



# KPP

KENTUCKY PLANNING PARTNERS

*Advice for Life*

## FIRM BROCHURE

Part 2A of Form ADV

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**March 2024**

### KENTUCKY PLANNING PARTNERS

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This brochure provides clients and prospective clients with information about KPP Advisory Services, LLC and the qualifications, business practices, and nature of its services that should be carefully considered before becoming an advisory client. The contents of this brochure have not been approved or verified by the United States Securities and Exchange Commission (SEC) or any other state or federal governmental authority.

Being registered as a registered investment advisor 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 502-394-0400.

Additional information about KPP Advisory Services, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

Since May 2023, the date of our last annual amendment, there have been no material changes to this Brochure. However, other changes have been made to this Brochure which are not specified in this summary. Consequently, we encourage you to read this Brochure in its entirety.

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## Item 4 – Advisory Business

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### **About Our Firm**

Kentucky Planning Partners, LLC (KPP), and now KPP Advisory Services LLC (KPPAS), was founded in 2005 by Robert A. Davenport and Ken A. O'Neil. KPPAS is an SEC registered investment advisor with its principal place of business located in Kentucky.

KPPAS provides personalized, confidential financial strategies and investment management to individuals, trusts, estates, charitable organizations, small businesses, 401(k)'s, and pension and profit-sharing plans. Our advice is provided through consultation for understanding of our Client's values, determination of their goals and objectives, and understanding of their current financial situation.

We at KPPAS hold ourselves to a *fiduciary standard*, which means our firm and its associates will act in the utmost good faith, and perform in a manner believed to be in the best interest of our Clients. As fiduciaries, we are obligated to put *you - our Client - first*. Through our annual review process and year-round communication with our Clients, we strive to understand all aspects of our Clients financial and life situations to better assist in helping them pursue their long-term goals and objectives. We tailor our advisory services to the individual needs of our clients.

KPPAS does not act as a custodian for Client assets. The Client always maintains asset control. KPPAS places trades for Clients utilizing non-discretionary platforms or full discretion granted under the terms of the Custodian's Brokerage Account Application and under KPPAS's Advisory Services Agreement. Clients are under no obligation to act upon any of the recommendations made by KPPAS under a financial strategy development or consulting engagement and/or to engage the services of any such recommended professional, including KPPAS. The Client retains absolute discretion over all such implementation decisions and is free to accept or reject any of the Advisor's recommendations. Each Client is advised that it remains his/her responsibility to promptly notify KPPAS of any changes in his/her financial situation or investment objectives for reviewing, evaluating, or revising the Advisor's previous recommendations and/or services.

### **Principal Owners**

Robert A Davenport - 50% owner

Ken A. O'Neil - 50% owner

## **Client Assets Under Management**

As of December 2023, our firm had approximately \$106 million dollars of non-discretionary and \$774 million<sup>1</sup> dollars of discretionary client assets under management through account agreements (defined in item 16).

## **KPP Advisory Services Offered**

At KPPAS, we offer the following four services:

- Financial Planning Services
- Investment Management Services
- Wealth Management Services
- Employer-Sponsored Retirement Plan Consulting Services

## **Financial Planning Services**

Financial planning is a comprehensive evaluation of a Client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the Client. Clients purchasing this service receive a written report which provides the Client with a detailed financial plan designed to assist the Client pursue his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **Personal:** We will review family records, budgeting, personal liability, estate information and financial goals;
- **Tax & Cash Flow:** We will analyze the Client's income tax and spending as well as planning for past, current and future years; then illustrate the impact of various investments on the Client's current income tax and future tax liability;
- **Investments:** We will analyze investment alternatives and their effect on the Client's portfolio;
- **Insurance:** We will review existing policies to ensure proper coverage for life, health, disability, long-term care, liability and any other which may affect the overall stability of a financial plan;
- **Retirement:** We will analyze current strategies and investment plans to help the Client pursue his or her retirement goals;
- **Death & Disability:** We will review the Client's cash needs at death, income needs of surviving dependents, estate planning and disability income;
- **Estate:** We assist Clients in identifying estate planning needs; and

- **Business Planning, Growth & Succession:** We will review all aspects of individual businesses planning and insurance needs, retirement plans for owners and employees, growth needs and business transition, sale or succession.

We gather required information through in-depth personal interviews. Information gathered includes the Client's current financial status, tax status, future goals, returns, objectives and attitudes towards risk. We carefully review documents supplied by the Client. Implementation of financial plan recommendations is entirely at the Client's discretion and is separate and additional to the Financial Planning Services.

In addition we may also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States governmental securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests
- Other assets being held by Client

Typically, the financial plan is presented to the Client within three months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. The Client should be aware of the following disclosures:

- a) A conflict exists between the interests of the investment advisor and the interests of the Client;
- b) The Client is under no obligation to act upon the investment advisor's recommendation; and
- c) If the Client elects to act on any of the recommendations, the Client is under no obligation to effect the transaction through the investment advisor.

You will retain full discretion over all implementation decisions and are free to accept or reject any recommendation we make. Further, it remains your responsibility to promptly notify us there is any change in your financial situation or investment objectives for the purpose of our reviewing, evaluating, or revising previous recommendations and/or services.

This service falls under the KPPAS Financial Planning Services Agreement.

In some circumstances, a Retainer Agreement may be executed in lieu of a Financial Planning Services Agreement when it is deemed more appropriate to work on a fixed-fee basis. If the Client later engages KPPAS under an Advisory Services Agreement, the Advisor may waive all or a portion of its fees under this agreement. The fee for a Retainer Agreement is \$1,500 and is negotiable.

## **Investment Management Services**

In situations where comprehensive wealth management is not desired, our Investment Management Services may be utilized for comprehensive portfolio management. The scope of these engagements is normally limited in nature, whereby we are providing investment selection, asset allocation and rebalancing services for Client assets. Additional Financial Planning Services are not generally offered, or only offered in a limited fashion rather than in a comprehensive, coordinated manner. This service is a fee based service and managed on a discretionary or non-discretionary basis.

Our Investment Management Services falls under the KPPAS Investment Management Services Agreement.

## **Wealth Management Services**

Most Clients of KPPS choose to utilize our Wealth Management Services. All aspects of the Client's financial affairs are reviewed. Agreed-upon realistic and measurable goals are set, and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis. Our Wealth Management Services reviews aspects such as:

- Cash flow analysis and budgeting;
- Future savings goals;
- Insurance review;
- Protection/Family Security;
- Investment management (including performance reporting);
- Education planning;
- Retirement planning;
- Financial position planning;
- Estate planning guidance and tax planning guidance may be offered in conjunction with legal and tax partners; and

- Small Business development, growth and transition.

This is a full service comprehensive wealth management service that includes our Financial Planning Services and Investment Management Services. This service is a fee based service and managed on a discretionary or non-discretionary basis.

Our Wealth Management Services falls under the KPPAS Wealth Management Services Agreement.

## **Employer-Sponsored Retirement Plan Consulting Services**

Our Employer-Sponsored Retirement Plan Consulting Service provides services to employer plans falling under the Employee Retirement Income Security Act (ERISA).

These services may include:

- Investment Policy Statement
- Ongoing Investment Recommendations
- Ongoing Investment Monitoring
- Qualified Default Investment Alternative Assistants
- Non-Discretionary Model Portfolios
- Performance Reports
- Service Provider Liaison
- Education Services to Plan Committee
- Participant Enrollment
- Participant Education
- Plan Search Support/Vendor Analysis
- Benchmarking Services
- Assistance Identifying Plan Fees
- ERISA 3(21) investment co-fiduciary services

\*For detailed definitions of these services, please see the Employer-Sponsored Retirement Plan Consulting Services Agreement

Our Employer-Sponsored Retirement Plan Consulting Services falls under the KPPAS Employer-Sponsored Retirement Plan Consulting Services Agreement. How this service is charged is dependent on the compensation schedule agreed upon by KPPAS and the Client.

## **ERISA Disclosure for Retirement Planning**

When KPPAS provides investment advice to Clients regarding ERISA retirement accounts or individual retirement accounts ("IRAs"), KPPAS is a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA") and/or the Internal Revenue Code ("IRC"), as applicable, which are laws governing retirement accounts. When deemed to be in the Client's best interest, KPPAS will



provide investment advice to a Client regarding a distribution from an ERISA retirement account or to roll over the assets to an IRA, or recommend a similar transaction including rollovers from one ERISA sponsored Plan to another, one IRA to another IRA, or from one type of account to another account (e.g. commission-based account to fee-based account). Such a recommendation creates a conflict of interest if KPPAS will earn a new (or increase its current) advisory fee as a result of the transaction. No client is under any obligation to roll over a retirement account to an account managed by KPPAS.

## **Workshop Presentations**

We may provide educational workshops on an “as announced” basis for groups desiring general advice on investments and personal finance. Topics may include issues related to wealth management, financial planning, retirement strategies, or various other economic investment topics.

Our workshops are purely educational in nature and do not involve the sale of any investment products. Information presented will not be based on any one person’s need, nor do we provide individualized investment advice to attendees during general sessions.

## **Types of Custodial Programs Utilized By KPP Advisory Services**

### **LPL Financial Sponsored Advisory Programs:**

KPPAS may provide advisory services through certain programs sponsored by LPL Financial LLC (LPL), a registered investment advisor and broker-dealer. Below is a brief description of each LPL advisory program available to KPPAS. For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs, and the potential conflicts of interest presented by the programs, please see the program account packet (which includes the account agreement and LPL Form ADV program brochure) and the Form ADV, Part 2A of LPL or the applicable program.

### **Optimum Market Portfolios Program (OMP)**

OMP offers Clients the ability to participate in a professionally managed asset allocation program using Optimum Funds Class I shares. Under OMP, a Client will authorize LPL on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the Client. Advisor will assist the Client in determining the suitability of OMP for the Client and assist the Client in setting an appropriate investment objective. Advisor will have discretion to select a mutual fund asset allocation portfolio designed by LPL consistent with the Client’s investment objective. LPL will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for the Client. LPL will also have authority to rebalance the account.

A minimum account value of \$10,000 is required for OMP. In certain instances, LPL will permit a lower minimum account size.

## **Personal Wealth Portfolios Program (PWP)**

PWP offers Clients an asset management account using asset allocation model portfolios designed by LPL. Advisor will have discretion for selecting the asset allocation model portfolio based on Client's investment objective. Advisor will also have discretion for selecting third party money managers (PWP Advisors) or mutual funds within each asset class of the model portfolio. LPL will act as the overlay portfolio manager on all PWP accounts and will be authorized to purchase and sell on a discretionary basis mutual funds and equity and fixed income securities.

A minimum account value of \$250,000 is required for PWP. In certain instances, LPL will permit a lower minimum account size.

## **Model Wealth Portfolios Program (MWP)**

MWP offers Clients a professionally managed mutual fund asset allocation program. [Advisor] will obtain the necessary financial data from the Client, assist the Client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. The Advisor will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL's Research Department consistent with the Client's stated investment objective. LPL's Research Department or third-party portfolio strategists are responsible for selecting the mutual funds or Exchange-traded funds (ETFs) within a model portfolio and for making changes to the mutual funds or ETFs selected.

The Client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds and ETFs and to liquidate previously purchased securities. The Client will also authorize LPL to effect rebalancing for MWP accounts.

MWP requires a minimum asset value for a program account to be managed. The minimums vary depending on the portfolio(s) selected and the account's allocation amongst portfolios. The lowest minimum for a portfolio is \$25,000. In certain instances, a lower minimum for a portfolio is permitted.

## **Guided Wealth Portfolios (GWP)**

GWP offers Clients the ability to participate in a centrally managed, algorithm-based investment program, which is made available to users and Clients through a web-based, interactive account management portal ("Investor Portal"). Investment recommendations to buy and sell open-end mutual funds and ETFs are generated through proprietary, automated, computer algorithms (collectively, the "Algorithm") of Xulu, Inc., doing business as FutureAdvisor ("FutureAdvisor"), based upon model portfolios constructed by LPL and selected for the account as described below (such model portfolio selected for the account, the "Model Portfolio"). Communications concerning GWP are intended to occur primarily through electronic means (including but not limited to, through email communications or through the Investor Portal), although [Advisor]

will be available to discuss investment strategies, objectives or the account in general in person or via telephone.

A preview of the Program (the “Educational Tool”) is provided for a period of up to forty-five (45) days to help users determine whether they would like to become advisory clients and receive ongoing financial advice from LPL, FutureAdvisor and [Advisor] by enrolling in the advisory service (the “Managed Service”). The Educational Tool and Managed Service are described in more detail in the GWP Program Brochure. Users of the Educational Tool are not considered to be advisory clients of LPL, FutureAdvisor or [Advisor], do not enter into an advisory agreement with LPL, FutureAdvisor or [Advisor], do not receive ongoing investment advice or supervisions of their assets, and do not receive any trading services.

A minimum account value of \$5,000 is required to enroll in the Managed Service.

### **Manager Access Select Program**

Manager Access Select provides Clients access to the investment advisory services of professional portfolio management firms for the individual management of Client accounts. Advisor will assist Client in identifying a third party portfolio manager (Portfolio Manager) from a list of Portfolio Managers made available by LPL. The Portfolio Manager manages Client’s assets on a discretionary basis. Advisor will provide initial and ongoing assistance regarding the Portfolio Manager Selection process.

A minimum account value of \$100,000 is required for Manager Access Select, however, in certain instances, the minimum account size may be lower or higher.

### **Fees for LPL Advisory Programs**

The account fee charged to the Client for each LPL advisory program is negotiable, subject to a maximum account fee of 2.50%.

Account fees are payable quarterly in advance.

LPL serves as program sponsor, investment advisor, and broker-dealer for the LPL advisory programs. KPPAS and LPL Financial may share in the account fee and other fees associated with program accounts. Associated persons of Advisor may also be registered representatives of LPL financial.

### **Strategic Wealth Management (SWM) – Individual Portfolio Management**

Our firm provides non-continuous asset management of Client funds based on the individual needs of the Client. Through personal discussions in which goals and objectives based on the

Client's particular circumstances are established, we develop the Client's personal investment policy. We create and manage a portfolio based on that policy. During our data-gathering process, we determine the Client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we may also review and discuss a Client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the Client's stated objectives (i.e., Aggressive Growth, Growth, Growth with Income, Income with Moderate Growth or Income with Capital Preservation), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Once the Client's portfolio has been established, we review the portfolio on an ongoing basis, and if necessary, rebalance the portfolio as required, based on the Client's individual needs.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. Our primary investment philosophy is based on building mutual fund and ETF portfolios, but may include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Structured Notes
- Foreign issuers
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- United States governmental securities

Because some types of investments involve certain additional degrees of risk, they will only be recommended when consistent with the Client's stated investment objectives, tolerance for risk, liquidity and suitability.

Account fees are payable quarterly in advance.

There is no minimum account value required for SWM.

### **Fidelity Sponsored Advisory Programs:**

### **Separate Account Network (SAN):**

KPPAS may utilize the Separate Account Network through Fidelity for certain money managers not available in LPL's network.

The Separate Account Network provides Clients access to the investment advisory services of professional portfolio management firms for the individual management of Client accounts. Advisor will assist Client in identifying a third party portfolio manager (Portfolio Manager) from a list of Portfolio Managers made available in the program. The Portfolio Manager manages Client's assets on a discretionary basis. Advisor will provide initial and ongoing assistance regarding the Portfolio Manager Selection process.

Each Portfolio Manager has individual minimums for their portfolio management.

### **Third-Party Managers**

Based upon the stated investment objectives of the Client, KPPAS may recommend to certain Clients that they authorize the active discretionary management of a portion of their assets by certain investment managers that are independent of, and not affiliated with, KPPAS, either directly or through a wrap fee program. Prior to selecting a third-party manager for a Client, KPPAS shall review information about a third-party manager such as its disclosure statement and/or material supplied by the third-party manager or another independent third party.

KPPAS shall continue to render services to the Client and monitor and review the performance of the third-party manager and the performance of the Clients' accounts that are being managed. The terms and conditions under which the Client shall engage such third-party managers shall be set forth in separate written agreements between the Client and KPPAS, and/or the Client and the third-party manager, and/or the wrap fee program sponsor.

Factors that KPPAS may consider in recommending a particular third-party manager may include the Client's stated investment objective and the manager's management style, performance, reputation, financial strength, reporting, pricing and research. In addition to KPPAS written disclosure statement, Clients shall also receive the written disclosure statement of the third-party manager and/or wrap fee program sponsor, if applicable, recommended by KPPAS.

### **General Information**

All initial meetings are free of charge and are considered exploratory interviews to determine the extent to which financial strategizing and investment management may be beneficial to the prospect.

With your consent, we may work with your attorney or accountant to assist with the coordination and implementation of accepted strategies. You should be aware that these advisors may bill you separately for services and these fees will be in addition to those of our firm.

Our firm will use its best judgement and good faith effort in rendering its services. KPPAS cannot warrant or guarantee any particular level of account performance, or that accounts will be profitable over time. Past performance is not necessarily indicative of future results.

Except as may otherwise be provided by law, our firm will not be liable to the Client, heirs, or assignees for any loss an account may suffer by reason of an investment decision made or other action taken or omitted in good faith by our firm with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; any loss arising from our adherence to your direction or that of your legal agent; or any act or failure to act by a service provider maintaining an account.

Federal and state securities laws impose liabilities under certain circumstances on persons who act in good faith and, therefore, nothing contained in this document or a client agreement shall constitute a waiver of any rights that a Client may have under federal and state securities laws.

### **Termination of Agreements**

A Client may terminate any of the aforementioned agreements at any time by notifying KPPAS in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. KPPAS may terminate any of the aforementioned agreements at any time by notifying the Client in writing. If the Client made an advance payment, KPPAS will refund any unearned portion of the advance payment within thirty (30) days. If the termination occurs within five (5) business days of entering into an agreement for services, the Client will be entitled to a full refund.

## **Item 5 – Fees and Compensation**

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### **Financial Planning Services**

KPPAS Financial Planning fee will be determined based on the nature of the services provided and the complexity of each Client's circumstances. All fees are agreed upon prior to entering into a contract with any Client. These fees are calculated and charged on either an hourly basis or a fixed fee basis. Although the length of time it will take to provide a Financial Plan will depend on each Client's personal situation and complexity of the Client's circumstances, we will provide an estimate for the total hours or the amount of the fixed fee at the start of the advisory relationship and upon beginning the planning process.

The Client shall pay to KPPAS for services provided, a fee of an hourly rate ranging from \$200 to \$300. The financial planning fee may be calculated and charged on a fixed fee basis, typically ranging from \$1,000 to \$10,000, subject to the specific arrangement reached with the Client. The hourly fee and fixed fee rates are negotiable.

The Client agrees to pay KPPAS upon completion of services according to the terms of the Financial Planning Services Agreement. Client agrees that service shall be deemed completed upon Client's receipt of a financial plan or project report. To the extent Client requests additional consulting services, fees for such services shall be determined and payable in advance.

Upon termination of the agreement, any prepaid unearned fee will be refunded to the Client. Any fee for services already completed and yet unpaid shall be billed to the Client. Client agrees to pay such bill promptly.

### **Investment Management and Wealth Management Fees**

Each investment advisor representative at KPPAS has an individual fee schedule based on the unique services they provide their Clients. The account fee charged to the Client for each advisory program is negotiable, subject to a maximum account fee of 2.50%.

Fees are computed and billed quarterly, in advance, and are based on the market value of the Client's account on the last day of the month in the prior quarter. Fees will be prorated on a monthly basis, with respect to new accounts opened during a quarter. Management fees are deducted from our Client's account. LPL Financial will make quarterly adjustments for deposits and withdrawals in the Client accounts. As part of this process, you understand and acknowledge the following:

- a) LPL Financial & Fidelity as the custodian are required to send statements at least quarterly to Clients showing all disbursements for their account, including the amount of the advisory fees paid to the firm; and
- b) The Client provides authorization permitting fees to be directly paid by these terms;
- c) LPL financial calculates the advisory fees and deducts them from the Client's account.
- d) KPPAS calculates the advisory fees for accounts held at Fidelity. Snapshots of the account values used to calculate these fees are taken at the end of quarters 1 -4 and deducted from the Client's accounts. Any account opened between quarters will be pro-rated on a look-back basis and charged at the first quarter's billing with the regular quarterly fee.

**Arrears Billing:** Arrears billing is a necessary adjustment which charges an account for assets deposited before a fee is assessed because advisory accounts are typically billed in advance. Calculations for arrears billing are as follows:

$$[\text{Initial Deposit} \times \text{Advisory Fee}] / 360 \times \text{Prorated Days} = \text{Arrears Billing}$$

**Advanced Billing:** Advanced billing is done on a quarterly basis and is the primary way Account Fees are assessed to advisory accounts. Calculations are as follows:

$$[\text{Quarter End Value} \times \text{Advisor Fee}] / 360 \times 90 \text{ days} = \text{Advanced Billing}$$

**Total Initial Billing:**

$$\text{Arrears Billing} + \text{Advanced Billing} = \text{Total Initial Billing}$$

***Limited Negotiability of Advisory Fees:*** Although each IAR at KPPAS has established fee schedules, we retain the discretion to negotiate alternative fees on a Client-by-Client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include the complexity of the Client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, reports, among other factors. The specific annual fee schedule will be identified in the contract between the advisor and each Client.

We are compensated by a fee for managing our Clients' portfolios based on the assets we manage and we receive no other form of compensation related to the management thereof. Fees are negotiated based on portfolio size. The account fee charged to the Client for each advisory program is negotiable subject to a maximum account fee of 2.50%.

Fee schedules may be amended from time to time by the Advisor upon at least forty-five (45) days' advance written notice to Client, subject to Client's right to terminate the Agreement before an increased fee schedule takes effect upon at least thirty (30) days written notice to Advisor.

Upon termination, advisory fees will be prorated to the effective date of termination. Client will promptly be sent a refund of any fees paid but not yet earned through the effective date of termination.

Where acting in the capacity of a registered representative, IARs of KPPAS may, as broker or agent, effect securities transactions for typical and customary compensation. Clients are not obligated to use IARs of KPPAS to execute such securities transactions. Commissions and other compensation for the sale of investment products, including asset-based distribution fees from the sale of mutual funds, currently provide the primary compensation from investment-related services provided by KPP Advisory Services LLC.

## **Fees for LPL Advisory Programs**

The account fee charged to the Client for each LPL advisory program is negotiable, subject to the following maximum account fees:



Manager Access Select	3.0%
OMP	2.5%
PWP	2.5%
MWP	2.83%*
SMS	1.20%**
GWP	1.35%***

\* The MWP account fee consists of an LPL program fee, a strategist fee (if applicable) and an advisor fee of up to 2.00%. Accounts remaining under the legacy fee structure may be charged one aggregate account fee, for which the maximum account fee is 2.50%. See the MWP program brochure for more information.

\*\* The SMS fee consists of an LPL program fee of 0.20%, and an advisor fee of up to 1.00%.

\*\*\* GWP Managed Service clients are charged an account fee consisting of an LPL program fee of 0.35% and an advisor fee of up to 1.00%. In the future, a strategist fee may apply. However, LPL Research currently serves as the sole portfolio strategist and does not charge a fee for its services. FutureAdvisor is compensated directly by LPL for its services, including the algorithm and related software, through an annual sub-advisory fee (tiered based on assets under management by FutureAdvisor, at a rate ranging from 0.10% to 0.17%). As each asset tier is reached, LPL's share of the compensation shall increase and clients will not benefit from such asset tiers.

GWP Educational Tool provides access to sample recommendations at no charge to users. However, if users decide to implement sample recommendations by executing trades, they will be charged fees, commissions, or expenses by the applicable broker or adviser, as well as underlying investment fees and expenses. Account fees are payable quarterly in advance, except that the SMS fee is paid in arrears on the frequency agreed to between Client and Advisor.

Excluding SMS and GWP, LPL serves as program sponsor, investment advisor and broker-dealer for the LPL advisory programs. In the Managed Service of GWP, LPL is appointed by each client as custodian of account assets and broker-dealer with respect to processing securities transactions for the accounts. In general, FutureAdvisor, in its capacity as investment advisor, will submit transactions through LPL; however, FutureAdvisor may choose to execute transactions through a broker-dealer other than LPL, subject to its duty to seek to achieve best execution. When securities transactions are effected through LPL,

there are no brokerage commissions charged to the account. If FutureAdvisor chooses to execute a transaction through a broker-dealer other than LPL, the execution price may include a commission or fee imposed by the executing broker-dealer. In evaluating whether to execute a trade through a broker-dealer other than LPL, Future Advisor will consider the fact that the account will not be charged a commission if the transaction is effected through LPL.

KPPAS and LPL may share in the account fee and other fees associated with program accounts. Associated persons of KPPAS may also be registered representatives of LPL. Under SMS, LPL serves as investment advisor but not the broker-dealer. Advisor and LPL may share in the advisory portion of the SMS fee.

### **Potential Conflicts of Interest**

Advisor receives compensation as a result of a Client's participation in an LPL program. Depending on, among other things, the type and size of the account, type of securities held in the account, changes in its value over time, the ability to negotiate fees or commissions, the historical or expected size or number of transactions, and the number and range of supplementary advisory and Client-related services provided to the Client, the amount of this compensation may be more or less than what the [Advisor] would receive if the Client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services.

The account fee may be higher than the fees charged by other investment advisors for similar services. For instance, FutureAdvisor offers direct-to-consumer services similar to GWP. Therefore, Clients could generally pay a lower advisory fee for algorithm-driven, automated investment advisory services through FutureAdvisor or other robo providers. However, Clients using such direct robo services will forgo opportunities to utilize LPL-constructed model portfolios or to work directly with a financial advisor.

Clients should consider the level and complexity of the advisory services to be provided when negotiating the account fee (or the advisor fee portion of the account fee, as applicable) with Advisor. With regard to accounts utilizing third-party portfolio managers under aggregate, all-in-one account fee structures (including MAS, PWP and the legacy MWP fee structure), because the portion of the account fee retained by KPPAS varies depending on the portfolio strategist fee associated with a portfolio, KPPAS has a financial incentive to select one portfolio instead of another portfolio.

### **Employer-Sponsored Retirement Plan Consulting Services Fees**

In consideration of the services selected under the Employer-Sponsored Retirement Plan Consulting Services platform, fees are charged under one of the following arrangements:

- Annual Flat Fee – To be agreed upon between KPPAS and Client
- Fee for service percentage –Based on Plan assets, a set percentage each year
- Fee for service tiered – Fee for service based on a percentage of Plan assets set to a tiered schedule
- Maximum hourly Rate of \$300
- One-Time Payment – To be agreed upon between KPPAS and Client
- First Year Fee – Additional fee charged the first year for plan implementation, in addition to ongoing fee arrangements.

### **“Householding” Accounts**

We may aggregate or “household” accounts (including multiple accounts) for the same individual; or two or more accounts within the same family, or accounts where a family member has power of attorney over another family member or incompetent person’s account. Should, however, investment objectives be substantially different for any two or more household accounts requiring different investment approaches, KPPAS reserves the right to apply our fee schedule separately to each account.

### **Workshops**

Our workshop engagements are generally *pro bono* in nature. In the event there is a charge for a workshop, it is anticipated to be paid by the engagement sponsor, such as an employer or association. Fees for these events are typically a flat-rate amount based on the firm’s hourly fee and/or cost of workshop materials, and would be negotiated with the sponsor in advance of the presentation.

### **General Information**

***Termination of the Advisory Relationship:*** A Client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be refunded. In calculating a Client’s reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period using the following calculation:

$$\text{Market Value} \times \text{Advisory Fee} / 360 \text{ Days} \times \text{Pro-Rated Days} = \text{Quarterly Billing}$$

***Mutual Fund Fees:*** All fees paid to KPPAS for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETF’s to their shareholders. These fees and expenses are described in each funds’ prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes

sales charges, a Client may pay an initial or deferred sales charge. A Client could invest in a mutual fund directly, without our services. In that case, the Client would not receive the services provided by our firm which are designed, among other things, to assist the Client in determining which mutual fund or funds are most appropriate to each Client's financial condition and objectives. Accordingly, the Client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the Client and to thereby evaluate the advisory services being provided.

***Potential Conflicts of Interest:*** Transactions in LPL advisory program accounts are generally effected through LPL as the executing broker-dealer.

Advisor receives compensation as a result of a Client's participation in an LPL program. Depending on the size of the account, changes in its value over time, the ability to negotiate fees or commissions, and the number of transactions, the amount of this compensation may be more or less than what Advisor would receive if the Client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services.

***Additional Fees and Expenses:***

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

KPPAS is deemed to be a fiduciary to advisory Clients that are employee benefit plans or individual retirement account (IRAs) pursuant to ERISA. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, KPPAS may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees.

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

***Limited Prepayment of Fees:*** Under no circumstances do we require or solicit payment of fees in excess of \$500 more than six months in advance of services rendered.

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

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Our fees will not be based upon a share of capital gains or capital appreciation (growth) of any portion of managed funds, also known as “performance-based fees”. KPPAS does not use a performance-based fee structure because of the potential conflict of interest this type of fee structure may pose. Performance-based compensation may create an incentive for a firm to recommend an investment that may carry a higher degree of risk to a Client.

Side-by-side management refers to a firm simultaneously managing accounts that do pay performance based fees (such as a hedge fund) and those that do not; this type of arrangement, and the conflict of interest it may pose, is also not applicable to our firm’s practices.

## **Item 7 – Types of Clients**

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KPPAS currently provides investment management services to:

- Individuals and their families (including high net worth individuals)
- Trusts and Estates
- Charitable Organizations and Foundations
- Retirement Accounts such as Pension and Profit Sharing Plans
- Businesses and Corporations not listed above
- Pooled investment vehicles (other than investment companies)

Our ability to provide our service and advice depends on access to important information. Accordingly, you are expected to provide us with an adequate level of information and supporting documentation throughout the term of the engagement, including but not limited to: source of funds; income levels, your (or your legal agent’s) authority to act on behalf of the account, among other information. This helps us determine the appropriateness of our financial planning or investment strategy for you and your account.

It is very important that you keep us up-to-date on significant changes that may call for an update to your financial and investment plans. Events such as job changes, retirement, change in marital status, or the purchase or sale of a home can have a tremendous impact on your circumstances and needs. If we are aware of such events, we can make the adjustments needed to your plan or advice in order to keep you on track toward your goals.

Our firm reserves the right to waive or reduce certain fees based on unique individual circumstance, special arrangements, pre-existing relationships or as otherwise may be determined by the firm principal(s). We also reserve the right to decline services to any prospective Client for any non-discriminatory reason.

As previously disclosed in Item 4, our firm has established certain initial minimum account requirements based on the nature of the service(s) being provided. Requirements are as follows:

- **Optimum Market Portfolios Program (OMP)**
  - A minimum account value of \$10,000 is required for OMP.

- **Personal Wealth Portfolios Program (PWP)**
  - A minimum account value of \$250,000 is required for PWP.
- **Model Wealth Portfolios Program (MWP)**
  - A minimum account value of \$25,000 is required for MWP.
- **Manager Access Select Program**
  - A minimum account value of \$100,000 is required; however, in certain instances, the minimum account size may be lower or higher.
- **Strategic Wealth Management (SWM)**
  - There is no minimum account requirement for SWM
- **Separate Account Network (SAN)**
  - Minimum fees dependent upon the minimum required by portfolio manager selected.

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

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### Method of Analysis

If we are engaged to provide investment consultation or investment supervisory services, we first evaluate several factors, including your:

- Current financial situation
- Age and investment time horizon
- Current and long-term needs
- Investment goals and objectives
- Level of investment knowledge
- Tolerance for risk

We make asset allocation and investment policy decisions based on these and other factors. We will then discuss with you how, in our best judgment, to meet your objectives while at the same time seeking a prudent level of risk exposure.

### Investment Strategies

To achieve long-term investment objectives, we typically employ the following:

#### Fundamental Analysis

Fundamental analysis involves evaluating economic factors including interest rates, current state of the economy, and future growth of an issuer or sector, among others.

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Our research and recommendations may be drawn from sources that include financial publications; investment analysis and reporting software; research materials from outside sources; corporate rating services; annual reports, prospectuses and other regulatory filings; and company press releases.

The challenge with fundamental analysis is that information obtained may be incorrect; the analysis may not provide an accurate estimate of earnings, which may be the basis for a security's value. If a security's price adjusts rapidly to new information, a fundamental analysis may result in unfavorable performance.

#### **Asset Allocation:**

Rather than focusing primarily on securities selection, we will also utilize Asset Allocation where we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the Client's investment goals and risk tolerance.

A risk of asset allocation is that the Client may not participate in a sharp increase of a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the Client's goals.

#### **Mutual Fund and/or ETF Analysis:**

In Mutual Fund and/or ETF Analysis we look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the Client's portfolio. We also monitor the mutual funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

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

#### **Long-Term Purchases:**

We purchase some securities with the idea of holding them in the Client's account for a year or longer. Typically we employ this strategy when:

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

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

## **Risk of Loss**

While we believe our strategies and investment recommendations are designed to potentially produce the highest possible return for a given level of risk, we cannot guarantee that an investment objective or planning goal will be achieved. Past performance is not necessarily indicative of future results.

Some investment decisions may result in loss, including potential loss of the original principal invested. Each Client must be able to bear the various risks involved in the investment of account assets, which may include:

- **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 stock, bond, mutual fund or other security 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 not buy as much as 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 investment 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 the economic environment

- **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.

When our research and analyses is based upon commercially available software, rating services, general and market and financial information, or due diligence reviews, we are relying upon the accuracy and validity of the information or capabilities being provided by selected vendors, rating services, market data, and the issuers themselves. We make a reasonable effort to determine the accuracy of the information received but we cannot predict events, actions taken or not taken, or the validity of all information researched or provided which may or may not affect the advice to a Client or account.

When a portfolio employs a passive, efficient market theory, you will need to consider the potential risk that your broader allocation may generate lower-than-expected returns than that from a specific asset, and that the return on each type of asset is a deviation from the average return of the asset class. We believe this variance from the "expected return" is generally low under normal market conditions if the portfolio is made up of diverse, low or non-correlated assets.

If your preferred investment strategy involves more frequent trading, it may result in additional transactional costs or create taxable events, and in some instances potentially reducing or negating any benefit derived by shorter term investing.

Investment vehicles such as ETFs and indexed funds have the potential to be affected by "tracking error risk" which might be defined as a deviation from their stated benchmark (index). Since the core of a portfolio may attempt to closely replicate a stated benchmark, the source of the tracking error (deviation) may come from a "sample index" that may not as closely align the benchmark. In these instances, the firm may choose to reduce the weighting of a holding or use a "replicate index" position as part of its core holdings to minimize the effects of the tracking error in relation to the overall portfolio. The risk of owning ETFs and index funds also reflects the risks of their underlying securities.

Also, while many index funds and ETFs are known for their potential tax-efficiency and higher "qualified dividend income" (QDI) percentages, there are certain asset classes or holding periods within an index fund or ETF that may not benefit. Shorter holding periods or certain

commodities and currencies (potentially within the index fund/ETF) may be considered nonqualified, therefore the investments QDI will be considered if tax efficiency is an important aspect of your portfolio.

## **Item 9 – Disciplinary Information**

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KPPAS is required to disclose any disciplinary event that would be material to Clients when opening an account or promptly upon discovery of such an event/item. This statement applies to the firm and every employee.

KPPAS does not have any legal, financial or other “disciplinary” items to report.

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

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KPPAS brokerage services are transacted through LPL Financial, an SEC and FINRA registered broker-dealer.

Representatives of our firm may be financial advisors of LPL Financial, member FINRA/SIPC, and licensed insurance agents. They may offer products and receive normal and customary commissions as a result of these transactions. A conflict of interest may arise as these commissionable securities sales may create an incentive to recommend products based on the compensation they may earn.

KPPAS is affiliated with Kentucky Planning Partners, LLC. Kentucky Planning Partners, LLC performs limited consulting services related to strategic planning. KPPAS currently has no Client accounts with Kentucky Planning Partners, LLC.

Patterson and Company Certified Public Accountants (Patterson & Co.), an accounting firm, may occasionally recommends KPPAS to accounting Clients in need of advisory services. Conversely, KPPAS may occasionally recommend Patterson & Co. to advisory Clients in need of accounting services. Account services provided by Patterson & Co. are separate and distinct from our advisory services, and it is provided separate and typical compensation. There are no referral fee arrangements between both firms for these recommendations. No KPPAS Client is obligated to use Patterson & Co. for any accounting services and conversely, no Patterson & Co. accounting Client is obligated to use the advisory services provided by KPPAS. Patterson & Co. accounting services do not include the authority to sign checks or otherwise disburse funds on any of our advisory Client’s behalf. The Patterson & Co. employees will spend the majority of this time on their accounting practice.

Deming Malone Livesay & Ostroff (DMLO) Certified Public Accountants, an accounting firm, occasionally recommends KPPAS to accounting Clients in need of advisory services. Conversely, KPPAS may occasionally recommends DMLO. to advisory Clients in need of accounting services.

Account services provided by DMLO are separate and distinct from our advisory services, and are provided separate and typical compensation. There are no referral fee arrangements between both firms for these recommendations. No KPPAS Client is obligated to use DMLO for any accounting services and conversely, no DMLO accounting Client is obligated to use the advisory services provided by KPPAS. DMLO accounting services do not include the authority to sign checks or otherwise disburse funds on any of our advisory Client's behalf. The DMLO employees will spend the majority of this time on their accounting practice.

KPPAS endeavors at all times to put the interest of its Clients first as part of our fiduciary duty as a registered investment advisor. We take the following steps to address any potential conflict:

- We disclose to Clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory Clients in addition to our advisory fees.
- We disclose to Clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies.
- We collect, maintain, and document accurate, complete and relevant Client background information, including the Client's financial goals, objectives and risk tolerance.
- Our firm's management conducts regular reviews of each Client account to verify that all recommendations made to a Client are suitable to the Client's needs and circumstances.
- We require that our employees seek prior approval of any outside employment activity so we may ensure that any conflicts of interest in such activities are properly addressed.
- We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm.
- We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to Clients.
- If KPPAS recommends or selects other investment advisors for our Clients, we assure prior to selecting the other advisors that the other advisors are properly licensed or registered as an investment advisor.

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

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We have adopted a Code of Ethics that establishes policies of ethical conduct for all our personnel. Our firm accepts the obligation not only to comply with all applicable laws and regulations but also to act in an ethical and professionally responsible manner in all professional services and activities. Our policies include prohibitions against insider trading, circulation of industry rumor, certain political contributions, among others.

IARs who are CFP® designees or FPA members also adhere to the Certified Financial Planner Board of Standards Code of Ethics. These principles include:

### ***Principle 1 – Integrity***

An IAR will provide professional services with integrity. Integrity demands honesty and candor which must not be subordinated to personal gain or advantage. IARs are placed by Clients in positions of trust by Clients, and the ultimate source of that trust is the IAR's personal integrity. Allowance can be made for innocent error and legitimate differences of opinion; but integrity cannot co-exist with deceit or subordination of one's principles

### ***Principle 2 – Objectivity***

An IAR will provide professional services objectively. Objectivity requires intellectual honesty and impartiality. Regardless of the particular service rendered or the capacity in which an IAR functions, an IAR should protect the integrity of their work, maintain objectivity and avoid subordination of their judgement.

### ***Principle 3 – Competence***

IAR will maintain the necessary knowledge and skill to provide professional services competently. Competence means attaining and maintaining an adequate level of knowledge and skill, and applies that knowledge effectively in providing services to Clients. Competence also includes the wisdom to recognize the limitations of that knowledge and when consultation with other professionals is appropriate or referral to other professionals necessary. IAR make a continuing commitment to learning and professional improvement.

### ***Principle 4 – Fairness***

IARs will be fair and reasonable in all professional relationships. Fairness requires impartiality, intellectual honesty, and disclosure of material conflict(s) of interest. It involves a subordination of one's own feelings, prejudices and desires so as to achieve a proper balance of conflicting interests. Fairness is treating others in the same fashion that you would want to be treated and is an essential trait of any professional.

### ***Principle 5 – Confidentiality***

IARs will protect the confidentiality of all Client information. Confidentiality means ensuring that information is accessible only to those authorized to have access. A relationship of trust and confidence with the Client can only be built upon the understanding that the Client's information will remain confidential.

### ***Principle 6 – Professionalism***

IARs will act in a manner that demonstrates exemplary professional conduct. Professionalism requires behaving with dignity and courtesy to all who use their services, fellow professionals, and those in related professions. IARs cooperate with fellow advisors

to enhance and maintain the profession's public image and improve the quality of services.

### ***Principle 7 – Diligence***

IARs will provide professional services diligently. Diligence is the provision of services in a reasonably prompt and thorough manner, including the proper planning for, and supervision of, the rendering of professional services.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering (IPO). Our Code of Ethics also provides for oversight, enforcement and recordkeeping provisions.

KPPAS's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have a particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

Our Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of our employees will not interfere with making decisions in the best interest of advisory Clients and implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our Clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a Client.

As some situations may represent actual or potential conflicts of interest to our Clients, we have established the following policies and procedures for implementing our firm's Code of Ethics to ensure our firm complies with its regulatory obligations and provides our Clients and potential Clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his/her own interest above the interest of an advisory Client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his/her employment unless the information is also available to the investing public.
3. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
4. KPPAS does not engage in principal transactions

5. KPPAS does not recommend or purchase securities for clients that it or one of our owners have a material financial interest in.
6. Employees are able to purchase securities that are recommended to clients. To mitigate any potential conflicts of interest, employees execute personal trades after those of our clients.
7. We maintain a list of all reportable securities holdings for our firm and anyone associated with the advisory practice that has access to advisory recommendations (“access person”). These holdings are reviewed on a regular basis by our firm’s Chief Compliance Officer or his/her designee.
8. We have established procedures for the maintenance of all required books and records.
9. Clients may decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
10. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
11. We have established policies requiring the reporting of Code of Ethics violations to our senior management
12. Any individual who violates any of the above restrictions may be subject to termination.

We periodically review and amend our Code of Ethics to ensure that it remains current, and we require all firm access persons to attest to their understanding of and adherence to the Code of Ethics at least annually. Our firm will provide a copy of its Code of Ethics to any Client or prospective client upon request.

### **Privacy Policy Statement**

At KPPAS, we respect the personal financial privacy of all our Clients, past and present. We realize you have entrusted us with personal financial information, and it is important to us that all employees and Clients of our firm know our policy concerning what we do with that information.

We collect personal financial information about our Clients from the following sources:

- Information our Clients provide to us to complete their financial plan or investment recommendations;
- Information our Clients provide to us in agreements, account applications, and other documents completed in connection with the opening and maintenance of their accounts;
- Information our Clients provide to us orally; and
- Information we may receive from third parties, such as custodians, about Client transactions.

We do not disclose nonpublic personal financial information about our Clients to anyone, except in the following circumstances:

- When required to provide services our Clients have requested;
- When our Clients have specifically authorized us to do so;

- When required during the course of a firm assessment (i.e., independent audit); or
- When permitted or required by law (i.e., periodic regulatory examination).

Within our company, we restrict access of Client information to the employees who do not need access to that information. KPPAS will share information with broker dealer firms having regulatory requirements to supervise certain KPPAS activities. To ensure security and confidentiality, we maintain physical, electronic, and procedural safeguards to protect the privacy of our Clients.

In addition, all employees and officers understand that everything handled in our firm's office is private and confidential. Nothing about our Clients is to be discussed outside our offices with family, friends or other Clients; within the office, employees only discuss what is needed to complete the task. Most importantly, they are instructed to not discuss a Client's situation with someone else that may request information about an account unless they are specifically authorized in writing by the Client to do so. This includes, for example, providing information to a husband on his wife's IRA account, son or daughter about their mom or dad's accounts, etc.

We will notify you annually of our privacy policy and at any time, in advance, if our policy is expected to change.

### **Participation or Interest in Client Transactions**

Neither our firm, associates, nor any related person is authorized to recommend to a Client, or effect a transaction for a Client, involving any security in which our firm, or a related person, has a material financial interest, such as in the capacity as an underwriter, advisor to the issuer, etc.

Our employees are prohibited from borrowing from or lending to a Client unless the Client is an approved financial institution.

We recognize that should we act as the advisor to the sponsor of an ERISA-qualified retirement plan (i.e., 401(k) or pension plan) and one of our associates serves in an advisory capacity to one or more of the plan's participants, a potential or implied conflict of interest may occur. We may require our associate to cease in this plan participant advisory capacity or, upon disclosure to and approval from the plan sponsor, allow the dual advisory role to continue with consideration being made to offset certain fees where appropriate.

Our firm provides a range of services to you and all of our Clients, which includes financial planning, investment consultation services, and investment supervisory services where we are paid a fee. Due to our firm's ability to offer all of these services to you where we may receive a fee for each service, a potential conflict of interest may exist. Therefore, you are under no obligation to act upon our recommendations and, if you elect to act on any of our recommendations, you are under no obligation to complete all of them through our firm.

## **Item 12 – Brokerage Practices**

Our firm does not have the discretionary authority to determine the broker-dealer to be used for a purchase or sale of securities for a Client's account. Our firm also does not have discretionary authority to determine commission rates to be paid to a broker or dealer for a Client's securities transactions.

The Firm reviews its brokerage relationships on an ongoing basis to ensure proper trade execution and customer service. The factors the firm may consider when reviewing or choosing a broker-dealer are as follows:

- Financial stability and reputation;
- Transaction costs (commission) for executing trades including the cost to borrow stock;
- The cost of borrowed funds;
- The maintenance margin requirement or different types of securities based on volatility and/or market price; and
- The nature of the securities being purchased and sold and access to market participants which may be limited due to thin trading activity for a particular security or unavailability of such securities.

The Firm does not mark up or mark down the costs of executing trades and does not receive any "soft dollars" as a result of its trading volume. Any such benefits that may accrue in the future would be for the benefit of our Client.

We receive no Client referrals as a result of selecting our broker nor do we choose our broker based on whether we expect to receive Client referrals.

We do not permit the Client to direct the firm as to which brokerage firm to use for executing and/or clearing its transactions. (i.e., we do not permit "directed brokerage"). The firm's brokerage relationship is selected and terminated by the firm in its role as advisor.

Transactions for each of our Clients will generally be effected independently unless we decide to purchase or sell the same securities for several Clients at approximately the same time, often termed "aggregated" or "batched" orders. We do not receive any additional compensation or remuneration as a result of aggregated transactions.

We may, but are not obligated to, aggregate orders in an attempt to obtain better execution, negotiate favorable transaction rates, or to allocate equitably among our Client accounts should there be differences in prices and commissions or other transaction costs that might have been obtained had such orders been separately placed.

Client accounts where trade aggregation is not allowed or infeasible may potentially be assessed higher transaction costs than those that are batched.

As discussed previously, certain associated persons of KPPAS are registered representatives of LPL Financial. As a result of this relationship, LPL Financial may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about



KPPAS clients, even if Client does not establish any account through LPL Financial. If you would like a copy of the LPL Financial privacy policy, please call 502-394-0400

KPP Advisory Services LLC receives support services and/or products from LPL Financial, many of which assist KPPAS better monitor and service program accounts maintained at LPL Financial; however, some of the services and products benefit KPPAS and not client accounts. These support services and/or products may be received without cost, at a discount, and/or at a negotiated rate, and may include the following:

- 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
- consulting services
- attendance at conferences, meetings, and other educational and/or social events
- marketing support
- computer hardware and/or software
- other products and services used by [Advisor] in furtherance of its investment advisory business operations

LPL Financial may provide these services and products directly, or may arrange for third party vendors to provide the services or products to Advisor. In the case of third party vendors, LPL Financial may pay for some or all of the third party's fees.

These support services are provided to KPPAS based on the overall relationship between KPPAS and LPL Financial. It is not the result of soft dollar arrangements or any other express arrangements with LPL Financial that involves the execution of Client transactions as a condition to the receipt of services. KPPAS will continue to receive the services regardless of the volume of client transactions executed with LPL Financial. Clients do not pay more for services as a result of this arrangement. There is no corresponding commitment made by the KPPAS to LPL or any other entity to invest any specific amount or percentage of Client assets in any specific securities as a result of the arrangement. However, because Advisor receives these benefits from LPL Financial, there is a potential conflict of interest. The receipt of these products and services presents a financial incentive for Advisor to recommend that its Clients use LPL Financials custodial platform rather than another custodian's platform.

As stated previously, certain individuals associated with KPPAS are licensed as registered representatives of LPL Financial. As a result of this licensing relationship, LPL Financial is responsible for supervising certain activities of KPPAS to the extent KPPAS manages assets at a broker/dealer and custodian other than LPL Financial. LPL Financial charges a fee for this

oversight. This presents a conflict of interest in that KPPAS has a financial incentive to recommend that you maintain your account with LPL Financial rather than another custodian in order to avoid the oversight fee. However, to the extent KPPAS recommends you use LPL Financial for such services, it is because KPPAS believes that it is in your best interest to do so based on the quality and pricing of the execution, benefits of an integrated platform for brokerage and advisory accounts, and other services provided by LPL Financial.

## **Item 13 – Review of Accounts**

### **Financial Planning Services**

For financial planning consultation services, the Client agreement terminates upon delivery of the plan. However, Clients are encouraged to update their plans annually. Such annual review may be conducted at the election of the Client and a new agreement for services between KPPAS and the Client will be required. The review may consist of a new personal financial plan if the Client's circumstances and/or goals have changed (updated financial plan). Alternatively, the review may be a comparison of the Client's current assets and goals as state in the personal financial plan.

### **Investment Management Services, Wealth Management Services and Employer-Sponsored Retirement Plan Consulting Services**

For these services, if under an advisory capacity, KPPAS reviews Clients' accounts on an ongoing basis to provide management services. KPPAS financial advisors review various reports provided by the custodian. Reviews may be triggered by news or research related to a specific holding, a change in our view of the investment merits of a holding, or news related to the macroeconomic climate affecting a sector or holding within that sector.

Accounts may be reviewed when being considered for an additional holding or an increase in a current position. Account cash levels above or below that deemed appropriate for the investment environment, given the Client's stated tolerance for risk and investment objectives, may also trigger a review. Accounts are also reviewed for A shares as they cannot be held in advisory accounts and will be switched to the appropriate advisory share class.

The Firm also reviews accounts using risk-based criteria such as performance, trading activity and concentration. The Chief Compliance Officer of the firm oversees the process for reviewing customized accounts.

All advisors of the firm are required to review and meet with every advisory client annually.

### **Reports and Frequency**

LPL Financial LLC, who is currently our broker-dealer and primary advisory custodian, and Fidelity, our secondary custodian, is required to transmit to Clients required trade confirmations

and monthly or quarterly account statements. Such statements should show all transactions in cash and securities and all deposits and withdrawals of principal and income during the preceding calendar month or quarter depending upon activity.

For Employer-Sponsored Retirement Plans, the custodian where the assets are held should transmit to Clients required trade confirmations, monthly or quarterly account statements, and any other notifications required by law.

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

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KPPAS, as a matter of policy and practice, will not compensate any persons (i.e., individuals or entities) either within or outside the firm for the referral of advisory Clients to the firm unless, prior to any such compensation, all appropriate agreements, records, disclosures are in place and all other requirements have been met.

## **Item 15 – Custody**

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As a matter of policy and practice, KPPAS does not maintain custody of advisory Client's funds, securities or assets. KPPAS' general policy is to ensure that we maintain Client funds and securities with "qualified custodians" who are required to provide at least quarterly account statements directly to our Clients or a selected "independent representative".

KPPAS has a reasonable belief that the qualified custodian(s) holding Client assets provide at least quarterly account statements directly to those Clients or an "independent representative" of their choosing that does have a "control" relationship with KPPAS and has not had a material relationship within the past two years with KPPAS.

Clients are instructed to carefully review their custodial statements to verify the accuracy of the fee calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

## **Item 16 – Investment Discretion**

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We provide our various forms of investment advisory services (as described in Item 4) under either *discretionary* or *non-discretionary* account authority, and as determined by your written engagement agreement.

Similar to a limited power of attorney, *discretionary authority* allows our firm to implement investment decisions, such as the purchase or sale of a security on behalf of your account, without requiring your prior authorization for each transaction in order to meet your stated account objectives. This authority will be granted through your execution of our agreement as well as the custodian of record's account opening documents. Our authority will be limited to the placement of trade orders and the request for the deduction of our advisory fees.

Should you prefer your account to be managed in a *non-discretionary* manner, your prior approval must be made for each transaction with regard to the investment and reinvestment of account assets or for the firm to give instructions to the service provider maintaining your account. In light of the requirement for your pre-approval, you must make yourself available and keep us updated on your contact information so that instructions can be efficiently effected on your behalf.

We will retain information about all Client account directions, limitations and rescissions that are reviewed and approved by a supervisory principal of our firm

## **Item 17 – Voting Client Securities**

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### **Proxy Voting**

Our firm does not vote proxies on your behalf nor do we offer guidance on how to vote proxies. You will maintain exclusive responsibility for directing the manner in which proxies solicited by issuers of securities that are beneficially owned by you shall be voted, as well as making all other elections relative to mergers, acquisitions, tender offers or other events pertaining to your holdings.

Should the firm decide to exercise such proxy voting authority in the future, it will maintain written policies and procedures as to the handling, research, voting, and reporting of proxy voting and make appropriate disclosures about our firm's proxy policies and practices. Any such future policy and practice will include the responsibility to monitor corporate actions, receive and vote Client proxies and disclose any potential conflicts of interest as well as making information available to Clients about the voting of proxies for their portfolio securities and maintaining relevant and required records.

### **Other Corporate Actions**

We will have no power, authority, responsibility, or obligation to take any action with regard to any claim or potential claim in any bankruptcy proceeding, class action securities litigation or other litigation or proceeding relating to securities held at any time in a Client account, including, without limitation to file proofs of claim or other documents related to such proceeding, or to investigate, initiate, supervise or monitor class action or other litigation involving Client assets. We will not offer guidance to Clients in these matters.

### **Receipt of Materials**

You may receive proxies or other similar solicitations sent directly from the custodian of your assets or transfer agent. Should we receive a duplicate copy, note that we do not generally

forward these or any correspondence relating to the voting of your securities, class action litigation, or other corporate actions.

## **Item 18 – Financial Information**

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KPPAS had no additional financial circumstances to report

Under no circumstances do we require or solicit payment of fees in excess of \$500 per Client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

KPPAS has never been the subject of a bankruptcy petition.