

## Item 1 Cover Page



### **Kavar Capital Partners Group, LLC**

**11460 Tomahawk Creek Pkwy Suite 420  
Leawood, Kansas 66211**

**Telephone: 913-428-3300  
Email: [Stefanie@kavarcapital.com](mailto:Stefanie@kavarcapital.com)  
Web Address: [www.kavarcapital.com](http://www.kavarcapital.com)**

**March 26, 2024**

#### **FORM ADV PART 2A DISCLOSURE BROCHURE**

This brochure provides information about the qualifications and business practices of Kavar Capital Partners Group, LLC (KCP). Please contact Stefanie Callahan at 913-428-3300 or [Stefanie@kavarcapital.com](mailto:Stefanie@kavarcapital.com) with any questions or concerns about the contents of this brochure. 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. Kavar Capital Partners Group, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Additional information about Kavar Capital Partners Group, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Clients can search this site by a unique identifying number, known as a CRD number. KCP's CRD number is 311744.

## Item 2 Material Changes

The information contained in this section relates only to material changes that have occurred since the last update. KCP defines a material change as any change that a client would consider important to know prior to making an investment decision.

Since our last updating amendment in 2023, we have made the following changes to the business:

On August 31, 2023, investment vehicles affiliated with Clayton, Dubilier & Rice, LLC (“CD&R”) and Stone Point Capital LLC (“Stone Point”) indirectly acquired Focus Financial Partners Inc. (“Focus Inc.”). This transaction resulted in investment vehicles affiliated with CD&R collectively becoming majority owners of Focus Financial Partners, LLC (“Focus LLC”) and investment vehicles affiliated with Stone Point collectively becoming owners of Focus LLC. Because KCP is an indirect, wholly-owned subsidiary of Focus LLC, the CD&R and Stone Point investment vehicles are indirect owners of KCP. Items 4 and 10 have been revised to reflect this new ownership structure.

Our affiliate, Focus Treasury & Credit Solutions, LLC (“FTCS”) was acquired by UPTIQ, Inc. and has been renamed UPTIQ Treasury & Credit Solutions, LLC (together with UPTIQ, Inc. and its affiliates, “UPTIQ”). We have revised the information concerning FTCS to describe our new arrangement with UPTIQ. Further information on this conflict of interest is available in Items 4, 5, and 10 of this Brochure.

We have made changes to our fee schedule. Item 5 has been revised to reflect this change.

To obtain KCP’s firm brochure and brochure supplements (information regarding each financial advisor), Form CRS, Code of Ethics, or Privacy Policy, please contact Stefanie Callahan at [Stefanie@kavarcapital.com](mailto:Stefanie@kavarcapital.com), 913-428-3300 or mail a request to the address below.

**Kavar Capital Partners Group, LLC**  
**Main Office Address:**  
**11460 Tomahawk Creek Pkwy, Suite 420**  
**Leawood, Kansas 66211**  
**Main Phone: 913-428-3300**

**Web Site Address: [www.kavarcapital.com](http://www.kavarcapital.com)**

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## Item 4 Advisory Business

Kavar Capital Partners Group, LLC is a SEC-registered investment adviser with its principal place of business located in Leawood, Kansas. Kavar Capital Partners Group, LLC ("KCP" or "Adviser" or "the firm") acquired the investment advisory business of Kavar Capital Partners, LLC which began conducting business in January 2011.

KCP is part of the Focus Financial Partners, LLC ("Focus LLC") partnership. Specifically, KCP is a wholly-owned indirect subsidiary of Focus LLC. Ferdinand FFP Acquisition, LLC is the sole managing member of Focus LLC. Ultimate governance of Focus LLC is conducted through the board of directors at Ferdinand FFP Ultimate Holdings, LP. Focus LLC is majority-owned, indirectly and collectively, by investment vehicles affiliated with Clayton, Dubilier & Rice, LLC ("CD&R"). Investment vehicles affiliated with Stone Point Capital LLC ("Stone Point") are indirect owners of Focus LLC. Because KCP is an indirect, wholly-owned subsidiary of Focus LLC, CD&R and Stone Point investment vehicles are indirect owners of KCP.

Focus LLC also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, business managers and other firms (the "Focus Partners"), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADVs.

KCP is managed by Douglas Ciocca, Thomas Boling, Stefanie Callahan and John Nagle ("KCP Principals"), pursuant to a management agreement between DTS Partners, LLC and KCP. The KCP Principals serve as officers and leaders of KCP and are responsible for the management, supervision and oversight of KCP.

KCP offers the following advisory services to clients:

### **WEALTH MANAGEMENT AND INVESTMENT SERVICES**

We offer Wealth Management Services that include comprehensive financial planning and investment management services. For clients who request our financial planning services, we typically begin the financial planning process by offering to provide a comprehensive evaluation of a client's current financial state and potential financial future by analyzing their cash flows, asset values and withdrawal plans. When conducting an assessment, we consider a wide range of relevant information such as the client's tax returns, investment holdings, insurance policies, estate documents and other relevant information. Clients will complete a questionnaire regarding current financial status, tax status, future goals, return objectives and attitudes towards risk. KCP will then design a financial plan designed to help clients meet their goals and objectives. We will periodically review and work with clients to refine the plan as circumstances dictate. However, it remains the client's responsibility to promptly notify KCP if there are ever any changes in the client's financial situation or objectives.

When providing financial planning services, we are not serving as attorneys, accountants or insurance agents. We recommend that clients seek legal, accounting and insurance advice from appropriately qualified professional services firms. In the event that we refer a client to any such professionals, clients will decide whether to engage the professionals and retain all decision-making authority concerning the implementation of their advice. Financial planning is a service included with KCP's Wealth Management Services program and is not offered as a stand-alone service.

Our financial planning services are part of a wealth management program where we implement the plan by providing investment management services. KCP manages advisory accounts on both a discretionary and a non-discretionary basis as determined by the client. Account supervision is guided

by the client's stated risk tolerance (for example: Aggressive Growth, Capital Preservation, Growth & Income, Growth, or Income) as well as any income needs and tax considerations, as noted by the client in the questionnaire, a risk profile on the Investment Management Agreement and/or information obtained during the financial planning stage of the engagement.

Clients who engage us to manage their accounts on a discretionary basis must give us discretionary authority to manage their account(s). Discretionary authorization will allow KCP to determine the specific securities and the amount of securities to be purchased or sold for the client's account without approval prior to each transaction. Discretionary authority is typically granted on the Investment Management Agreement the client signs with KCP and the appropriate trading authorization forms with the custodian.

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

KCP may also offer non-discretionary portfolio management services. If a client enters into a non-discretionary arrangement with KCP, KCP must obtain the client's approval prior to executing any transactions. The client has an unrestricted right to decline any advice provided by KCP on a non-discretionary basis.

KCP's investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding equity securities (including options), fixed income securities, mutual funds, government securities, money-market (or cash) instruments and alternative assets in the form of liquid alternatives or structured products.

We implement investment advice on behalf of certain clients in held-away accounts that are maintained at independent third-party custodians. These held-away accounts are often 401(k) accounts, 529 plans and other assets that are not held at our primary custodian(s).

We offer investment advisory services on the allocation of subaccounts for variable annuities. The investment services we can provide are limited to allowable products and can be billed separately. The client on these accounts will provide our firm with trading authorization; and, on a discretionary basis we will reallocate the subaccounts within the client's plan or annuity pursuant to investment objectives chosen by the client.

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions through UPTIQ Treasury & Credit Solutions, LLC (together with UPTIQ, Inc. and its affiliates, "UPTIQ"). Please see Items 5 and 10 for a fuller discussion of these services and other important information

## **RETIREMENT PLAN ADVISORY SERVICES**

KCP offers Retirement Plan Advisory Services to employee benefit plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. In general, these services may include an existing plan review and analysis, plan-level advice regarding fund selection and investment options, education services to plan participants, investment performance monitoring, and/or ongoing consultation. The Retirement Plan Advisory Services will generally be non-discretionary and advisory in nature. The ultimate decision to act on behalf of the plan shall remain with the plan sponsor or other named fiduciary.

KCP may also assist with participant enrollment meetings and provide investment-related educational seminars to plan participants on such topics as:

- Diversification

- Asset allocation
- Risk tolerance
- Time horizon

Educational seminars may include other investment-related topics specific to the particular plan. The scope of education provided to participants is agreed upon but will not constitute "investment advice" within the meaning of ERISA. Participant education will relate to general principles for investing and information about the investment options currently in the plan.

KCP may also provide additional types of retirement plan advisory services to plans on an individually negotiated basis.

Either party to the retirement consulting agreement may terminate the agreement upon oral or written notice to the other party in accordance with the terms of the agreement for services. The retirement plan advisory fees will be prorated for the quarter in which the termination notice is given and any unearned fees will be refunded to the client.

KCP also offers ERISA 3(21) Retirement Plan Consulting. With such services, KCP shall not have any discretion, trading or otherwise, with respect to any decisions made by or on behalf of the client as the client will retain absolute discretion over all investment and implementation decisions. KCP will not have custody, take physical possession or control of the assets/funds of the Plan. Services provided will be on a client-by-client basis and outlined in the Investment Management Agreement.

KCP receives no payment for recommending other money managers or sub-advisers. From time to time, KCP may be asked by the plan administrators to meet with plan participants and provide general investment education, which may include basic information regarding plan approved products and mutual funds. KCP never takes custody of plan participant's assets nor executes transactions for plan participant's accounts.

In any case for the above services (other than for educational seminars for plan participants), recommendations are based on the individual needs of the client. Through discussions with the client, whereby goals and objectives are established based on the client's circumstances, KCP will develop a tailored investment strategy. The investment strategy is mutually agreed upon with the client prior to entering into a service agreement.

KCP is a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") with respect to investment management services and investment advice provided to ERISA plan clients, including plan participants. KCP is also a fiduciary under section 4975 of the Internal Revenue Code (the "IRC") with respect to investment management services and investment advice provided to individual retirement accounts ("IRAs"), ERISA plans, and ERISA plan participants. As such, KCP is subject to specific duties and obligations under ERISA and the IRC, as applicable, that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice in which it has a conflict of interest, the fiduciary must either avoid or eliminate the conflict or rely upon a prohibited transaction exemption (a "PTE").

As a fiduciary, we have duties of care and of loyalty to clients and are subject to obligations imposed on us by the federal and state securities laws. As a result, clients have certain rights that you cannot waive or limit by contract. Nothing in our agreement with clients should be interpreted as a limitation of our obligations under the federal and state securities laws or as a waiver of any non-waivable rights you possess.

## **IRA Rollover Considerations**

As part of KCP's investment advisory services, the firm may recommend that clients withdraw their assets from an employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that KCP will manage on behalf of the client. If the client elects to roll the assets to an IRA that is subject to KCP's management, the firm will charge the client an asset-based fee as set forth in the agreement executed with the firm. This practice presents a conflict of interest because persons providing investment advice on KCP's behalf have an incentive to recommend a rollover to clients for the purpose of generating fee-based compensation rather than solely based on client needs. Clients are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if a client does complete a rollover, they are under no obligation to have the assets in an IRA managed by KCP.

Many employers permit former employees to keep their retirement assets in the company plan. Also, current employees can sometimes move assets out of the company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, clients should consider the costs and benefits of:

1. Leaving the funds in the employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change, KCP encourages clients to speak with a CPA and/or tax professional.

If a client is considering rolling over retirement funds to an IRA for KCP to manage, below are a few points to consider before doing so:

1. Investment options: Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds. Employer retirement plans generally have a more limited investment menu than IRAs. An IRA may be able to offer more diversified products than a current sponsored plan.
2. Fees and expenses: Plans and IRAs usually generate investment-related expenses and plan or account fees. Plan fees include administrative fees, which may be paid by the employer. IRA account fees may include management fees and fees charged by the custodian.
3. Services: KCP will consider what services are offered under the plan, such as investment advice. KCP will compare the services that may not be offered, such as asset allocation and planning.
4. Withdrawals: IRA assets can be accessed at any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless the account holder qualifies for an exception such as a disability, higher education expenses or the purchase of a home. In many employer retirement plans, separation from service after age 55 is an exemption from the 10% early distribution penalty (for distributions taken prior to age 59 ½) that is available for qualified plan distributions but not IRA distributions.
5. Penalty-free withdrawal: KCP will evaluate withdrawal-related differences between IRAs and 401(k)s. For example, a 401(k) may offer a plan loan, a feature not offered by IRAs.
6. Protection from creditors and legal judgments: Generally, plan assets are fully protected under federal law. IRAs are usually protected in a bankruptcy filing. State laws vary as to whether IRAs are protected against lawsuits. There can be some exceptions to the general



rules so clients should consult with an attorney if protecting retirement plan assets is a concern.

7. Required minimum distributions (RMD): A plan may permit the participant to take RMDs later if the individual is still working.
8. Employer stock: KCP should analyze whether there will be negative tax implications from rolling stock over to an IRA, if applicable. Generally, stock appreciation when withdrawn from an IRA is taxable as ordinary income. Certain kinds of employer stock plans let investors liquidate shares and profits are taxed at the lower capital gains rates. KCP, however, must analyze whether the tax benefits are outweighed by the risk that arises when a client is overly concentrated in the employer's stock.

It is important that each client understands the differences between these types of accounts and to decide whether a rollover is the best option. Prior to proceeding, if a client should have any questions, contact KCP at the main number listed on the cover page of this brochure.

### **Types of Investments**

KCP offers advice on equity securities, corporate debt securities (other than commercial paper), commercial paper, certificates of deposit, municipal securities, mutual funds, United States government securities, options contracts on securities, money market funds, structured notes and exchange-traded funds ("ETFs").

KCP recommends certain private investment funds to certain financially qualified clients. The private funds are suitable only for sophisticated investors who do not require immediate liquidity for their investments, for whom an investment in a private fund does not constitute a complete investment program, and who fully understand and are willing to assume the risks involved in the private fund's investment program. Even where the investments of a private fund are successful, some do not produce a realized return for a period of years. The private funds' offering documents contain additional information that must be reviewed by any potential investor.

Additionally, KCP may advise clients on various types of investments based on the stated goals and objectives. KCP may also provide advice on any type of investment held in the client's portfolio at the inception of the advisory relationship.

### **AMOUNT OF MANAGED ASSETS**

As of 12/31/2023, KCP was actively managing \$1,140,820,829 of clients' assets on a discretionary basis plus \$1,115,863 of clients' assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **WEALTH MANAGEMENT AND INVESTMENT SERVICES FEES**

Our annualized fees for Wealth Management and Investment Supervisory Services are charged as a percentage of assets under management, in accordance with the following schedule:



<b>FEE SCHEDULE</b>	
<u><b>Assets</b></u>	<u><b>Annual Fee</b></u>
Up to \$500,000	1.25%
\$500,001 to \$2,000,000	1.00%
\$2,000,001 to \$4,000,000	0.85%
\$4,000,001 to \$6,000,000	0.70%
\$6,000,001 to \$10,000,000	0.60%
\$10,000,001 to \$20,000,000	0.50%
Greater than \$20,000,001	0.40%

Fees are billed quarterly, in advance, at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous quarter and are adjusted in arrears for contributions and withdrawals made during the prior quarter. Cash, accrued interest and dividends, and the value of any securities held on margin shall be included for billing purposes, unless we determine otherwise, in our discretion. The advisory fee is negotiable, depending on individual client circumstances.

For certain clients, we charge an advisory fee for services provided to the held-away accounts mentioned above in Item 4, just as we do with client accounts held at our primary custodians(s). The specific fee schedule charged by us is provided in the client's investment advisory agreement with us.

Additions may be in cash or securities. KCP reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. KCP may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

At KCP's discretion, the firm may combine the account values of family members of the same household to determine the applicable advisory fee. For example, KCP may combine account values for the client and any minor children, joint accounts, and other types of related accounts. Combining account values may increase the asset total, which may result in the client paying a reduced advisory fee based on the available breakpoints in the fee schedule stated above.

Many clients authorize us to deduct management fees directly from the client's account through the qualified custodian. We bill clients who do not authorize us to debit fees from their account at the qualified custodian directly, every quarter, and they remit payment to us.

Clients may terminate the Investment Management Agreement upon written or oral notice and will incur a pro rata charge for services rendered prior to the termination. This means clients will incur advisory fees only in proportion to the number of days in the quarter for which KCP is an Adviser to the client. Since fees are paid in advance, clients will receive a prorated refund of those fees.

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions through UPTIQ Treasury & Credit Solutions, LLC (together with UPTIQ, Inc. and its affiliates, "UPTIQ"). Focus Financial Partners, LLC ("Focus") is a minority investor in UPTIQ, Inc. UPTIQ is compensated by sharing in the revenue earned by such third-party financial institutions for serving our clients. Although the revenue paid to UPTIQ benefits UPTIQ Inc.'s investors, including Focus, our parent company, no Focus affiliate will receive any compensation from UPTIQ that is attributable to our clients' transactions. Further information on this conflict of interest is available in Item 10 of this Brochure.

## RETIREMENT PLAN ADVISORY FEES

Advisory fees for Retirement Plan services are customized and will be negotiated with the plan sponsor or named fiduciary on a case-by-case basis.

Clients may terminate the Retirement Plan Investment Management Agreement upon written or oral notice and will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement. This means clients will incur advisory fees only in proportion to the number of days in the quarter for which KCP is an Adviser to the client.

## ADDITIONAL FEES AND EXPENSES

As part of KCP's investment advisory services to clients, KCP may invest, or recommend that clients invest, in mutual funds, private funds, and exchange traded funds. The fees that clients pay to KCP for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. Depending on the type of investment, the fees and costs could potentially include, among other things, management fees, performance-based fees, and other expenses. Clients may also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom account transactions are executed. KCP does not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost, clients should review all the fees charged by mutual funds, exchange traded funds, KCP, and others. For information on KCP's brokerage practices, refer to the *Brokerage Practices* section of this brochure.

## GENERAL INFORMATION

**Limited Negotiability of Advisory Fees:** Although KCP has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, reports, financial planning complexity, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

**Grandfathering:** Pre-existing Advisory client relationships are subject to KCP's advisory fees in effect at the time the client entered the Advisory relationship. Therefore, firm minimum fees and account requirements will differ among clients.

**Termination of the Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason upon receipt of written or verbal notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, KCP will pro rate the

reimbursement per the number of days remaining in the billing period.

**Mutual Fund Fees:** All fees paid to KCP for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or exchange traded funds (ETFs) to their shareholders. These fees and expenses are described in each fund's 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 KCP's services. In that case, the client would not receive the services provided by KCP which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate for their financial condition and objective.

Accordingly, the client should review both the fees charged by the funds and KCP's fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**ERISA Accounts:** KCP is deemed to be a fiduciary to Advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, KCP 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, KCP may only charge fees for investment advice about products for which the firm and/or related persons do not receive any commissions, administrative, revenue sharing or 12b-1 fees from sponsors or custodians.

**Advisory Fees in General:** Clients should note that similar advisory services may be available from other registered (or unregistered) investment advisers for similar or lower fees.

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

KCP does not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. KCP's fees are calculated as described in the *Fees and Compensation* section above and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in the clients' advisory account.

## Item 7 Types of Clients

KCP provides advisory services to the following types of clients:

- Individuals
- High net worth individuals
- Retirement Plan Assets
- Charitable organizations
- Corporations

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

### METHODS OF ANALYSIS

KCP uses the following methods of analysis or investment strategies when providing investment advice to clients:

**Fundamental Analysis.** KCP attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements.

**Risk:** The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Technical Analysis.** KCP analyzes past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on an investor sentiment, rather than the fundamentals of the company being reviewed. Technical analysis does not consider the underlying financial condition of a company.

**Risk:** The risk of market timing based on technical analysis is that KCP's analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy. There is no guarantee that KCP will be able to accurately predict optimal market movements.

**Risks for all forms of analysis.** KCP's securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While KCP is aware of indications that certain data may be incorrect, there is always a risk that the analysis may be compromised by inaccurate or misleading information.

## INVESTMENT STRATEGIES

KCP uses the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases.** KCP purchases securities with the idea of holding them in the client's account for a year or longer. Typically, we employ this strategy when:

- KCP believes the securities to be currently undervalued, and/or
- KCP wants exposure to a particular asset class over time, regardless of the current projection for this class.

**Risk:** A risk in a long-term purchase strategy is that by holding the security for this length of time, KCP may not take advantage of short-term gains that could be profitable to a client. Moreover, if predictions are incorrect, a security may decline sharply in value before the decision is made to sell.

**Short-term purchases.** When utilizing this strategy, KCP will purchase securities with the idea of selling them within a relatively short time (typically a year or less). This is done in an attempt to take advantage of conditions that KCP believes will soon result in a price swing in the securities

purchased.

**Risk:** Using a short-term purchase strategy generally assumes that KCP can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term investing. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

**Margin Transactions** - a securities transaction in which a client borrows money to purchase a security, in which case the security serves as collateral on the loan.

**Risk:** If the value of the shares drops sufficiently, the client will be required to either deposit more cash into the account or sell a portion of the stock in order to maintain the margin requirements of the account. This is known as a "margin call." A client's overall risk includes the amount of money invested plus the amount that was loaned to them.

**Option writing.** KCP also uses options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. KCP will buy a call if the firm believes that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of time. KCP will buy a put if the firm believes that the price of the stock will fall before the option expires.

KCP uses call options to speculate on the possibility of a sharp price swing and in addition will use options to "hedge" a purchase of an underlying security by engaging in covered call writing or by selling puts on positions that KCP recommends owning at prices lower than the market price.

KCP uses "covered calls", in which the firm would write, or sell, an option on a security that a client owns. In this strategy, clients receive a fee (known as a premium) for making the option available, and the investor purchasing the option has the right to buy the security from the client at an agreed-upon price up until a known date in the future.

KCP uses "short puts", in which the firm would write, or sell, a put option on a security that KCP would recommend the client owning at a price below the current market price. In this strategy, clients receive a fee (known as a premium) for committing to purchase the underlying stock at an agreed-upon price up until a known date in the future.

The writer of a put option could potentially incur substantial and immediate losses in the event of significant and sudden declines in the price of the underlying security. If the option is exercised, the writer of the put option is exposed to potential losses of the difference between the strike price of the option and the market price of the underlying security when exercised. The potential for loss is greatest where the put is "uncovered" and the writer of the option has not reserved cash to cover the cost of purchasing the delivered security

KCP uses a "spread strategy", in which the firm will purchase two or more option contracts (for

example: the purchase and the sale of a call option at different strike prices and, potentially but not necessarily different expiration dates) for the same underlying security. This effectively puts clients on both sides of the market, but with the ability to vary price, time and other factors.

**Risk of Loss:** Investments are not guaranteed and clients may lose money on their investments. Options are complex investments and can be very risky, especially if the client does not own the underlying stock. In certain situations, a client's risk can be unlimited.

**Trading** - KCP may use frequent trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing clients account(s). Frequent trading is not a fundamental part of KCP's overall investment strategy, but KCP may use this strategy occasionally when determined that it is suitable given the clients stated investment objectives and tolerance for risk. This may include buying and selling securities frequently in an effort to capture significant market gains and avoid significant losses.

**Risk:** When a frequent trading policy is in effect, there is a risk that investment performance within the clients account may be negatively affected, particularly through increased brokerage and other transactional costs and taxes.

KCP's investment strategies and advice may vary depending upon each client's specific financial situation. As such, KCP will determine investments and allocations based upon the clients predefined objectives, risk tolerance, time horizon, financial information, liquidity needs and other various suitability factors. The client's restrictions and guidelines may also affect the composition of the portfolio. It is important that the client notify KCP immediately with respect to any material changes to financial circumstances, including for example, a change in current or expected income level, tax circumstances, or employment status.

### **Tax Considerations**

KCP's strategies and investments may have unique and significant tax implications. However, unless KCP specifically agrees otherwise, and in writing, tax efficiency is not the primary consideration in the management of client assets. Regardless of the account size or any other factors, KCP strongly recommends that each client consult with a tax professional.

Custodians and broker-dealers must report the cost basis of equities acquired in client accounts. Charles Schwab will default to the Tax Lot Optimizer (TLO) accounting method for calculating the cost basis of the client's investments. Any custodians outside of Charles Schwab will have the accounting method determined on a case-by-case basis. Clients are responsible for contacting their tax professional to determine if this accounting method is the right choice. If the client's tax professional believes another accounting method is more advantageous, the client must provide written notice and KCP will alert the account custodian of the client's individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. KCP does not represent or guarantee that its services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

KCP cannot offer any guarantees or promises that clients financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Other Risk Considerations**

When evaluating risk, financial loss may be viewed differently by each client and may depend on many



different risks, each of which may affect the probability and magnitude of any potential losses. The following risks may not be all-inclusive but should be considered carefully by a prospective client before retaining KCP's services.

**Liquidity Risk:** The risk of being unable to sell a client's investment at a fair price at a given time due to high volatility or lack of active liquid markets. A client may receive a lower price or it may not be possible to sell the investment at all.

**Credit Risk:** Credit risk typically applies to debt investments such as corporate, municipal, and sovereign fixed income or bonds. A bond issuing entity can experience a credit event that could impair or erase the value of an issuer's securities held by a client.

**Inflation and Interest Rate Risk:** Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of a client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed income investments to decline.

**Horizon and Longevity Risk:** The risk that a client's investment horizon is shortened because of an unforeseen event, for example, the loss of a job. This may force clients to sell investments that were expected to be held for the long term. If a client must sell at a time that the markets are down, they may lose money. Longevity Risk is the risk of outliving savings. This risk is particularly relevant for people who are retired or are nearing retirement.

### **Recommendation of Particular Types of Securities**

KCP recommends various types of securities and does not primarily recommend one particular type of security over another since each client has different needs and a different tolerance for risk. Each type of security has its own unique set of risks and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment. A description of the types of securities KCP may recommend and some of their inherent risks are provided below.

**Money Market Funds:** A money market fund is technically a security. The fund managers attempt to keep the share price constant at \$1/share. However, there is no guarantee that the share price will stay at \$1/share. If the share price goes down, clients may lose some or all of the principal. The U.S. Securities and Exchange Commission ("SEC") notes that "While investor losses in money market funds have been rare, they are possible." In return for this risk, clients should earn a greater return on cash than expected from a Federal Deposit Insurance Corporation ("FDIC") insured savings account (money market funds are not FDIC insured). Next, money market fund rates are variable. In other words, clients do not know how much they will earn on the investment next month. The rate could go up or go down. If it goes up, that may result in a positive outcome. However, if it goes down and the client could earn less than expected and may end up needing more cash. A final risk the client is taking with money market funds has to do with inflation. Because money market funds are considered to be safer than other investments like stocks, long-term average returns on money market funds tends to be less than long term average returns on riskier investments. Over long periods of time, inflation can eat away at returns.

**Certificates of Deposit:** Certificates of deposit are generally the safest type of investment since they are insured by the federal government up to a certain amount. However, because the returns are generally very low, it is possible for inflation to outpace the return. Likewise, U.S. government securities are backed by the full faith and credit of the U.S. government, but it is also possible for the



rate of inflation to exceed the returns.

**Municipal Securities:** Municipal securities, while generally thought of as safe, can have significant risks associated with them including, but not limited to: the credit worthiness of the governmental entity that issues the bond; the stability of the revenue stream that is used to pay the interest to the bondholders; when the bond is due to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same amount of interest or yield to maturity.

**Bonds:** Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

**Stocks:** There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

**Mutual Funds and Exchange Traded Funds:** Mutual funds and exchange traded funds ("ETF") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of its Underlying Index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their Underlying Indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with the performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities included in its Underlying Index, or its weighting of investment exposure to such securities may vary from that of the Underlying Index. SomeETFs may invest in securities or financial instruments that are not included in the Underlying Index, butwhich are expected to yield similar performance.

**Commercial Paper:** Commercial paper ("CP") is, in most cases, an unsecured promissory note that is issued with a maturity of 270 days or less. Being unsecured the risk to the investor is that the issuer may default. There is a less risk in asset based commercial paper (ABCP). The difference between

ABCP and CP is that instead of being an unsecured promissory note representing an obligation of the issuing company, ABCP is backed by securities. Therefore, the perceived quality of the ABCP depends on the underlying securities.

**Structured Products:** A structured product, also known as a market-linked product, is generally a pre-packaged investment strategy based on derivatives, such as a single security, a basket of securities, options, indices, commodities, debt issuances, and/or foreign currencies, and to a lesser extent, swaps. Structured products are usually issued by investment banks or affiliates thereof. They have a fixed maturity and have two components: a note and a derivative. The derivative component is often an option. The note provides for periodic interest payments to the investor at a predetermined rate, and the derivative component provides for the payment at maturity. Some products use the derivative component as a put option written by the investor that gives the buyer of the put option the right to sell to the investor the security or securities at a predetermined price. Other products use the derivative component to provide for a call option written by the investor that gives the buyer of the call option the right to buy the security or securities from the investor at a predetermined price. A feature of some structured products is a "principal guarantee" function, which offers protection of principal if held to maturity. However, these products are not always Federal Deposit Insurance Corporation insured; they may only be insured by the issuer, and thus have the potential for loss of principal in the case of a liquidity crisis, or other solvency problems with the issuing company. Investing in structured products involves a number of risks including but not limited to: fluctuations in the price, level or yield of underlying instruments, interest rates, currency values and credit quality; substantial loss of principal; limits on participation in any appreciation of the underlying instrument; limited liquidity; credit risk of the issuer; conflicts of interest; and, other events that are difficult to predict.

**Private Investment Funds:** We recommend that certain clients invest their assets in private investment funds, such as private equity funds. Private investment funds are generally illiquid, are less regulated than publicly traded securities, can be leveraged and are only appropriate for financially sophisticated investors with sufficient risk tolerance to withstand the loss of their investment in the fund. Clients are encouraged to carefully review the risk factors contained in the private offering memorandum for the relevant fund before they invest.

**Cybersecurity:** The computer systems, networks and devices used by KCP and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and e processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

## Item 9 Disciplinary Information

In this section, advisers are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of the firm's advisory business or the integrity of the firm's management. KCP has nothing to disclose in response to this item.

## Item 10 Other Financial Industry Activities and Affiliations

### **Arrangements with Affiliated Entities**

KCP employees who partake in financial activities outside of KCP must disclose such activities at least annually. KCP reviews such activities and endeavors to undertake mitigating any conflicts through proper disclosure to clients. As such, KCP will disclose these activities to inform clients and mitigate any conflicts.

### **Focus Financial Partners**

As noted above in response to Item 4, certain investment vehicles affiliated with CD&R collectively are indirect majority owners of Focus LLC, and certain investment vehicles affiliated with Stone Point are indirect owners of Focus LLC. Because KCP is an indirect, wholly-owned subsidiary of Focus LLC, CD&R and Stone Point investment vehicles are indirect owners of KCP.

### **UPTIQ Credit and Cash Management Solutions**

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions through UPTIQ Treasury & Credit Solutions, LLC (together with UPTIQ, Inc. and its affiliates, "UPTIQ"). These third-party financial institutions are banks and non-banks that offer credit and cash management solutions to our clients, as well as certain other unaffiliated third parties that provide administrative and settlement services to facilitate UPTIQ's cash management solutions. UPTIQ acts as an intermediary to facilitate our clients' access to these credit and cash management solutions.

We are a wholly owned subsidiary of Focus Financial Partners, LLC ("Focus"). Focus is a minority investor in UPTIQ, Inc. UPTIQ is compensated by sharing in the revenue earned by such third-party financial institutions for serving our clients. Although the revenue paid to UPTIQ benefits UPTIQ Inc.'s investors, including Focus, no Focus affiliate will receive any compensation from UPTIQ that is attributable to our clients' transactions.

For services provided by UPTIQ to clients of other Focus firms and when legally permissible, UPTIQ shares a portion of this earned revenue with our affiliate, Focus Solutions Holdings, LLC ("FSH"). Such compensation to FSH is also revenue for FSH's and our common parent company, Focus. This compensation to FSH does not come from credit or cash management solutions provided to any of our clients. However, the volume generated by our clients' transactions allows Focus to negotiate better terms with UPTIQ, which benefits Focus. We mitigate this conflict by: (1) fully and fairly disclosing the material facts concerning the above arrangements to our clients, including in this Brochure; and (2) offering UPTIQ's solutions to clients on a strictly nondiscretionary and fully disclosed basis, and not as part of any discretionary investment services. Additionally, we note that clients who use UPTIQ's services will receive product-specific disclosure from the third-party financial institutions and other unaffiliated third-party intermediaries that provide services to our clients.

We have an additional conflict of interest when we recommend credit solutions to our clients because our interest in continuing to receive investment advisory fees from client accounts gives us a financial

incentive to recommend that clients borrow money rather than liquidate some or all of the assets we manage.

### **Credit Solutions**

Clients retain the right to pledge assets in accounts generally, subject to any restrictions imposed by clients' custodians. While credit solution programs that we offer facilitate secured loans through third-party financial institutions, clients are free instead to work directly with institutions outside such programs. Because of the limited number of participating third-party financial institutions, clients may be limited in their ability to obtain as favorable loan terms as if the client were to work directly with other banks to negotiate loan terms or obtain other financial arrangements.

Clients should also understand that pledging assets in an account to secure a loan involves additional risk and restrictions. A third-party financial institution has the authority to liquidate all or part of the pledged securities at any time, without prior notice to clients and without their consent, to maintain required collateral levels. The third-party financial institution also has the right to call client loans and require repayment within a short period of time; if the client cannot repay the loan within the specified time period, the third-party financial institution will have the right to force the sale of pledged assets to repay those loans. Selling assets to maintain collateral levels or calling loans may result in asset sales and realized losses in a declining market, leading to the permanent loss of capital. These sales also may have adverse tax consequences. Interest payments and any other loan-related fees are borne by clients and are in addition to the advisory fees that clients pay us for managing assets, including assets that are pledged as collateral. The returns on pledged assets may be less than the account fees and interest paid by the account. Clients should consider carefully and skeptically any recommendation to pursue a more aggressive investment strategy in order to support the cost of borrowing, particularly the risks and costs of any such strategy. More generally, before borrowing funds, a client should carefully review the loan agreement, loan application, and other forms and determine that the loan is consistent with the client's long-term financial goals and presents risks consistent with the client's financial circumstances and risk tolerance.

We use UPTIQ to facilitate credit solutions for our clients.

### **Cash Management Solutions**

For cash management programs, certain third-party intermediaries provide administrative and settlement services to our clients. Engaging the third-party financial institutions and other intermediaries to provide cash management solutions does not alter the manner in which we treat cash for billing purposes. Clients should understand that in rare circumstances, depending on interest rates and other economic and market factors, the yields on cash management solutions could be lower than the aggregate fees and expenses charged by the third-party financial institutions, the intermediaries referenced above, and us. Consequently, in these rare circumstances, a client could experience a negative overall investment return with respect to those cash investments. Nonetheless, it might still be reasonable for a client to participate in a cash management program if the client prefers to hold cash at the third-party financial institutions rather than at other financial institutions (e.g., to take advantage of FDIC insurance).

We use UPTIQ to facilitate cash management solutions for our clients.

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

### **Description of Code of Ethics**

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KCP has adopted a Code of Ethics which sets forth high ethical standards of business conduct that the firm requires of each employee, including compliance with applicable laws and regulations governing the firm's practices. Therefore, the Code of Ethics includes guidelines for professional standards of conduct for all persons associated with KCP. All personnel owe a duty of loyalty, fairness and good faith to clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code. All persons associated with KCP are expected to adhere strictly to these guidelines. Persons associated with KCP are also required to report any violations of the Code of Ethics.

KCP's Code of Ethics includes policies and procedures for the quarterly review of employee security transaction reports as well as initial and annual security holdings reports. Among other things, the Code of Ethics also requires prior approval of any acquisition of securities in a private placement and participating in initial public offerings. The Code also provides for oversight, enforcement and recordkeeping provisions.

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

A copy of KCP's Code of Ethics is available to advisory clients and prospective clients. To request a copy by email, please send to [stefanie@kavarcapital.com](mailto:stefanie@kavarcapital.com), or call 913-428-3300.

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

Neither KCP nor any persons associated with KCP has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

KCP and individuals associated with the firm are prohibited from engaging in principal transactions.

KCP and individuals associated with the firm are prohibited from engaging in agency cross transactions.

#### **Personal Trading Practices**

KCP's Code of Ethics is designed to assure that the personal security transactions, activities and interests of all employees will not interfere with (i) making decisions in the best interests of clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

KCP and/or individuals associated with the firm may buy or sell for their personal account(s) securities identical to or different from those recommended to clients, with certain limitations. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to clients. A conflict of interest exists in such cases because KCP has the ability to trade ahead of clients and potentially receive more favorable prices. To mitigate this conflict of interest, it is KCP's policy that neither the firm nor persons associated with the firm shall have priority over any clients account in the purchase or sale of securities.

#### **Block Trading**

KCP may aggregate employee trades with client trades where possible and when compliant with the firm's duty to seek best execution for clients. Employees may buy or sell securities for clients at the same time employees with KCP buy or sell such securities for their own account. KCP may also combine orders to purchase or sell securities ("block trading"). Refer to the *Brokerage Practices* section in this brochure for information on block trading practices.



## Item 12 Brokerage Practices

KCP recommends the brokerage and custodial services of Charles Schwab & Co., Inc. ("Custodian"). Client assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or a bank. In recognition of the value of the services the Custodian provides, clients may pay higher commissions and/or trading costs than those that may be available elsewhere. KCP is independently owned and operated and is not affiliated with any qualified custodian.

KCP seeks to recommend a custodian/broker that will hold client assets and execute transactions on terms that are, overall, the most favorable compared to other available providers and their services. KCP considers the various factors, including:

- The capability to buy and sell securities for a client's account or to facilitate such services.
- The likelihood that trades will be executed.
- Availability of investment research and tools.
- Overall quality of services.
- Competitiveness of price.
- Reputation, financial strength, and stability.
- Existing relationship with KCP and other clients.

### Research and Other Soft Dollar Benefits

KCP does not have any soft dollar arrangements.

### Economic Benefits

As a registered investment adviser, KCP has access to the institutional platform of client accounts with each custodian. As such, KCP will also have access to research products and services from the account custodian and/or other brokerage firm. These products may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to KCP in the performance of investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms, and are not considered to be paid for with soft dollars. However, clients should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

### Charles Schwab - Custody and Brokerage Costs

For client accounts it maintains, Schwab generally does not charge clients separately for custody services but is compensated by charging other fees (for example: wire fees, transfer fees, trades that it executes or that settle into the client's Schwab account). Schwab's commission rates and/or other fees applicable to client accounts were negotiated based on KCP's commitment to maintain a certain amount of client assets in accounts at Schwab. This commitment benefits clients because the overall commission rates and/or fees paid by clients are lower than they would be if KCP had not made the commitment. In addition to commission rates and/or other fees, Schwab charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that KCP has executed by a different broker-dealer. These fees are in addition to the commissions or other fees clients pay the executing broker-dealer. Because of this, in order to minimize trading costs, KCP has Schwab execute most trades for client accounts Schwab Advisor Services Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like KCP. They provide KCP and clients with access to their institutional brokerage - trading, custody, reporting and related services - many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help KCP manage and/or administer client accounts while others help manage and grow KCP. Schwab's support services are generally available on an unsolicited basis and at no charge to the firm.

### Services that Benefit the Client

Schwab'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 Schwab include some to which KCP might not otherwise have access or that would require a significantly higher initial minimum investment by clients. Schwab's services described in this section generally benefit KCP's clients.

### Services that May Not Directly Benefit the Client

Schwab also makes available to KCP other products and services that benefit the firm but may not directly benefit clients. These products and services assist KCP in managing and administering client accounts. They include investment research, both Schwab's own and that of third parties. KCP may use this research to service all or some of client accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available programs, technology and/or software that:

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocates aggregated trade orders for multiple client accounts;
- provides pricing and other market data;
- facilitates payment of management fees from clients' accounts; and
- assists with back-office functions, recordkeeping and client reporting.

### Services that Generally Benefit Only KCP

Schwab also offers other services intended to help KCP manage and further develop the firm's business enterprise. These services may include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession;

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

### **KCP's Interest in Schwab's Services**

The availability of these services from Schwab benefits KCP because the firm does not have to produce or purchase them. These services may give KCP an incentive to recommend that clients maintain their account with Schwab based on KCP's interest in receiving Schwab's services. This is a potential conflict of interest. KCP believes, however, that the selection of Schwab as a custodian and broker is in the best interests of the firm's clients. It is primarily supported by the scope, quality and price of Schwab's services (based on the factors discussed above - see "The Custodian and Broker We Use") and not Schwab's services that benefit only KCP. KCP does not believe that maintaining client assets at Schwab presents a material conflict of interest.

### **Brokerage for Client Referrals**

KCP does not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Directed Brokerage**

Clients may also direct KCP to use a particular broker-dealer and custodian under certain circumstances, such as a pre-existing relationship with the broker-dealer. Accounts for which clients have directed KCP, in writing, to direct their account transactions to a specific broker-dealer (referred



to as directed brokerage) should be aware that the client, not KCP, will have the sole responsibility to negotiate terms and arrangements for the account with the directed broker-dealer. KCP cannot batch or aggregate these transactions with Schwab or TD Ameritrade-custodial clients and therefore, the client may or may not pay higher commissions or other costs or may receive less favorable net prices on transactions for the account than would otherwise be the case.

### **Block Trades**

KCP will combine multiple orders for shares of the same securities purchased for discretionary advisory accounts we manage (this practice is commonly referred to as "block trading"). KCP will then distribute a portion of the shares to participating accounts in a fair and equitable manner. Accounts may pay a fixed transaction cost, depending on the client's custodian, regardless of the number of shares transacted. In certain cases, each participating account pays an average price per share for all transactions. In the event an order is only partially filled, the shares will be allocated to participating accounts in a fair and equitable manner, typically in proportion to the size of each client's order. Accounts owned by KCP employees may participate in block trading with client accounts; however, they will not be given preferential treatment.

### **Trade Errors**

In the event a trading error occurs in a client's account, it is KCP's policy to restore the account to the position it should have been had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

## **Item 13 Review of Accounts**

### **Wealth Management and Portfolio Reviews**

While the underlying securities within each client account are continuously monitored, these client accounts are formally reviewed at least annually.

KCP's investment adviser representatives, Douglas Ciocca, Tom Boling, John Nagle and Matthew Roberts will monitor client accounts on an ongoing basis and will conduct account reviews at least annually. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, including but not limited to contributions and withdrawals; year-end tax planning; market moving events; security specific events, and/or, changes in the client's risk/return objective and, political or economic environment. KCP will not provide clients with regular written reports, unless specifically requested by the client. Clients will receive trade confirmations and statements from the custodian at least quarterly. Clients have the ability to review their account holdings and other documents on-line through a client portal and/or directly with the custodian.

### **Retirement Plan Advisory Reviews**

Reviews may occur at different stages depending on the nature and terms of the specific engagement. Retirement Plan clients will typically not be provided with a report from KCP unless otherwise requested.

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

### **Charles Schwab & Co., Inc. – Institutional**

KCP receives an economic benefit from Charles Schwab & Co. in the form of the support products and services it makes available to the firm and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit KCP, and the

related conflicts of interest are described above (see *Item 12 - Brokerage Practices*). The availability to KCP of Schwab's products and services is not based on the firm giving particular investment advice, such as buying particular securities for clients.

## **Other Compensation**

KCP's parent company is Focus Financial Partners, LLC ("Focus"). From time to time, Focus holds partnership meetings and other industry and best-practices conferences, which typically include KCP, other Focus firms and external attendees. These meetings are first and foremost intended to provide training or education to personnel of Focus firms, including KCP. However, the meetings do provide sponsorship opportunities for asset managers, asset custodians, vendors and other third-party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus firms, including KCP. Although the participation of Focus firm personnel in these meetings is not preconditioned on the achievement of a sales target for any conference sponsor, this practice could nonetheless be deemed a conflict as the marketing and education activities conducted, and the access granted, at such meetings and conferences could cause KCP to focus on those conference sponsors in the course of its duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the cost of the meeting or future meetings and not as revenue for itself or any affiliate, including KCP. Conference sponsorship fees are not dependent on assets placed with any specific provider or revenue generated by such asset placement.

The following entities have provided conference sponsorship to Focus from January 1, 2023 to March 1, 2024:

Orion Advisor Technology, LLC  
Fidelity Brokerage Services LLC  
Fidelity Institutional Asset Management LLC  
TriState Capital Bank  
StoneCastle Network, LLC  
Charles Schwab & Co., Inc.

You can access updates to the list of conference sponsors on Focus' website through the following link:  
<https://focusfinancialpartners.com/conference-sponsors/>

## **Compensation for Client Referrals**

KCP has arrangements in place with certain third parties, called Solicitors, under which such Solicitors refer clients to us in exchange for a percentage of the advisory fees we collect from such referred clients. Such compensation creates an incentive for the Solicitors to refer clients to us, which is a conflict of interest for the Solicitors. Rule 206(4)-1 of the Advisers Act addresses this conflict of interest by, among other things, requiring disclosure of whether the Solicitor is a client or a non-client and a description of the material conflicts of interest and material terms of the compensation arrangement with the Solicitor. Accordingly, we require Solicitors to disclose to referred clients, in writing: whether the Solicitor is a client or a non-client; that the Solicitor will be compensated for the referral; the material conflicts of interest arising from the relationship and/or compensation arrangement; and the material terms of the compensation arrangement, including a description of the compensation to be provided for the referral.

## **Item 15 Custody**

### **Direct Debiting of Fees**

The independent custodian will directly debit most clients' account(s) for the payment of KCP's advisory fees. This ability to deduct advisory fees from client accounts causes KCP to exercise limited

custody over client funds and/or securities. KCP does not have physical custody of any client funds and/or securities. All client funds and securities will be held with a bank, broker-dealer, or other qualified custodian. Clients will receive account statements from the qualified custodian(s) at least quarterly. The account statements from each custodian will indicate the amount of advisory fees deducted from the clients account(s) for each billing period. Clients should carefully review account statements for accuracy. Clients are to call us if there are any inconsistencies between the fees deducted and those shown on their custodial statement.

### **Custody Due to Standing Letter of Authorization**

KCP may assist clients with the transfer of their assets between two or more accounts maintained at the client's custodian or with multiple custodians. KCP is granted this ability to transfer assets between the client's accounts maintained at one or more qualified custodians if the client has authorized KCP in writing to make such transfers. This causes KCP to exercise limited custody over client funds or securities. Pursuant to Rule 206(4)-2 (the "Custody Rule"), KCP and the clients' custodians have taken steps to have controls and oversight in place designed to meet the requirements of the no-action letter issued by the SEC on February 21, 2017 (the "SEC no-action letter"). KCP is not required to comply with the surprise examination requirement of the Custody Rule if KCP and the qualified custodians meet the seven conditions outlined in the SEC no-action letter.

On at least a quarterly basis, the custodians are required to send the client a statement showing all transactions within the account during the reporting period.

## **Item 16 Investment Discretion**

Clients may hire KCP to provide discretionary asset management services, in which case KCP will place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

KCP's discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give KCP discretionary authority when they sign a discretionary agreement and may limit this authority by providing KCP with written instructions. Clients may also change/amend such limitations by once again providing KCP with written instructions.

If a client enters into a non-discretionary agreement with KCP, the firm will obtain client approval prior to the execution of any transactions for the client's account(s). Clients have an unrestricted right to decline to implement any advice provided on a non-discretionary basis.

## **Item 17 Voting Client Securities**

As a matter of firm policy, KCP will not vote proxies on behalf of client advisory accounts.

If a client owns shares of applicable securities, the client is responsible for exercising their right to vote as a shareholder. Clients maintain exclusive responsibility for:

1. directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and
2. making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

The client is responsible for instructing the custodian to forward copies of all proxies and shareholder communications relating to the client's investment assets. However, in the event KCP were to receive any written or electronic proxy materials, KCP would forward those materials directly to the client by mail, unless they have authorized the firm to contact by electronic mail, in which case, KCP would forward any electronic solicitations to vote proxies directly to the client.

At the client's request, KCP may offer advice regarding corporate actions and the exercise of proxy voting rights.

### **Class Action Lawsuits**

KCP does not determine if securities held by the client are the subject of a class action lawsuit or whether the client is eligible to participate in class action settlements or litigation. In addition, KCP does not initiate or participate in litigation to recover damages on the client's behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by the client.

## **Item 18 Financial Information**

As an Advisory firm that maintains discretionary authority for client accounts, KCP is also required to disclose any financial condition that is likely to impair the firm's ability to meet contractual obligations. KCP has no such financial circumstances to report.

Under no circumstances does KCP require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, KCP is not required to include a financial statement.

KCP has not been the subject of a bankruptcy petition at any time during the past ten years.

## **Item 19 Requirements for State-Registered Advisers**

KCP is a federally registered investment adviser; therefore, is not required to respond to this item.