



**February 29, 2024**

**KERA CAPITAL PARTNERS, INC.**

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This brochure provides information about the qualifications and business practices of Kera Capital Partners, Inc. ("KCP"). If you have any questions about the contents of this brochure, please contact us at 408-668-2201. 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. KCP is a Registered Investment Adviser. Registration as an Investment Adviser with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training. Additional information about Kera Capital Partners, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as an IARD number. The IARD number for KCP is IARD# 312875.

## ITEM 2 – MATERIAL CHANGES

### SUMMARY OF MATERIAL CHANGES

This section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Our firm was registered as a Registered Investment Adviser on January 31, 2022.

Since our last annual amendment filing made on February 1, 2023, our Firm reports the following material updates:

- Bryan Buchert has been designated the firm’s Chief Compliance Officer
- The Firm has updated the information under Item 4 – Advisory Business to include new services offered.
- The Firm has updated the information under Item 5 – Fees and Compensation to include fees for the new services offered.
- The Firm has updated information under Item 14 to include the usage of promoters.

Currently, a free copy of our Brochure may be requested by contacting Bryan Buchert, Chief Compliance Officer of KCP at 408-668-2204. The Brochure is also available on our web site [www.keracap.com](http://www.keracap.com).

We encourage you to read this document in its entirety.

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## ITEM 4 – ADVISORY BUSINESS

This Disclosure document is being offered to you by Kera Capital Partners, Inc. (“KCP” or “Firm”) about the investment advisory services we provide. It discloses information about our services and the way those services are made available to you, the client.

Our Firm became a registered investment adviser in March 2021 and is owned by Michael McCabe, George Choe, and Bryan Buchert. Bryan Buchert is the Chief Compliance Officer.

We are committed to helping clients build, manage and preserve their wealth. Our Firm provides services that help clients to achieve their stated financial goals. We will offer initial complimentary meetings upon our discretion; however, investment advisory services are initiated only after you and KCP execute an Investment Management Agreement.

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### INVESTMENT MANAGEMENT AND SUPERVISION SERVICES

We manage advisory accounts on a discretionary and non-discretionary basis. For discretionary accounts, once we have determined a profile and investment plan with a client, we will execute the day-to-day transactions without seeking prior client consent but within the expected investment guidelines. With our non-discretionary relationships, we will provide recommendations to help meet your financial objectives, but we must obtain your approval before making any transactions in your account. We may accept accounts with certain restrictions, if circumstances warrant. We primarily allocate client assets among individual stocks, bonds, exchange traded funds (“ETFs”), options, mutual funds cash and other public and private securities or investments. All of which are considered asset allocation categories for the client’s investment strategy. Portfolios will be designed to meet a particular investment goal, determined to be suitable to the client’s circumstances. Once the appropriate portfolio has been determined, portfolios are continuously and regularly monitored, and if necessary, rebalanced based upon the client’s individual needs, stated goals and objectives.

During personal discussions with clients, we determine the client’s objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review a client’s prior investment history, as well as family composition and background. Based on client needs, we develop a client’s personal profile and investment plan. We then create and manage the client’s investments based on that policy and plan. It is the client’s obligation to notify us immediately if circumstances have changed with respect to their goals. Once we have determined the types of investments to be included in a client’s portfolio and have allocated the assets, we provide ongoing investment review and management services.

With our discretionary relationship, we will make changes to the portfolio, as we deem appropriate, to meet client financial objectives. We trade these portfolios based on the combination of our market views and client objectives, using our investment process. We tailor our advisory services to meet the needs of our clients and seek to ensure that your portfolio is managed in a manner consistent with those needs and objectives.

In all cases, clients have a direct and beneficial interest in their securities, rather than an undivided interest in a pool of securities. We do have limited authority to direct the Custodian to deduct our

investment advisory fees from your accounts, but only with the appropriate written authorization from clients.

Where appropriate, we provide advice about any type of legacy position held in client portfolios. Typically, these are assets that are ineligible to be custodied at our primary custodian. Clients will engage us to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance, annuity contracts, and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans).

You are advised and are expected to understand that our past performance is not a guarantee of future results. Certain market and economic risks exist that adversely affect an account's performance. This could result in capital losses in your account.

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### **CONSULTING SERVICES**

We also provide clients with investment advice on a more-limited basis on one or more isolated areas of concern such as estate planning, real estate, retirement planning, or any other specific topic. Additionally, we provide advice on non-securities matters about the rendering of estate planning, insurance, real estate, and/or annuity advice or any other business advisory / consulting services for equity or debt investments in privately held businesses. In these cases, clients will be required to select their own investment managers, custodian, and/or insurance companies for the implementation of consulting recommendations. If client needs include brokerage and/or other financial services, we will recommend the use of one of several investment managers, brokers, banks, custodians, insurance companies, or other financial professionals ("Firms"). Consulting clients must independently evaluate these Firms before opening an account or transacting business and have the right to effect business through any firm they choose. Clients have the right to choose whether or not to follow the consulting advice provided.

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### **POOLED INVESTMENT VEHICLE (SPECIAL PURPOSE VEHICLE)**

Kera Capital Partners, Inc acts as an adviser to a pooled investment vehicle (special purpose vehicle) operating as private fund (each a "Client" or "Fund"). Interests in the Funds are offered to Reg D qualified investors – certain sophisticated, qualified investors, including high net worth individuals, retirement plans, trusts, partnerships, corporations, or other businesses. Our primary investment objective is to generate positive risk-adjusted returns. The Firm employs an opportunistic, value-oriented investment strategy supported by an analytical, fundamental research approach to identifying and assessing intrinsic value. However, our Firm may tailor specific advisory services with respect to each special purpose vehicle (i.e. the Client) based on the particular investment objectives and strategies described in the applicable Client's (i) confidential offering memorandum or separate account agreement and (ii) governing documents (referred to collectively as "Offering Documents"). The goal is to create an offering (the SPV) that has a unique position and profile in the marketplace, exposed to skilled fund management, with proven historical performance, and with a strategy that is poised for upside given the underwritten risks.

The Funds are not registered as an investment company under the Investment Company Act of 1940 and only offers interests in a private placement. Further, such interests in private placements are only offered to qualified purchasers (as defined in Section 2(a)(51) of the Investment Company Act). Investors who reside in certain states are required to meet standards different from or in addition to those described above. Investors will be required to represent in writing that they meet any such standards that may be applicable to them. The Managing Member of the Fund can, without the consent of the existing Members, admit new Members to the Fund. The Managing Member may reject a subscription for an Interest for any reason in its sole and absolute discretion. If a subscription is rejected, the payment remitted by the Investor will be returned without interest. It is important clients refer to Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss below for important information about the risks associated with private placements.

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### **RETIREMENT PLAN SERVICES**

When providing any non-discretionary investment advisory services, we will solely be making investment recommendations to the Sponsor, and the Sponsor retains full discretionary authority or control over assets of the retirement plan. We agree to perform any non-discretionary investment advisory services to the retirement plan as a fiduciary, as defined in ERISA Section 3(21)(A)(ii). We will act in good faith and with the degree of diligence, care, and skill that a prudent person rendering similar services would exercise under similar circumstances.

When providing administrative services, we may support the Sponsor with plan governance and committee education; vendor management and service provider selection and review; investment education; or plan participant non-fiduciary education services. We agree to perform any administrative services solely in a capacity that would not be considered a fiduciary under ERISA or any other applicable law.

When offering investment models to plan sponsors, under certain circumstances, we will act as a “fiduciary” as defined under Section 3(21) of ERISA and Section 4975I(3) of the Internal Revenue Code of 1986, as amended (the “Code”).

When applicable, our Firm accepts its appointment as an “Investment Manager” within the meaning of Section 3(38) of ERISA (but only concerning those plan assets constituting the portfolio models). We will not have any authority or responsibility in the administration of the Plan (including the selection of portfolio models for the Plan) or interpretation of any Plan document. Our Firm agrees it will act in a manner consistent with the requirements of a fiduciary under ERISA and the Code. We further agree that all investment management powers, duties, and responsibilities relating to the portfolio shall be exercised exclusively by our Firm per the Plan.

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### **ROLLOVER RECOMMENDATION DISCLOSURE**

Our Firm is considered a fiduciary under the Investment Advisers Act of 1940. When we provide investment advice to you regarding your retirement plan account or individual retirement account,

we are also fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and the Internal Revenue Code, as applicable, which are laws governing retirement accounts. We must act in your best interest and not put our interests ahead of yours. At the same time, how we make money conflicts with Client interests.

A Client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options):

- leave the money in the former employer's plan, if permitted,
- roll over the assets to the new employer's plan, if one is available and rollovers are permitted,
- rollover to an Individual Retirement Account ("IRA"), or
- cash out the account value (which depending upon the Client's age, could result in adverse tax consequences).

Our Firm may recommend a Client rollover plan assets to an IRA for which our Firm provides investment advisory services. As a result, our Firm and its advisors may earn an asset-based fee on the rolled assets. In contrast, a recommendation that a Client leave their plan assets with their previous employer or rollover the assets to a plan sponsored by a new employer will generally result in no compensation to our Firm. Therefore, our Firm has an economic incentive to encourage a Client to roll plan assets into an IRA that our Firm will manage, which presents a conflict of interest. To mitigate the conflict of interest, there are various factors that our Firm will consider before recommending a rollover, including but not limited to:

- the investment options available in the plan versus the investment options available in an IRA,
- fees and expenses in the plan versus the fees and expenses in an IRA,
- the services and responsiveness of the plan's investment professionals versus those of our Firm,
- protection of assets from creditors and legal judgments,
- required minimum distributions and age considerations, and
- employer stock tax consequences, if any.

The Chief Compliance Officer remains available to address client questions regarding the supervision and oversight of rollover and transfer assets.

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## **PARTICIPANT ACCOUNT MANAGEMENT (DISCRETIONARY)**

We use a third-party platform to facilitate management of held away assets such as defined contribution plan participant accounts, with discretion. The platform allows us to avoid being considered to have custody of Client funds since we do not have direct access to Client log-in credentials to affect trades. We are not affiliated with the platform in any way and receive no compensation from them for using their platform. A link will be provided to the Client allowing them to connect an account(s) to the platform. Once Client account(s) is connected to the platform, Adviser will review the current account allocations. When deemed necessary, Adviser will rebalance the account considering client investment goals and risk tolerance, and any change in allocations will consider current economic and market trends. The goal is to improve account performance over time, minimize loss during difficult markets, and manage internal fees that harm account performance. Client account(s) will be reviewed at least quarterly and allocation changes will be made as deemed necessary.

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#### **WRAP FEE PROGRAMS**

Our Firm does not sponsor a Wrap Fee Program.

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#### **ASSETS**

As of December 31, 2023, our Firm manages a total of \$507,593,066 in total assets under our Firm's management. We manage \$502,818,330 in discretionary assets and \$4,774,735 in non-discretionary assets.

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### **ITEM 5 - FEES AND COMPENSATION**

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#### **INVESTMENT MANAGEMENT FEES AND COMPENSATION**

Our Firm charges a fee as compensation for providing Investment Management services on your account. These services include advisory services, trade entry, investment supervision, and other account maintenance activities. Our recommended Custodian charges transaction costs, custodial fees, redemption fees, retirement plan and administrative fees or commissions. See Additional Fees and Expenses below for details.

A calendar monthly investment management fee is billed in arrears based on the average daily balance of your account during the previous calendar month. Our maximum annual advisory fee is 1.25%. The relevant fee and billing method is defined and agreed to by the firm and the client in the executed Investment Advisory Agreement. This fee will be debited directly from your investment account. You will need to indicate how you would like to pay this fee in your Investment Advisory Agreement. Additional fees and expenses you may incur are brokerage commissions, principal markups and discounts, SEC fees, mutual fund/ETF expense ratios, mutual fund 12B-1 fees, tax withholding on certain foreign securities, postage fees, wire fees, bank charges, and other administration fees as authorized by you. ***Please refer to Section 12 for information on brokerage fees and services.***

Fees may vary based on the size of the account, complexity of the portfolio, extent of activity in



the account, or other reasons agreed upon by our Firm and you as the client. Our employees and their family-related accounts are charged a reduced fee for our services.

The client may initiate the negotiation of our advisory fees but it is ultimately agreed upon between the firm and the client. The fee is set forth in the written advisory agreement.

Unless otherwise instructed by the Client, we will aggregate related client accounts for the purposes of determining the account size and annualized fee. The common practice is often referred to as “house-holding” portfolios for fee purposes and may result in lower fees than if fees were calculated on portfolios separately. Our method of house-holding accounts for fee purposes looks at the overall family dynamic and relationship. When applicable, and noted in Appendix of the Investment Management Agreement, legacy positions will also be excluded from the fee calculation.

The independent and qualified custodian holding your funds and securities will debit your account directly for the advisory fee and pay that fee to us. When establishing a relationship with KCP, you provide written authorization permitting the fees to be paid directly from your account held by the qualified custodian. The qualified Custodian agrees to deliver an account statement to you on a monthly basis indicating all the amounts deducted from the account including our advisory fees.

If agreed to by the Firm and Client in the Agreement, a direct bill for the advisory fee may be arranged. In that case, there would be an invoice sent directly to the client each month.

Either KCP or you may terminate the management agreement immediately upon written notice to the other party. The management fee will be pro-rated to the date of termination, for the month in which the cancellation notice was given and any earned fee will be billed to you by our Firm.

Upon termination, you are responsible for monitoring the securities in your account, and we will have no further obligation to act or advise with respect to those assets. In the event of client’s death or disability, KCP will continue management of the account until we are notified of client’s death or disability and given alternative instructions by an authorized party.

In no case are KCP fees based on, or related to, the performance of your funds or investments. Lower fees for comparable services may be available from other sources.

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## **CONSULTING**

Our Firm provides consulting services for clients who need advice on a limited scope of work. Fees will be hourly or fixed and are negotiable. Fees may vary based on the extent and complexity of the consulting project. If the client and Advisor determine hourly fees are the most appropriate method of billing, hourly fees will not exceed \$250 per hour. If the client and Advisor determine fixed fees are the most appropriate method of billing, the fixed fees will range from \$2,000 to \$20,000. Fees will be billed as services are rendered. Either party may terminate the consulting agreement at any time.

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## **ADMINISTRATIVE SERVICES PROVIDED BY ORION & ADDEPAR**

We have contracted Orion & Addepar to utilize its technology platforms to support data reconciliation, performance reporting, fee calculation and billing, client database maintenance,

quarterly performance evaluations, payable reports, and other functions related to the administrative tasks of managing client accounts. Due to this arrangement, Orion & Addepar will have access to client information, but Orion & Addepar will not serve as an investment adviser to our clients. KCP and Orion/Addepar are non-affiliated companies. Orion & Addepar charges our Firm an annual fee for each account administered by Orion & Addepar. Please note that the fee charged to the client will not increase due to the annual fee our Firm & Addepar pays to Orion & Addepar, the annual fee is paid from the portion of the management fee retained by our Firm.

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**POOLED INVESTMENT VEHICLE - FEES**

Specific disclosure of the Firm's compensation from the special purpose vehicles is contained in each special purpose vehicle's Offering Document. The Firm's compensation with each SPV is negotiable. The guideline for fees is as follows: maximum of 2% annual management fee + 20% of profits over a hurdle rate. In addition to the management fees, our Firm charges a \$7,500 annual administrative fee to cover administration including legal fees, SPV establishment, accounting fees, costs of maintaining the SPV. A potential investor should read and review any and all Offering Documents in their entirety before making any investment decisions.

**Management Fees:** The Firm will receive a management fee of 2.0 % per year until distribution of the Fund based on the value of any capital contributions made by investors to a Fund. Fees will be collected by the Fund and paid by the Fund to our Firm. Management Fee is reduced, waived or calculated differently with respect to such investors, including and without limitation, investors that are members, affiliates, or employees of our Firm or any affiliates or investors that make a substantial investment or otherwise are determined by the Managing Member of the Fund to represent a strategic relationship.

**Organizational Expenses:** The Funds will bear the expenses of the organization of the Funds (including legal, accounting, administrative, printing, marketing, and other comparable expenses).

**Operating Expenses:** The Funds will bear the expenses for ordinary operating expenses, including, but not limited to, legal expenses; regulatory expenses (including for example, Schedule 13D, 13F, 13G, and Form PF filing costs and expenses, as well as EDGAR formatting and filing costs); compliance related costs, including but not limited to, third-party compliance consultants, actual and "mock" examinations, regulatory and governmental inquiries, subpoenas and proceedings, the Firm's Management Fee; accounting fees; tax preparation expenses; any applicable tax liabilities or tax filing costs; other governmental charges or fees payable to maintain the Fund; administration expenses and fees including, but not limited to, the provision of any investment/management related reporting and certain mid-office services; research expenses (including research-related and due diligence travel); any applicable investment expenses, costs associated with closing bank debt and trade claim trades (including legal fees as well as costs associated with delayed settlement risk), as well as other expenses incurred in connection with trading a Master Fund's account; costs and expenses associated with engaging expert networks and consultants; custodial fees; bank and wire service and transaction fees; and other similar expenses related to the Funds. The Funds' operating expenses also include the fees and expenses

of the Funds' and any master funds' directors and other costs associated with the Funds' and any master funds' business, such as the costs and expenses associated with issuing interests or shares as well as revising the Funds' offering and operative documents. Further, operating expenses including insurance premiums (including errors and omissions insurance for the principals, members, directors, officers and employees of the Firm and its affiliates, and the Funds' and any master funds' directors.

Additionally, the General Partner can earn compensation and there are additional costs and expenses associated with the SPV that are paid directly and indirectly by the investors. The offering memorandum contains disclosures of the costs, expense, carried interest calculations, withdrawal options, and return on investment payments. Other than as described above, neither our Firm nor any of its supervised persons receives compensation from the sale of securities or other investment products.

**Performance-based Fees or Allocations:** For the Private Fund, we also may receive performance-based fees in accordance with Rule 205-3 of the Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder (the "Advisers Act"). Management Fees and performance-based fees and allocations payable by our clients are described in the Private Fund's offering documents, which are provided to investors of the Private Fund. A performance-based fee or allocation may create an incentive to make riskier, more speculative investments than would be the case under a solely asset-based fee arrangement. However, regardless of the fee arrangements, we expect that accounts we manage according to the same investment strategy will be invested in the same securities with similar position weightings. See "Item 6 - Performance-Based Fees and Side-by-Side Management" and "Item 12 - Brokerage Practices."

We receive compensation from the Private Fund in the form of a 2% annual asset-based management fee and a performance-based allocation (or "incentive allocation") equal to 20% of the net realized and unrealized appreciation in the value of each investor's capital account, made only with respect to the appreciation in the value of the capital account in excess of 8% annually, a "hurdle rate" that resets at the beginning of each year, and is subject to a high water mark. Management fees are payable by investors quarterly, in advance, as of the beginning of each calendar quarter and are deducted directly from the investor's capital account. Management fees payable by a Private Fund investor for any incomplete or partial fiscal quarter will be prorated over the applicable period of such fiscal quarter. The incentive allocations, to the extent applicable, will be allocated as of the close of business on the last day of each calendar year, the date of any withdrawal of capital by any investor at any time, or the date of winding-up and termination of the Private Fund.

Management fees will be refunded or credited back to proportionately as of the date of withdrawal with respect to any investor permitted or required to withdraw as of any time other than the end of a performance period. In addition to management fees and incentive allocations (as applicable), unless otherwise determined by us, the Private Fund may bear (and the limited partners therein will bear their pro rata share of) the following costs and expenses: (i) all operating expenses of the Private Fund, including, but not limited to: cost of purchasing or disposing investments (e.g. brokerage commissions), fund accounting, filing fees, registration fees and

similar fees, legal fees, data processing, insurance, and investment research services, (ii) tax preparation fees, auditors' fees and extraordinary expenses as well as regulatory filing fees, investment banking fees, consulting fees, proxy solicitation expenses and all investment related expenses incurred by it, including commissions, custodial fees, clearing fees, stock borrow fees and similar expenses, (iii) taxes and other governmental charges, (iv) all expenses (including reasonable attorneys' fees) incurred in connection with any threatened, pending or anticipated litigation, Internal Revenue Service examination or audit, or similar audit or examination by any state or local taxing authority, or other proceedings, and (v) all other expenses and liabilities incurred in connection with or arising out of the business of the Private Fund, including legal fees, auditing and accounting expenses and other professional fees and extraordinary or non-recurring charges. All of the aforementioned expenses, if incurred, would be borne by the Private Fund separate and apart from the Management Fee.

Additionally, we are entitled to obtain reimbursement from the Private Fund for all such costs and expenses borne by us or our affiliates on behalf of the Private Fund. The Private Fund will be charged its pro rata share of fees and expenses if such fees and expenses are incurred by us or our affiliates as part of an overall investment program that includes other client accounts. To the extent that any such fees or expenses are solely attributable to the Private Fund, it will bear the entire portion of such fees and expenses. The Private Fund is responsible for, and pays all its own transaction, brokerage, custodial and related fees and expenses. In some instances, the Private Fund and its investors may bear their pro rata share of expenses that may also benefit us or our other clients. More information regarding the fees charged by, and the expenses incurred by, the Private Fund is provided in the Private Fund's offering documents.

#### RETIREMENT PLAN SERVICE FEE

For Retirement Plan Advisory Services compensation, we charge an advisory fee as negotiated with the Plan Sponsor and as disclosed in the Employer-Sponsored Retirement Plans Consulting Agreement ("Plan Sponsor Agreement").

Typically, the billing period for these fees is paid quarterly. This fee is generally negotiable, but the terms and the advisory fee are agreed upon in advance and acknowledged by the Plan Sponsor through the Plan Sponsor Agreement or Plan Provider's account agreement. Fee billing methods vary depending on the Plan Provider.

Our Firm or the Plan Sponsor may terminate the Agreement upon 30 days written notice to the other party. The Plan Sponsor is responsible for paying for the services rendered until the termination of the Agreement.

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#### **ADDITIONAL FEES AND EXPENSES:**

In addition to the advisory fees paid to our Firm, you also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges include custodial fees, charges imposed by a mutual fund or ETF in a client's account, as disclosed in the fund's

prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Our brokerage practices are described at length in Item 12, below.

When selecting investments for our clients' portfolios we might choose mutual funds on your account custodian's Non-Transaction Fee (NTF) list. This means that your account custodian will not charge a transaction fee or commission associated with the purchase or sale of the mutual fund.

The mutual fund companies that choose to participate in your custodian's NTF fund program pay a fee to be included in the NTF program. The fee that a mutual fund company pays to participate in the program is ultimately borne by the owners of the mutual fund including clients of our Firm. When we decide whether to choose a fund from your custodian's NTF list or not, we consider our expected holding period of the fund, the position size and the expense ratio of the fund versus alternative funds. Depending on our analysis and future events, NTF funds might not always be in your best interest.

## **ITEM 6 - PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

We receive performance-based incentive allocations from our Private Fund investors.

Performance-based incentive allocations could motivate us to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in place. In addition, because performance-based incentive allocations with respect to the Private Fund are calculated based on both realized and unrealized appreciation in the Private Fund's portfolio based upon values that in certain circumstances may be assigned by us, we face a conflict of interest in valuing that portfolio. Both we and our Investment Advisor Representatives may have an incentive to favor and devote more time and effort to managing investments where we would receive performance-based incentive allocations or to favor accounts where we would receive higher performance-based incentive allocations, or higher management or related fees, over accounts in respect of which we would receive lower or no performance-based fees, incentive allocations, or management or similar fees.

Our Investment Adviser Representatives who may be compensated to some extent based upon investment profits for which they are responsible, face the same potential conflict. We address these conflicts through: disclosures in this Brochure; disclosures in the applicable governing account Investment Management Agreements and/or Private Fund offering documents; as well as through our Trade Allocation Policy, Code of Ethics and the policies and procedures contained in our Compliance Manual, which govern our conduct and the conduct of our Investment Advisor Representatives.

We may simultaneously manage the Private Fund and our other clients according to the same or a similar investment strategy (i.e., side-by-side management). The simultaneous management of these different investment products creates certain conflicts of interest, as the fees for the management of certain types of products may be higher than others. When managing the assets

of our client accounts, we have an affirmative duty to treat all such client accounts fairly and equitably over time, and we have adopted policies and procedures that are designed and implemented to satisfy this duty. Allocations of investment opportunities are not necessarily made on a pro rata basis as our clients may pursue distinct investment strategies. Rather, we make independent allocation decisions with respect to each client. Allocations of investment opportunities among our clients are based on a variety of considerations, including:

- potentially different or conflicting investment objectives and strategies,
- the life cycle of various portfolios,
- risk parameters (including, without limitation, the use of leverage),
- cash and liquidity availability (e.g., allocation size may vary depending on a client's cash availability, the other liquidity obligations of the applicable client or commitments made to other investments),
- follow-on investments (e.g., such investments may be allocated in accordance with the allocation of the original investment),
- investment time frames, and legal, tax, and regulatory considerations in separately managed accounts generally have the right to withdraw all or a portion of their capital from such accounts on shorter notice and/or with more frequency than provided by the terms of the Private Fund.

In addition, since a separately managed account investor directly owns the investments held in its separately managed account, such investor may have full, real-time transparency as to all transactions and holdings, and may be better able to assess the future prospects of a portfolio that is substantially similar to the Private Fund's portfolio. Investors in the Private Fund are not provided with comparable transparency. Due to the account activity of any individual client account or the Private Fund, we may be required to sell investments on behalf of such individual accounts or the Private Fund to satisfy withdrawal requests from such accounts. We are under no obligation to sell such investments on behalf of any other separately managed account or Private Fund at such time and may determine to hold such positions for any other client account or the Private Fund for an indefinite period. Additionally, we may determine to add to any other individual client account or the Private Fund's positions that are being sold on behalf of any account or the Private Fund. Sales of investments for the benefit of any individual client account or the Private Fund may have an adverse effect on the value of an account's or Private Fund's continuing investment in such securities. In addition, the value realized by any such account or the Private Fund in connection with such sale may differ from the value realized by any other account or Private Fund when it disposes of the same positions at a later time.

## ITEM 7 - TYPES OF CLIENTS

We provide investment advice to individuals, high net worth individuals, foundations, trusts, retirement plans, corporations, limited liability companies, other business types, and private funds for sophisticated, qualified investors.

Our Firm maintains a minimum of \$300,000 in aggregate investable assets to become a client of KCP. This minimum is negotiable.

The minimum investment in the Private Fund will range from \$25,000 to \$250,000. Specific minimum investment requirements will be disclosed in the Fund Offering Memorandum.

## **ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Our investment philosophy is to develop portfolio allocations with the objective of achieving a rate of return adequate to achieve the desired client cash flow needs with the lowest possible risk profile structure. We conduct due diligence on each of these potential investments and familiarize ourselves on the key attributes and material risks of the investments, disclose the material information about such investments to client accounts and obtain the clients acknowledgment of agreement to the material risks associated in such investments and continuously monitor the accounts holding such investments.

To develop a complete picture of a client's investment objectives, our investment adviser representatives work one-on-one with the advisory client through the initial and on-going planning process to create an investment plan which fits the client's risk tolerance and investment objectives. Based on this information, we obtain a broad understanding of the client's investment objectives, goals, and the amount of risk the client will tolerate. To further fine tune our understanding of a client's risk tolerance, our Firm does utilize third-party vendor tools, such as Riskalyze, Aladdin, and E-Money, to assist in identifying the client's cash flow needs and associated risk tolerance.

Other sources of investment information include financial newspapers and magazines, media outlets that report on business, research materials prepared by others such as, Morningstar, E-Money, Yahoo Finance, MarketWatch, Bloomberg, various internet resources, and company press releases and filings with the Securities and Exchange Commission.

KCP offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. We oversee a consultative process which evaluates the client's unique needs and preferences and matches those with a strategically and/or tactically managed investment portfolio. Our investment management process includes the due diligence and oversight of a diverse set of signal providers with specifically targeted strategies to meet varying risk/return and tax aware expectations. We believe that successful investment management is a combination of skilled analytics and targeted portfolio guidelines organized around specific outcomes tied to the client's financial plan. The financial plan is driven by the clients' unique priority matrix, goals, cash flows and associated risk tolerance. Risk tolerance is often specific to account type or goal while also being generalized across the financial plan.

KCP prioritizes (but is not exclusive to) investment strategies that are supported by rigorous data analytics. This intelligence is more important than traditional "theories" of investment performance such as "Modern Portfolio Theory." When tax efficiency priorities of the client preclude trading activity, those preferences may be prioritized. KCP generally limits its investment advice and/or money management to equities, bonds, fixed income, derivative securities, mutual funds, and ETFs. KCP may use other securities to help diversify a portfolio when applicable.

Our Firm's investment strategy into funds and co-investments through an "sponsored SPV" structure involves elements of quantitative and qualitative analysis. As stated under Item 4, the investment strategy involves finding investments in the lower market with proven performance, a unique offering, solid managerial infrastructure, and in areas involving private equity, private credit, real estate, and infrastructure funds (such as public private partnerships and alternative energy projects). Quantitative analysis involves examining and studying numerical information provided by the fund, evaluating past performance and behavior of the business, and attempting to analyze and anticipate trends in the future industry and strategy of the fund. Qualitative analysis involves reviewing and conducting due diligence of fund management, the business's principals, industry cycle changes, innovativeness of the product/strategy, reputation, and other intangible factors associated with the fund. Our Firm acts as an adviser to various pooled investment vehicles (special purpose vehicles) operating as private funds. Our Firm does not guarantee investment success and does not imply we endorse or guarantees any investment.

The special purpose vehicles or Funds are offered under the 3(c) (1) exemption of the Investment Company Act for investment by up to one hundred (100) persons who are "accredited investors" as defined in Rule 501(a) of Regulation D under the Securities Act. The Interests will not be registered under the Securities Act or the securities laws of any state or any other authority, nor is any such registration. Because of the risk involved in private offerings, our Firm generally recommends investors limit investment into private offerings using the following guidelines. However, certain investors should limit their private investments to a smaller percentage of their investable assets than those listed below depending on their specific circumstances.

Further, depending on the net worth and liquidity of the investor's portfolio, and their risk tolerance, an investor may be able to bear a higher allocation to private offerings than the guideline set forth below.

- An investor should not invest more than 15% to 20% of their investable assets in private offerings, and
- An investor should not invest more than 15% of a client's investable assets in a single offering.

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## **METHODS OF ANALYSIS**

Our Firm may use the following methods of analysis in formulating our investment advice and/or managing client assets:

- **Fundamental Analysis:** We attempt 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. 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.



- **Quantitative Analysis:** We use mathematical ratios and other performance appraisal methods in attempt to obtain more accurate measurements of a model manager's investment acumen, idea generation, consistency of purpose and overall ability to outperform their stated benchmark throughout a full market cycle. Additionally, we perform periodic measurements to assess the authenticity of returns. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

- **Mutual Fund and/or ETF Analysis:** We look at the experience and track record of the manager of the mutual fund or ETF in attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also monitor the funds or ETFs in 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 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 fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

- **Model Manager Analysis:** We examine the experience, expertise, investment philosophies, and past performance of Model Managers in attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the Model Manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

There is no guarantee that a particular strategy will meet its investment goals. The investment strategies we use will vary over time depending on various factors. Our Firm may give advice and take action for clients which differs from advice given or the timing or nature of action taken for other clients with different objectives. Our Firm is not obligated to initiate transactions for clients in any security which its principals, affiliates or employees may purchase or sell for their own accounts or for other clients.

Clients should be aware that ETFs and mutual funds have unique characteristics, and their cost structures differ, sometimes significantly.

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## RISK OF LOSS

A client's investment portfolio is affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic conditions, changes in laws and national and international political circumstances.

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. KCP will assist Clients in determining an appropriate strategy based on their tolerance for risk.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account(s). KCP shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform KCP of any changes in financial condition, goals or other factors that may affect this analysis.

Our methods rely on the assumption that the underlying companies within our security allocations are accurately reviewed by the rating agencies and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Risks that apply to both fixed income and equity strategies include, but are not limited to, the following:

- **Active Management Risk:** Due to its active management, a portfolio could underperform other portfolios with similar investment objectives and/or strategies.
- **Allocation Risk:** A portfolio may use an asset allocation strategy in pursuit of its investment objective. There is a risk that a portfolio's allocation among asset classes or investments will cause a portfolio to lose value or cause it to underperform other portfolios with a similar investment objective and/or strategy, or that the investments themselves will not produce the returns expected.
- **Cybersecurity Risk.** Cybersecurity risks include both intentional and unintentional events at KCP or one of its third-party counterparties or service providers, that may result in a loss or corruption of data, result in the unauthorized release or other misuse of confidential information, and generally compromise our Firm's ability to conduct its business. A cybersecurity breach may also result in a third-party obtaining unauthorized access to our clients' information, including social security numbers, home addresses, account numbers, account balances, and account holdings. Our Firm has established business continuity plans and risk management systems designed to reduce the risks associated with cybersecurity breaches. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no

guarantee that such efforts will succeed, especially because our Firm does not directly control the cybersecurity systems of our third-party service providers. There is also a risk that cybersecurity breaches may not be detected.

- **Liquidity Risk:** The risk that exists when a security's limited marketability prevents it from being bought or sold quickly enough to avoid or minimize a loss. This risk is particularly relevant in the bond market, although it can also be a risk when transacting in small cap securities and certain other stocks.
- **Market and Timing Risk:** Prices of securities may become more volatile due to general market conditions that are not specifically related to a particular company, such as adverse economic conditions or outlooks, adverse investor sentiment, changes in the outlook for corporate earnings, or changes in interest rates.
- **Sector/Region Risk:** The risk that the strategy's concentration in equities or bonds in a specific sector or industry will cause the strategy to be more exposed to the price movements in and developments affecting that sector.
- **Event Risk:** The possibility that an unforeseen event will negatively affect a company or industry, and thus, increase the volatility of the security.

Risks associated with our fixed income strategies include, but are not limited to, the following:

- **Asset-Backed Securities Risk:** Payment of principal and interest on asset-backed securities is dependent largely on the cash flows generated by the assets backing the securities. Further, some asset backed securities may not have the benefit of any security interest in the related assets. There is also the possibility that recoveries in the underlying collateral may not be available to support the payments on these securities. Downturns in the economy could cause the value of asset backed securities to fall, thus, negatively impacting account performance.
- **Call Risk:** Some bonds give the issuer the option to redeem the bond before its maturity date. If an issuer exercises this option during a time of declining interest rates, the proceeds from the bond may have to be reinvested in an investment offering a lower yield and may not benefit from an increase in value as a result of declining rates. Callable bonds also are subject to increased price fluctuations during periods of market illiquidity or rising interest rates. Finally, the capital appreciation potential of a bond will be reduced because the price of a callable bond may not rise much above the price at which the issuer may call the bond.
- **Corporate Debt Risk:** The rate of interest on a corporate debt security may be fixed, floating, variable, or may vary inversely with respect to a reference rate. Corporate debt securities are subject to the risk of the issuer's inability to meet principal and interest payments on the obligation. They also may be subject to price volatility due to interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. When interest rates rise, the value of a corporate debt security can be expected to decline. Debt securities with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities. A company default can

reduce income and capital value of a corporate debt security. Moreover, market expectations regarding economic conditions and the likely number of corporate defaults may impact the value of these securities.

- **Credit Default Risk:** The risk of loss of principal due to the borrower's failure to repay the loan or risk of liquidity from the decline in the borrower's financial strength.
- **Duration Risk:** The risk associated with the sensitivity of a bond's price to a change in interest rates. The higher a bond's (or portfolio's) duration, the greater its sensitivity to interest rate changes.
- **Government Securities Risk:** Not all U.S. government securities are backed by the full faith and credit of the U.S. government. It is possible that the U.S. government would not provide financial support to certain of its agencies or instrumentalities if it is not required to do so by law. If a U.S. government agency or instrumentality defaults and the U.S. government does not stand behind the obligation, returns could be negatively impacted. The U.S. government guarantees payment of principal and timely payment of interest on certain U.S. government securities.
- **Interest Rate Risk:** Prices of fixed income securities tend to move inversely with changes in interest rates. As interest rates rise, bond prices typically fall and vice versa. The longer the effective maturity and duration of a strategy's portfolio, the more the performance of the investment is likely to react to interest rates.
- **Municipal Bond Risk:** Investments in municipal bonds are affected by the municipal market as a whole and the various factors in the particular cities, states or regions in which the strategy invests. Issues such as legislative changes, litigation, business and political conditions relating to a particular municipal project, municipality, state or territory, and fiscal challenges can impact the value of municipal bonds. These matters can also impact the ability of the issuer to make payments. Also, the amount of public information available about municipal bonds is generally less than that for corporate equities or bonds. Additionally, supply and demand imbalances in the municipal bond market can cause deterioration in liquidity and lack of price transparency.
- **Performance of Underlying Managers:** We select the mutual funds and ETFs in the portfolios. However, we depend on the manager of such funds to select individual investments in accordance with their stated investment strategy.
- **Prepayment Risk:** Similar to call risk, this risk is associated with the early unscheduled repayment of principal on a fixed income security. When principal is returned early, future interest payments will not be paid. The proceeds from the repayment may be reinvested in securities at a lower, prevailing rate.
- **Reinvestment Risk:** The risk that future cash flows, either coupons or the final return of principal, will need to be reinvested in lower-yielding securities.
- **Securities Lending Risk:** Securities lending involves the risk that the fund loses money because the borrower fails to return the securities in a timely manner or at all. The fund could also lose money if the value of the collateral provided for loaned securities, or the value of the investments made with the cash collateral, falls. These events could also trigger adverse tax consequences for the fund.

- **State Risk:** Portfolios with state or region-specific customizations will be more sensitive to the events that affect that state's economy and stability. Portfolios with a higher concentration of bonds in a state or region may have higher credit risk exposure, especially if the percentage of assets dedicated to the state is invested in fewer issuers.
- **Tax Liability Risk:** The risk that the distributions of municipal securities become taxable to the investor due to noncompliant conduct by the municipal bond issuer or changes to federal and state laws. These adverse actions would likely negatively impact the prices of the securities.
- **Valuation Risk:** The lack of an active trading market and/or volatile market conditions can make it difficult to obtain an accurate price for a fixed income security. There are uncertainties associated with pricing a security without a reliable market quotation, and the resulting value may be very different than the value of what the security would have been if readily available market quotations had been available.

Risks associated with our equity strategies include, but are not limited to, the following:

- **Capitalization Risk:** Small-cap and mid-cap companies may be hindered as a result of limited resources or less diverse products or services. Their stocks have historically been more volatile than the stocks of larger, more established companies.
- **Exchange-Traded Fund ("ETF") and Mutual Fund Risk:** Investments in ETFs and mutual funds have unique characteristics, including, but not limited to, the ETF or mutual fund's expense structure. Investors of ETFs and mutual funds held within KCP client accounts bear both their KCP portfolio's advisory expenses and, indirectly, the ETF's or mutual fund's expenses. Because the expenses and costs of an underlying ETF or mutual fund are shared by its investors, redemptions by other investors in the ETF or mutual fund could result in decreased economies of scale and increased operating expenses for such ETF or mutual fund. Additionally, the ETF or mutual fund may not achieve its investment objective. Actively managed ETFs or mutual funds may experience significant drift from their stated benchmark.
- **Foreign Securities Risk:** Investments in or exposure to foreign securities involve certain risks not associated with investments in or exposure to securities of U.S. companies. Foreign securities subject a portfolio to the risks associated with investing in the particular country of an issuer, including the political, regulatory, economic, social, diplomatic and other conditions or events (including, for example, military confrontations, war and terrorism), occurring in the country or region, as well as risks associated with less developed custody and settlement practices. Foreign securities may be more volatile and less liquid than securities of U.S. companies and are subject to the risks associated with potential imposition of economic and other sanctions against a particular foreign country, its nationals or industries or businesses within the country. In addition, foreign governments may impose withholding or other taxes on income, capital gains or proceeds from the disposition of foreign securities, which could reduce a portfolio's return on such securities.

- **Frequent Trading Risk:** A portfolio manager may actively and frequently trade investments in a portfolio to carry out its investment strategies. Frequent trading of investments increases the possibility that a portfolio, as relevant, will realize taxable capital gains (including short-term capital gains, which are generally taxable at higher rates than long-term capital gains for U.S. federal income tax purposes), which could reduce a portfolio's after-tax return. Frequent trading can also mean higher brokerage and other transaction costs, which could reduce a portfolio's return. The trading costs and tax effects associated with portfolio turnover can adversely affect its performance.
- **Option Risk:** Variable degree of risk. Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarize themselves with the type of option (i.e., put or call) which they contemplate trading and the associated risks. Traders of options should calculate the extent to which the value of the options must increase for the position to become profitable, taking into account the premium and all transaction costs.
  - The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a future, the purchaser will acquire a futures position with associated liabilities for margin (see the section on Futures below). If the purchased options expire worthless, the purchaser will suffer a total loss of the investment. In purchasing deep out-of-the-money options, the purchaser should be aware that the chance of such options becoming profitable ordinarily is remote.
  - Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavorably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller being obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a future, the seller will acquire a position in a future with associated liabilities for margin (see the section on Futures below). If the option is "covered" by the seller holding a corresponding position in the underlying interest or a future or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.
  - Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.
- **Issuer Risk:** The risk that an issuer of a security may perform poorly, and therefore, the value of its securities may decline. Poor performance may be caused by poor management decisions, competitive pressures, breakthroughs in technology, reliance on suppliers, labor problems or shortages, corporate restructurings, fraudulent disclosures, natural disasters or other events, conditions or factors.

- **Market Risk:** When the stock market strongly favors a particular style of equity investing, some or all of KCP's equity strategies could underperform. The performance of clients' accounts could suffer when KCP's particular investment strategies are out of favor. For example, KCP's large cap equity strategies could underperform when the market favors smaller capitalization stocks. KCP's strategies with exposure to small/mid cap stocks could underperform when the market favors larger cap stocks. Additionally, growth securities could underperform when the market favors value securities.
- **Sector Risk:** At times, a portfolio may have a significant portion of its assets invested in securities of companies conducting business in a related group of industries within an economic sector. Companies in the same economic sector may be similarly affected by economic, regulatory, political or market events or conditions, which make a portfolio more vulnerable to unfavorable developments in that economic sector than portfolios that invest more broadly. Generally, the more a portfolio diversifies its investments, the more it spreads risk and potentially reduces the risks of loss and volatility.
- **Alternative Investments:** Our Firm's use of alternative assets is limited to the investments approved on our recommended Custodian(s) Alternative Investments platform in addition to publicly traded ETFs or '40 Act' funds with specific exposure in commodities, long/short strategies, real estate, and covered call writing. Investments classified as "alternative investments" may include a broad range of underlying assets including, but not limited to, hedge funds, private equity, venture capital, and registered, publicly traded securities. Alternative investments are speculative, not suitable for all clients and intended for only experienced and sophisticated investors who are willing to bear the high risk of the investment, which can include: loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative investment practices; lack of liquidity in that there may be no secondary market for the fund and none expected to develop; volatility of returns; potential for restrictions on transferring interest in the fund; potential lack of diversification and resulting higher risk due to concentration of trading authority with a single advisor; absence of information regarding valuations and pricing; potential for delays in tax reporting; less regulation and typically higher fees than other investment options such as mutual funds. The SEC requires investors be accredited to invest in these more speculative alternative investments. Investing in a fund that concentrates its investments in a few holdings may involve heightened risk and result in greater price volatility.
- **Digital Currency** - Our Firm's use of digital currency in a client portfolio is limited only to publicly traded securities that passively or actively invest in digital currency assets. The shares of certain Products are also publicly quoted on OTC Markets and shares that have become unrestricted in accordance with the rules and regulations of the SEC may be bought and sold throughout the day through any brokerage account. Cryptocurrency (notably, bitcoin), often referred to as "virtual currency", "digital currency," or "digital assets," operates as a decentralized, peer-to-peer financial exchange and value storage that is used like money. If deemed appropriate, Clients may have exposure to bitcoin, a

cryptocurrency. Cryptocurrency operates without central authority or banks and is not backed by any government. Cryptocurrencies (i.e., bitcoin) may experience very high volatility. Cryptocurrency is also not legal tender. Federal, state, or foreign governments may restrict the use and exchange of cryptocurrency, and regulation in the U.S. is still developing. The SEC has issued a public report stating U.S. federal securities laws require treating some digital assets as securities. Cryptocurrency exchanges may stop operating or permanently shut down due to fraud, technical glitches, hackers, or malware. Due to its relatively recent launch, bitcoin has a limited trading history, making it difficult for investors to evaluate investments in this cryptocurrency. It is possible that another entity could manipulate the blockchain in a manner that is detrimental to the bitcoin network. Bitcoin transactions are irreversible such that an improper transfer can only be undone by the receiver of the bitcoin agreeing to return the bitcoin to the original sender. Digital assets are highly dependent on their developers and there is no guarantee that development will continue or that developers will not abandon a project with little or no notice. Third parties may assert intellectual property claims relating to the holding and transfer of digital assets, including cryptocurrencies, and their source code. Any threatened action that reduces confidence in a network's long-term ability to hold and transfer cryptocurrency may affect investments in cryptocurrencies. Investments in the Products are speculative investments that involve high degrees of risk, including a partial or total loss of invested funds. The shares of each Product are intended to reflect the price of the digital asset(s) held by such Product (based on digital asset(s) per share), less such Product's expenses and other liabilities. Because each Product does not currently operate a redemption program, there can be no assurance that the value of such Product's shares will reflect the value of the assets held by such Product, less such Product's expenses and other liabilities, and the shares of such Product, if traded on any secondary market, may trade at a substantial premium over, or a substantial discount to, the value of the assets held by such Product, less such Product's expenses and other liabilities, and such Product may be unable to meet its investment objective.

- **Leveraged and Inverse ETFs, ETNs and Mutual Funds.** Leveraged ETFs, ETNs and mutual funds, sometimes labeled "ultra" or "2x" for example, are designed to provide a multiple of the underlying index's return, typically on a daily basis. Inverse products are designed to provide the opposite of the return of the underlying index, typically on a daily basis. These products are different from and can be riskier than traditional ETFs, ETNs and mutual funds. Although these products are designed to provide returns that generally correspond to the underlying index, they may not be able to exactly replicate the performance of the index because of fund expenses and other factors. This is referred to as tracking error. Continual re-setting of returns within the product may add to the underlying costs and increase the tracking error. As a result, this may prevent these products from achieving their investment objective. In addition, compounding of the returns can produce a divergence from the underlying index over time, in particular for leveraged products. In highly volatile markets with large positive and negative swings, return distortions are magnified over time. Because of these distortions, these products should be actively monitored, as frequently as daily, and are generally not



appropriate as an intermediate or long-term holding. To accomplish their objectives, these products use a range of strategies, including swaps, futures contracts and other derivatives. These products may not be diversified and can be based on commodities or currencies. These products may have higher expense ratios and be less tax-efficient than more traditional ETFs, ETNs and mutual funds.

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**POOLED INVESTMENT VEHICLE RISK**

There can be no assurance that the Funds will achieve their investment objective or avoid substantial losses. An investor should not make an investment in a Fund with the expectation of sheltering income or receiving cash distributions. Investors are urged to consult with their personal advisers before investing in a Fund. Since risks are inherent in the investment in which the Fund engages, no assurances can be given that the Fund's investment objective will be realized. There can be no assurance that our Firm will successfully implement its risk management program or that the Funds will not incur substantial or total losses. Therefore, investors could lose their entire investment.

The business of investing in securities is highly competitive and the identification of attractive investment opportunities is difficult and involves a high degree of uncertainty. Private placement investments generally involve various risk factors, including, but not limited to the following. A more in-depth discussion of risks that must be considered is set forth in each investment's offering documents, which will be provided to each investor for review and consideration prior to investing.

- Potential for complete loss of principal, meaning that you may lose your entire investment
- Liquidity constraints
- Lack of transparency
- Difficulty obtaining price evaluation
- Limited or no secondary market
- Long term investment commitment
- Inconsistent dividend and distributions
- High internal and operating costs
- Inability to obtain business evaluations and comparisons
- Limited or lack of communications from the private placement issuer or others with respect to business operations

Unlike liquid investments that an investor may maintain, private placement investments do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the investor shall establish that he/she is qualified for investment in the offering and acknowledges and accepts the various risk factors that are associated with such an investment. Investing in alternative and private placement investments involves unique and serious risks an investor must be prepared to bear. It is crucial an investor read the offering memorandum prior to investing for full disclosure of qualification requirements and risks including:

- Operational, economic, market cycles and trends, investment, tax
- Risk of hedge funds, derivatives, and other investment vehicles

- Trading risks such as short selling, performance-based fees, limited operating and investment experience, consulting fees, interest, and lending fees
- Use of leverage
- Illiquidity or limited liquidity
- Non-existence of or minimal secondary market
- Valuation complexities
- High degree of risk and potential loss of principal
- Tax liability and risks with changes to tax code
- Limited operating and/or investment experience
- Regulatory risks and/or lack of regulation and oversight of the business activity and management.
- Lack of diversification

Typically, private placements are not subject to some of the laws and regulations that protect investors. Private placement memoranda typically are not reviewed by any regulator and may not present the investment and related risks in a balanced light. Private placements are not registered with a regulatory authority. We do not represent, warrant or imply that the services or methods of analysis used by our Firm can or will predict future results, successfully identify market tops or bottoms, or insulate the SPVs from losses due to major market corrections, crashes, or economic events. Past performance is no indication of future performance. No guarantees can be offered that the SPVs' goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by our Firm will provide a better return than other investment strategies.

## **ITEM 9 - DISCIPLINARY INFORMATION**

Our Firm does not have any legal, financial or other "disciplinary" items to report.

## **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **INSURANCE**

Some of our Investment Advisor Representatives ("IARs") and owners of the Firm are licensed insurance agents and sell various life insurance products, long term care and fixed annuities. IARs receive compensation (commissions, trails, or other compensation from the respective insurance products) as a result effecting insurance transactions for mutual client(s) of KCP. Commissions generated by insurance sales do not offset regular advisory fees. Our firm has an incentive to recommend insurance products and this incentive creates a conflict of interest between your interests and our Firm. We mitigate this conflict by disclosing to clients they have the right to decide whether to engage the insurance services offered through our IARs. Further, clients should note they have the right to decide whether to act on the recommendations and the right to choose any professional to execute the advice for any insurance products through any licensed insurance agent not affiliated with our Firm. We recognize the fiduciary responsibility to place the client's interests first and have established policies in this regard to avoid any conflicts of interest.

Clients should be aware that the ability to receive additional compensation by our Firm and its management persons or employees creates conflicts of interest that impair the objectivity of the Firm and these individuals when making advisory recommendations. Our Firm endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps, among others to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for the Firm and our employees to earn compensation from advisory clients in addition to the Firm's advisory fees;
- we disclose to clients that they have the right to decide to purchase recommended investment products from our employees;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives, and liquidity needs;
- the Firm conducts regular reviews of each client advisory account to verify that all recommendations made to a client are in the best interest of the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests 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 the Firm; and
- 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.

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#### **OTHER BUSINESS ACTIVITIES**

Management personnel of KCP and Financial Advisors affiliated with KCP may engage in outside business activities. As such, these individuals can receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of investment advisory Clients. Again, Clients are not under any obligation to engage these individuals when considering implementation of these outside recommendations. The implementation of any or all recommendations is solely at the discretion of the Client. The following are separate but affiliated entities with common ownership:

- T & D, LLC – Entity used for personal real estate investments for managing member, Michael McCabe.
- HBB, Management, LLC – used for personal commercial real estate investments for managing member, Bryan Buchert

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#### **POOLED INVESTMENT VEHICLE (SPECIAL PURPOSE VEHICLE)**

Our Firm engages as an adviser to various pooled investment vehicles (special purpose vehicles) operating as private funds (each a "Client" or "Fund" and collectively, the "Clients" or "Funds"). It is a conflict of interest for supervised persons to participate in a pooled investment vehicle because of compensation received and incentive to seek suitable investors to increase investment

in the pooled investment vehicle. To mitigate this conflict of interest, this disclosure is provided. We serve as both the investment manager and the General Partner of the Private Fund. In addition, certain of our control persons or indirect owners may have financial interests in the Private Fund and may maintain significant investments in the Private Fund. These relationships present certain potential conflicts of interest, including but not limited to, those described below:

- *To the extent certain of our individual clients qualify, they will be eligible to participate as investors in the Private Fund.* Some of our individual clients are solicited to invest in the Private Fund where we deem such an investment as suitable, but no client is ever obligated to invest in the Private Fund. Since certain of our Investment Advisor Representatives may earn compensation from the Private Fund that may exceed the asset-based fees and performance-based fees of an individual account, as applicable, the recommendation that a client become an investor in the Private Fund may present a conflict of interest. We address this conflict through disclosure to clients and operating in accordance with our Code of Ethics and fiduciary duties. See “Item 5 - Fees and Compensation” and “Item 11 - Code of Ethics, Participation of Interest in Client Transactions and Personal Trading.”
- *We may receive performance-based incentive allocations from the Private Fund.* Since Private Fund investments clients are subject to performance-based fees or allocations, this arrangement may create a conflict of interest as we and our representatives may have an incentive to favor and devote more time and effort to managing the investments of the Private Fund that are subject to performance-based incentive allocations. We address this conflict of interest through disclosure to clients and operating in accordance with our Code of Ethics and fiduciary duties. See “Item 5 - Fees and Compensation” and “Item 11 - Code of Ethics, Participation of Interest in Client Transactions and Personal Trading.”
- The participation of persons related to us as investors in the Private Fund or individual clients may also create a conflict of interest, as we and our Investment Advisor Representatives may have an incentive to favor and devote more time and effort to managing the investments of the Private Fund or the respective individual wealth management clients. We may also have an incentive to recommend that clients participate in the Private Fund if we perceive that such additional investment will benefit the Private Fund overall. We address this conflict through disclosure to clients and by operating in accordance with our Code of Ethics and fiduciary duties. See Item 6 - Performance-Based Fees & Side-by-Side Management,” and “Item 11 - Code of Ethics, Participation of Interest in Client Transactions and Personal Trading.”

Our Firm nor its management persons have any relationship or arrangements with any of the following: a broker-dealer, municipal securities dealer, or government securities dealer or broker; an investment company, another investment adviser or financial planner; a futures commission merchant, commodity pool operator, or commodity trading advisor; a banking or thrift institution; an accountant or accounting firm; a lawyer or law firm; an insurance company or agency; a pension consultant; a real estate broker or dealer; or a sponsor or syndicator of limited

partnerships.

Our firm nor any of its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Our firm nor any of its management persons selects other investment advisers for its clients.

#### **ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Our Firm and persons associated with us are allowed to invest for their own accounts, or to have a financial investment in the same securities or other investments that we recommend and may engage in transactions that are the same as or different than transactions recommended to or made for our clients. This creates a conflict of interest. We recognize the fiduciary responsibility to act in the best interest of our Clients and have established policies to mitigate conflicts of interest.

We have developed and implemented a Code of Ethics that sets forth standards of conduct expected of our advisory personnel to mitigate this conflict of interest. The Code of Ethics addresses, among other things, personal trading, gifts, and the prohibition against the use of inside information. With the exception of exchange traded funds ("ETF"s) and exchange traded notes ("ETNs"), no Code Person may purchase or sell any Reportable Security within 48 hours immediately before or after a day on which any client account managed by the Firm purchases or sells that Reportable Security (or any closely related security, such as an option or a related convertible or exchangeable security), unless the Code Person had no actual knowledge that the reportable security (or any closely related security) was being considered for purchase or sale for any client account.

The Code of Ethics is designed to protect, detect and deter misconduct, educate personnel regarding the Firm's expectations and laws governing their conduct, remind personnel that they are in a position of trust and must act with complete propriety at all times, protect the reputation of KCP, safeguard against the violation of the securities laws, and establish procedures for personnel to follow so that we may determine whether their personnel are complying with the Firm's ethical principles.

We have established the following restrictions to ensure our Firm's fiduciary responsibilities:

- No supervised employee of KCP shall prefer his or her own interest to that of the advisory client.
- We maintain a list of all securities holdings of anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of KCP.
- We require that all supervised employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- Any supervised employee not in observance of the above may be subject to termination.

None of our associated persons may affect for himself/herself or for accounts in which he/she holds a beneficial interest, any transactions in a security which is being actively recommended to

any of our clients, unless in accordance with the Firm's procedures. Our Firm's procedures prohibit employee trading from frontrunning or disadvantaging trading for any client accounts.

The firm nor any of its supervised persons accept compensation for the sale of securities or other investment products.

We may also recommend that certain of our SMA clients invest in the Private Fund. In addition, certain of our control persons may have financial interests in the Private Fund. In general, our control persons directly, or through a general partner entity, may maintain investments in the Private Fund. See "Item 10 - Other Financial Industry Activities & Affiliations. Our Private Fund may co-invest with third parties or otherwise participate in pooled investment vehicles with others if we determine that such investments or arrangements represent the best way to access a particular investment opportunity. These arrangements would result in an additional layer of fees and expenses being charged to the Private Fund's investors. We or our Access Persons may also manage or have direct investments in these pooled investments. We intend to address any such conflict(s) through proper disclosure, adherence to our Code of Ethics, and in accordance with our fiduciary duties to our clients.

You may request a complete copy of our Code by contacting us at the address, telephone, or email on the cover page of this Part 2; ATTN: Bryan Buchert, Chief Compliance Officer.

## **ITEM 12 - BROKERAGE PRACTICES**

We generally recommend that clients utilize the custody, brokerage and clearing services of Fidelity Institutional Wealth Services ("Fidelity") Charles Schwab & Co., Inc. or Interactive Brokers, LLC (defined in this document as "Custodian(s)") for investment management accounts. We may recommend other Custodians based on your needs and the services offered.

We recommend that you establish accounts with these Custodians to maintain custody of your assets and to effect trades for your accounts. Some of the products, services and other benefits provided by our Custodians benefit us and may not benefit you or your account. Our recommendation/requirement that you place assets with one of these Custodians may be based in part on benefits they provide us, and not solely on the nature, cost or quality of custody and execution services provided by the custodian. The Custodian we utilize makes available to us other products and services that benefit us but may not benefit your accounts in every case.

Fidelity Institutional Wealth Services ("Fidelity") provides various benefits and payments to registered investment advisers that are new to the Fidelity custodial platform to assist the firm with the costs associated with starting a Registered Investment Advisory firm and transitioning the business to Fidelity (collectively referred to as "Transition Assistance"). The proceeds of such Transition Assistance payments are intended to be used for a variety of purposes, including but not necessarily limited to, initial registration, compliance assistance, legal assistance, and technology expenses incurred as a result of the firm transitioning to Fidelity's custodial platform. The amount of the Transition Assistance payments is often significant in relation to the overall revenue earned or compensation received by the Firm.

The receipt of Transition Assistance by KCP creates conflicts of interest relating to KCP's advisory

business because it creates a financial incentive for KCP to recommend that its clients maintain their accounts with Fidelity. KCP attempts to mitigate these conflicts of interest by evaluating and recommending that clients use Fidelity's services based on the benefits that such services provide to our clients, rather than the Transition Assistance earned by KCP. KCP considers Fidelity's execution capability when recommending or requiring that clients maintain accounts with Fidelity. However, clients should be aware of this conflict and take it into consideration in making a decision whether to custody their assets in an account at Fidelity.

Some of the other Fidelity products and services assist us in managing and administering your accounts. These include software and technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our fees from your account, and assist with back-office functions, recordkeeping and reporting.

We are independently owned and operated and not affiliated with these Custodians. They provide us with access to their institutional trading and custody services. These services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors.

You have the right to not act upon any recommendations, and if you elect to act upon any recommendations, you have the right to not place the transactions through any broker/dealer we recommend. Our recommendation is generally based on the broker's cost and fees, skills, reputation, dependability and compatibility with the client. You may be able to obtain lower commissions and fees from other brokers and the value of products, research and services given to us is not a factor in determining the selection of broker/dealer or the reasonableness of their commissions.

We place trades for your account subject to our duty to seek best execution and other fiduciary duties. You may be able to obtain lower commissions and fees from other brokers and the value of products, research and services given to us is not a factor in determining the selection of broker/dealer or the reasonableness of their commissions. The Custodian's execution quality may be different than other broker-dealers.

Many of these services generally may be used to service all or a substantial number of our accounts. The Custodians also make available to us other services intended to help us manage and further develop our business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, the custodians may make available, arrange and/or pay for these services rendered to us by third parties. The Custodians may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to us.

Schwab will provide monetary support toward our consulting and/technology third party engagements, CRM subscription and reimbursement of account transfer fees for clients moving accounts to Schwab when we hit a certain level of assets under their Custodial platform. Schwab provides these additional services and support to Advisor in its sole discretion and at its own expense, and Advisor does not pay any fees to Schwab for this. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. You should be aware, however, that the receipt of economic benefits by our Firm or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of the Custodian for custody and brokerage services. The Custodian may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to us.

While as a fiduciary, we endeavor to act in your best interest, our recommendation that you maintain your assets in accounts at our recommended custodians may be based in part on the benefit to us or the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a conflict of interest. IARs endeavor at all times to put the interest of our clients first as a part of their fiduciary duty.

There is no direct link between our participation in a Custodian's platform and the investment advice we give to our clients. We/you may receive economic benefits through our participation in the platforms that may not be available to other advisors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. The Custodians may also have paid for business consulting and professional services received by some of our related persons. Some of the products and services made available by the Custodians through the program may benefit us but may not benefit your account. These products or services may assist us in managing and administering your account, including accounts not maintained at the Custodians. Other services made available by the Custodians are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to the Custodians. As part of our fiduciary duties to clients, we endeavor at all times to act in the best interest of our clients. You should be aware, however, that the receipt of economic benefits by us or our related persons in and of itself creates a conflict of interest and may indirectly influence our choice of the Custodians for custody and brokerage services.

We place trades for our clients' accounts subject to its duty to seek best execution and its other



fiduciary duties. Custodian's execution quality may be different than other Custodians.

Our Firm annually reviews the relationship between our recommended Custodian(s) in order to determine if the custodial relationship is in the best interest of the client.

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#### **AGGREGATION AND ALLOCATION OF TRANSACTIONS**

We may aggregate transactions if we believe that aggregation is consistent with the duty to seek best execution for our clients and is consistent with the disclosures made to clients and terms defined in the client Investment Advisory Agreement. No advisory client will be favored over any other client, and each account that participates in an aggregated order will participate at the average share price (per custodian) for all transactions in that security on a given business day. We will aggregate trades for ourselves or our associated persons with your trades, providing that the following conditions are met:

- Our policy for the aggregation of transactions shall be fully disclosed separately to our existing clients (if any) and the broker/dealer(s) through which such transactions will be placed;
- We will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek the best execution (which includes the duty to seek best price) for you and is consistent with the terms of our Investment Advisory Agreement with you for which trades are being aggregated.
- No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all our transactions in a given security on a given business day, with transaction costs based on each client's participation in the transaction;
- We will prepare a written statement ("Allocation Statement") specifying the participating client accounts and how to allocate the order among those clients;
- If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the allocation statement; if the order is partially filled, the accounts that did not receive the previous trade's positions should be "first in line" to receive the next allocation.
- Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for difference of allocation is explained in writing and is reviewed by our compliance officer. Our books and records will separately reflect, for each client account, the orders of which aggregated, the securities held by, and bought for that account.
- We will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and
- Individual advice and treatment will be accorded to each advisory client.

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#### **BROKERAGE FOR CLIENT REFERRALS**

Our Firm does not receive client referrals from any Custodian or third party in exchange for using that broker-dealer or third party.

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#### **POOLED INVESTMENT VEHICLE**

Each SPV has an account at First Republic, the custodian, through which investor funds are called to be deposited for the SPV and then aggregated for investment into the private placement in which the SPV is investing.

The SPVs have engaged a third-party administrator and accountant to prepare investor statements and to calculate and determine the value of the SPV. Further, each of the SPVs are subject to an annual audit by an accounting firm registered with the Public Company Accounting Oversight Board (PCAOB). As outlined under Item 8 above, private placements, alternative investments, and special purpose vehicles often have no liquidity provisions and a secondary market in which to sell your investment may not be available. Because private placements and special purpose vehicles are not regulated, they are not subject to reporting requirements. Please refer to the offering memorandum for guidance on reporting, if any.

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#### **TRADE ERRORS**

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and we will absorb any loss resulting from the trade error if the error was caused by the firm. If the error is caused by the Custodian, the Custodian will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will be donated to charity. We will never benefit or profit from trade errors.

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#### **DIRECTED BROKERAGE**

We do not routinely recommend, request or require that you direct us to execute transactions through a specified broker dealer. Additionally, we typically do not permit you to direct brokerage. We place trades for your account subject to our duty to seek best execution and other fiduciary duties.

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### **ITEM 13 - REVIEW OF ACCOUNTS**

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#### **ACCOUNT REVIEWS AND REVIEWERS – INVESTMENT SUPERVISORY SERVICES**

Bryan Buchert oversees the investment advisor representatives who monitor the client accounts on a regular basis. Annual reviews are conducted with each client. All accounts are reviewed for consistency with client investment strategy, risk tolerance, and performance relative to the appropriate benchmark. More frequent reviews may be triggered by changes in an account

holder's personal, tax, or financial status. Geopolitical and macroeconomic specific events may also trigger reviews.

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## **STATEMENTS AND REPORTS**

The custodian for the individual client's account will provide clients with an account statement at least monthly. Upon request, clients can receive a prepared written report detailing their current positions, and year-to-date performance provided by our Firm.

You are urged to compare the reports provided by KCP against the account statements you receive directly from your account custodian.

- *Consulting Services* – A review of your current financial standing and future endeavors will be conducted by your assigned Investment Advisor. We realize that events and circumstances could change dramatically in between normal reviews. Therefore, if you experience an event in your life that might necessitate an early review of your Financial Plan, please let us know and we will be happy to schedule a more frequent review. Such an event might include a marriage, divorce, birth of a child, death or disability of an immediate family member, impending retirement, employment status, or you bought or sold a business. We also encourage you to ask us if you have any questions about your Financial Plan or the reports that we generate.

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## **POOLED INVESTMENT VEHICLE**

Our Firm will review the Fund, periodically conduct due diligence on the investments, review the status, financials, and progress of development of the investment, and continue communications with owners, officers, and directors of the investment in the Fund. As deemed necessary, our Firm will provide communications to investors about the status of the Fund. Additionally, investors will be provided audited annual financial statements on the Fund in which they are invested.

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## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

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### **BROKERAGE PRACTICES**

As disclosed under Item 12 Brokerage Practices, we participate in Custodian(s)'s institutional customer program and we may recommend Custodian(s) to you for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to any other independent Investment Advisors participating in the program. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services

provided to us by third party vendors. Custodian(s) may also have paid for business consulting and professional services received by some of our related persons. Some of the products and services made available by Custodian(s) through the program may benefit us but may not benefit your account. These products or services may assist us in managing and administering your account, including accounts not maintained at Custodian(s). Other services made available by Custodian(s) are intended to help us manage and further develop our business enterprise. The benefits received by our Firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to Custodian(s). As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. You should be aware, however, that the receipt of economic benefits by our Firm or our related persons in and of itself creates a conflict of interest and may indirectly influence our choice of Custodian(s) for custody and brokerage services.

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. We benefit from the products and services provided because the cost of these services would otherwise be borne directly by us, and this creates a conflict. You should consider these conflicts of interest when selecting a custodian. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12—Brokerage Practices).

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## **INSURANCE**

Some of our IARs are also licensed insurance agents and sell various life insurance products. There is a conflict of interest to clients because our firm and our IARs receive compensation (commissions, or other compensation from the sale of the respective insurance products) as a result of effecting insurance transactions for clients.

The firm and the IAR have an incentive to recommend insurance products and this incentive creates a conflict of interest between your interests and our Firm. We mitigate this conflict by disclosing to clients they have the right to decide whether or not to engage the services of our IARs or our affiliated Insurance agency. Further, clients should note they have the right to decide whether to act on the recommendations and the right to choose any professional to execute the advice for any insurance products through our IAR or any licensed insurance agent not affiliated with our Firm. We recognize the fiduciary responsibility to place the client's interests first and have established policies in this regard to avoid any conflicts of interest.

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## **LEAD GENERATION & REFERRALS**

### OTHER PROFESSIONALS

Our Firm may be asked to recommend a financial professional, such as an attorney, accountant or mortgage broker. In such cases, our Firm does not receive any direct compensation in return for any referrals made to individuals or firms in our professional network. Clients must independently evaluate these firms or individuals before engaging in business with them and clients have the right to choose any financial professional to conduct business. Individuals and firms in our financial professional network may refer clients to our Firm. Again, our Firm does not pay any direct compensation in return for these referrals made to our Firm. Our Firm does

recognize the fiduciary responsibility to place your interests first and have established policies in this regard to mitigate any conflicts of interest.

#### PROMOTERS

We may enter into agreements with individuals who will promote our Firm (“Promoters”). If a Client is introduced to our Firm by a Promoter, we will pay that Promoter a referral fee per the requirements of Rule 206(4)-1 of the Investment Advisers Act of 1940 and any corresponding state securities law requirements. Any referral fee will be paid solely from advisory fees and will not incur additional charges to the Client. The Promoter, at the time of the referral, will disclose the nature of the Promoter relationship and provide each prospective client with a copy of the written disclosure statement from the Promoter to the Client disclosing the terms of the arrangement between our Firm and the Promoter, including the compensation to be received by the Promoter from our Firm.

### **ITEM 15 – CUSTODY**

We do not have physical custody, as it applies to investment advisors. Custody has been defined by regulators as having access or control over client funds and/or securities.

#### **DEDUCTION OF ADVISORY FEES**

For all accounts, our Firm has the authority to have fees deducted directly from client accounts. Our Firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client’s name. Clients, or an independent representative of the client, will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian’s name, address, and the way the funds or securities are maintained. The Advisor sends the qualified custodian a statement of the amount of the fee to be deducted from the client’s account. Account statements are delivered directly from the qualified custodian to each client, or the client’s independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from KCP. When you have questions about your account statements, you should contact KCP or the qualified custodian preparing the statement.

Please refer to Item 5 for more information about the deduction of adviser fees.

#### **POOLED INVESTMENT VEHICLE**

Our Firm is deemed, under Rule 206(4)-2 of the Investment Advisers Act to have custody of the securities in the Funds by virtue of the common control of our Firm and the General Partner of the Fund. Investors will be provided with annual financial statements audited by an independent public accounting firm registered with the Public Company Accounting Oversight Board (PCAOB). Investors are urged to carefully review these statements.

### **ITEM 16 – INVESTMENT DISCRETION**

For discretionary accounts, prior to engaging KCP to provide investment advisory services, you will enter a written Agreement with us granting the Firm the authority to supervise and direct, on an on-going basis, investments in accordance with the client’s investment objective and

guidelines. In addition, you will need to execute additional documents required by the Custodian to authorize and enable KCP, in its sole discretion, without prior consultation with or ratification by you, to purchase, sell, or exchange securities in and for your accounts. We are authorized, in our discretion and without prior consultation with you to: (1) buy, sell, exchange and trade any stocks, bonds or other securities or assets and (2) determine the amount of securities to be bought or sold, and (3) place orders with the custodian. Any limitations to such discretionary authority will be communicated to our Firm in writing by you, the client.

The limitations on investment and brokerage discretion held by KCP for you are:

- For discretionary accounts, we require that we be provided with authority to determine which securities and the amounts of securities to be bought or sold.
- Any limitations on this discretionary authority shall in writing as indicated on the investment advisory Agreement. You may change/amend these limitations as required.

In some instances, we may not have discretion. We will discuss all transactions with you prior to execution or you will be required to make the trades if in an employer sponsored account.

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#### **POOLED INVESTMENT VEHICLE**

Our Firm exercises discretion in managing the investments of the Funds based on the Funds' investment objectives, policies, and strategies disclosed in the Offering Documents. We generally contractually assume discretionary authority over the assets of the Funds under investment management agreements entered into among our Firm and the Fund.

#### **ITEM 17 – VOTING CLIENT SECURITIES**

We will not vote proxies on your behalf. You are welcome to vote proxies or designate an independent third-party at your own discretion. You designate proxy voting authority in the custodial account documents. You must ensure that proxy materials are sent directly to you or your assigned third party. We do not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies. You can contact our office with questions about a particular solicitation by phone at 408-806-3190.

#### **ITEM 18 – FINANCIAL INFORMATION**

We do not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.