This financial incentive creates a conflict of interest and gives Mr. Shuster an incentive to recommend products based on the compensation received rather than on the client's needs. KRS always acts in the best interest of the client and clients are under no obligation to use the services of any representative of KRS in connection with such individual's activities outside of KRS.

Cris Borden is an investment adviser representative with two other investment advisory firms, Shuster Advisory Group, LLC and KOBO Wealth Conservancy, LLC, and from time to time, will offer clients advice or products from those activities. Mr. Borden will receive additional compensation if clients follow his recommendation and use the services of Shuster Advisory Group, LLC and/or KOBO Wealth Conservancy, LLC. This financial incentive creates a conflict of interest and gives Mr. Borden an incentive to recommend products based on the compensation received rather than on the client's needs. KRS always acts in the best interest of the client and clients are under no obligation to use the services of any representative of KRS in connection with such individual's activities outside of KRS.

Mark Allan Shuster is a licensed insurance agent with Shuster Financial & Insurance Services, Inc., and Equitable Network, and from time to time, will offer clients advice or products related to various insurance products. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. KRS always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are under no obligation to utilize the services of any representative of KRS in connection with such individual's activities outside of KRS.

We believe that all material conflicts of interest under California Code of Regulations Section 260.238(k) are disclosed regarding the investment adviser, its representatives or any of its

employees, which could reasonably be expected to impair the rendering of unbiased and objective advice.

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

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

### Code of Ethics

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

### Material Financial Interest and Personal Trading

From time-to-time the interests of the principals and employees of KRS may coincide with yours and other clients. Individual securities may be bought, held, or sold by a principal or employee of KRS that is also recommended to or held by you or another client. If potential insider information is inadvertently provided or learned by a principal or employee, it is our policy to strictly prohibit its use.

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

## Brokerage Practices (Item 12)

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

### Factors Considered When Recommending a Qualified Custodian

KRS does not maintain custody of your assets that we manage. Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We only provide investment advice for assets that have already been established at a qualified custodian. As such, we do not recommend custodians. We are independently owned and operated and are not affiliated with any Custodian.

### How We Select Brokers/Custodians

We do not select brokers/custodians and only manage assets already established at a “qualified custodian”. However, our supervised persons will recommend custodians in their individual role as a registered representative of a broker-dealer, investment advisor representative of other registered investment advisors, and/or as an insurance agent.

### Your Brokerage and Custody Costs

For our clients’ accounts that the Custodian maintains, the Custodian generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your account. We have determined that having the Custodian execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors.

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

The Custodian(s) you use are in the business serving independent investment advisory firms like us and while we do not recommend custodians, they still may provide us with access to its institutional brokerage services—many of which are not typically available to the Custodian’s retail customers. The Custodian also makes available various support services. Some of those services help us manage or administer our clients’ account(s) while others help us manage and grow our business. The Custodian’s support services generally are available on an unsolicited basis (we don’t have to request them) and at no charge to us. Following is a more detailed description of the Custodian’s support services.

### Services That Benefit You

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

### Services That May Not Directly Benefit You

The Custodian also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and

administering our clients' accounts. They include investment research, both the Custodian's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at the Custodian. In addition to investment research, the Custodian also makes available software and other technology that:

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

#### Services That Generally Benefit Only Us

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

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

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

#### Our Interest in The Custodian's Services

The availability of these services from the Custodian benefits us because we do not have to produce or purchase them. We don't have to pay for the Custodian's services but access to these services is based on the size of assets we manage with that Custodian not just with KRS but with the other registered investment advisors of which we are affiliated.

#### Brokerage for Client Referrals

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

#### Directed Brokerage

All of our client must direct the brokerage firm we use to execute securities transactions as we only provide investment advice for assets already established at a broker dealer/custodian. Because you choose the custodian and broker to hold and execute securities transaction in your account, we might not have the ability to negotiate volume discounts or batched orders, and best execution may not be achieved. You may incur higher commissions, other transactions costs, greater spreads, or receive less favorable net prices, on transactions for your account than would otherwise be the case.

### Aggregated Orders

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

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

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

### Reviews

KRS reviews the securities held within its models on a periodic basis. Models are reviewed at least quarterly for proper asset allocation to assure they comply with your investment objectives and/or to assure the model maintains the appropriate risk and/or age-based parameters.

### Reports

KRS does not prepare or send written reports to all clients. We have arranged for your independent qualified account custodian to prepare and distribute account statements directly to you. These account statements describe all activity in the clients' accounts including account holdings, transactions, and investment advisory fees deducted from the account.

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

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

### **Referral Relationships**

KRS has not entered into written arrangements where it will pay individuals or entities for successful referrals of new clients.

KRS, however, gives and receives incidental compensation when referring clients to and amongst our related entities. This presents a conflict of interest, as it incentivizes KRS to refer clients to our related entities over other similar service providers.

## **Custody (Item 15)**

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

KRS does not take custody of client assets. You are encouraged to review statements provided by custodians or record-keepers carefully.

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

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

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

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

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

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

In some circumstances KRS will vote proxies for securities held in your investment account. If the investment account is for a pension or other employee benefit plan governed by ERISA, we cannot vote proxies for securities held in the account because the right to vote such proxies is explicitly reserved for you or your plan fiduciary, not KRS.

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

*This section of the brochure is where investment advisors that collect more than \$1,200 in fees per client and six months or more in advance would include a balance sheet.*

KRS is not aware of any circumstance that is reasonably likely to impair our ability to meet contractual commitments to you or our other clients. We do not require pre-payment of investment advisory fees of greater than \$1,200 and more than six months in advance.