

# Kings Path Partners LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Kings Path Partners LLC. If you have any questions about the contents of this brochure, please contact us at (832) 500-3101 or by email at: [info@kingspathpartners.com](mailto:info@kingspathpartners.com). When we use the words "you", "your" and "client" we are referring to you as our client or our prospective client.*

*Kings Path Partners LLC is a registered investment adviser. The registration of an investment adviser does not imply any level of skill or training. The oral and written communications made to you by Kings Path Partners LLC, including the information contained in this brochure, should provide you with information to determine whether to hire or retain us as your adviser. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.*

*Additional information about Kings Path Partners LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Kings Path Partners LLC's CRD number is: 269876.*

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February 28, 2019

**Item 2: Material Changes**

Please note that there have been no “material changes” made to this brochure since our last delivery or posting of our brochure on the SEC’s public disclosure website (“IAPD”) located on the internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Notwithstanding the above, additional changes reflected in this version of this brochure include a number of minor editorial changes and the updated information on our assets under management.

Currently, our Brochure may be requested, free of charge, by contacting Michael Mulcahy, at (832) 500-3101.

Our Brochure is also available on our web site located at [www.kingspath.com](http://www.kingspath.com).

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

Kings Path Partners LLC (hereinafter "KPP", "Firm", "Adviser", "we" or "our") is a Limited Liability Company organized in the State of Texas.

The firm was formed in May 2015, and the principal owners are MM Family Holdings LP and Michael Mulcahy.

### **B. Types of Advisory Services**

#### **General Description of Investment Advisory Services**

The following are brief descriptions of our primary services. Fees and any minimums for services are provided in Item 5 – Fees and Compensation.

*Discretionary Investment Services* – Discretionary Investment Services involve providing clients with continuous and on-going supervision over client investment accounts. This means that KPP will continuously monitor a client's account and make trades in client accounts when necessary. Generally, all clients are provided Discretionary Investment Services, unless specifically excluded on all or some of the client's investable assets.

When providing Discretionary Investment Services, KPP will typically construct each client's account holdings using bonds, equities, ETFs, and mutual funds to build diversified portfolios. It is not KPP's typical investment strategy to attempt to time the market, but we may increase cash holdings as deemed appropriate based on your risk tolerance and short and long-term goals. We may modify our investment strategy to accommodate special situations like: low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations. (Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)

Our services are provided based on the individual needs of each client. This means, for example, that you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. KPP works with each client on a one-on-one basis through interviews or questionnaires to determine the client's investment objectives and suitability information.

These services are tailored to each client. A minimum of \$1,000,000 in discretionary assets under contract with the Adviser is generally required.

*Non-Discretionary Investment Services* – Non-Discretionary Investment Services are similar to the Discretionary Investment Services described above; however, the Adviser is not authorized to make trades and client, or designee, retains authorization and daily management responsibilities. Actual services provided are tailored to each client's needs. These services are provided for clients with investable assets over \$5,000,000.

## Special Services

Certain clients may ask for additional services beyond Investment Advisory Services. The range of services that KPP offers may differ by assets under management, as described below. However, clients may also request certain services periodically, and services may change over time. These services will be provided only with mutual written consent of client and Adviser.

*Financial Planning Services* – Financial Planning Services do not involve the active management of client accounts (that is Investment Advisory Services), but instead focus on a client's overall financial and estate planning. Financial Planning Services can be described as helping clients determine and set their long-term financial goals, and may include the following:

- Annual review of financial goals (near-term, long-term), risk tolerance, tax situation, liability planning, insurance status, family changes, etc.
- Development and maintenance of goals-based or cash flow-based models with Monte Carlo outcome simulations
- Development of investment, risk-management, and spending recommendations against near-term needs and life-time goals
- Periodic review of current investments and investment strategy with recommendations, as needed

These services are tailored to each client. A minimum of \$1,000,000 in discretionary assets under contract with the Adviser is required.

*Wealth Management Services* – For higher net worth clients, KPP offers more in-depth wealth management services which may include more comprehensive estate planning, third-party manager selection and management, philanthropic support services, and financial/estate project management.

Wealth Management Services may entail the coordination and management of a client's estate plans. Services available may include the following:

- Comprehensive investment allocation, performance and risk review of total investments, including, but not limited to, publicly-traded securities, private investments (e.g. hedge funds, venture funds), retirement accounts, life insurance, real estate, and commodities.
- Discretionary and non-discretionary investment support services such as:
  - Review of client-sourced private investment opportunities
  - Coordination of financial commitments for non-public investments (e.g. capital calls)
  - Review and maintenance of critical investment contracts, documents, and records
- Coordinated tax management across various investment accounts (e.g. income sources and deductions)

- Review and assessment of estate legal documents (e.g. wills, trusts, Powers of Attorney)
- Development and maintenance of a comprehensive Estate Overview Document
- Consulting support around financial related decisions (e.g. mortgages, life insurance)

These services are tailored to each client. A minimum of \$2,000,000 in discretionary assets under contract with the Adviser is required. Wealth Management Services are generally limited to 10 hours per month of support. Additional hours may require additional fees and will only be provided with mutual agreement of client and Adviser.

*Family Office and Estate Administration* – Certain clients require a more comprehensive set of services often referred to as “family office services” or “outsource chief financial officer” services. Generally, these are customized around each client’s particular needs. Services may include:

- Identification and review of private investment opportunities
- Quarterly in-person meetings to review investments and project status reports
- Coordination of major estate projects (e.g. estate plan revisions, trust design and development)
- Supporting/planning philanthropic gifting opportunities
- Supporting/coordinating periodic family meetings
- Providing investment and philanthropic training for family members
- Supporting “Family Office” back office needs including cash management, bill pay, insurance maintenance, tax tracking (with CPA), annual filings (e.g. state business filings)

These services are tailored to each client. A minimum of \$5,000,000 in discretionary assets under contract with the Adviser is required. Family Office and Estate Administration Services are generally limited to 20 hours per month of support. Additional hours may require additional fees and will only be provided with mutual agreement of client and Adviser.

### Consulting Services

KPP provides general management and financial consulting services. These services may be offered as part of an Investment Advisory Agreement or may be offered through a Non-Discretionary Services Agreement. Generally, these engagements are project specific on an hourly or retainer agreement.

### Limits Advice to Certain Types of Investments

We provide investment advice on the following types of investments:

- Exchange-listed securities (i.e. stocks)
- Securities traded over-the-counter (i.e. stocks)
- Foreign Issues

- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares (Open and Interval)
- United States government securities
- Options contracts on securities
- Interests in partnerships investing in real estate
- Options contracts
- Futures contracts
- Oil and gas interests
- Master Limited Partnerships (MLPs)
- Private Placements
- Alternative investments

#### KPP Approach to Portfolio Design and Management

KPP offers ongoing Investment Advisory Services based on such inputs as the goals, objectives, time horizon, tax situation, restrictions, and risk tolerance of each client. KPP creates an Investment Strategy for each client, which outlines the client's current situation (including such items as income, tax levels, restrictions, charitable objectives, and risk tolerance levels). Investment management services include, but are not limited to, the following:

- |                        |                                |
|------------------------|--------------------------------|
| • Investment strategy  | • Investment policy            |
| • Asset allocation     | • Risk tolerance determination |
| • Portfolio monitoring | • Asset and manager selection  |
| • Trading              | • Reporting and benchmarking   |
| • Tax management       |                                |

KPP evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. KPP will request discretionary authority from clients in order to select investments and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Strategy, which is developed with and given to each client.

KPP seeks to provide investment decisions that are made in accordance with the fiduciary duties owed to its accounts and without consideration of KPP's economic, investment, or other financial interests. To meet our fiduciary obligations, KPP attempts to avoid, among other things, investment or trading practices that systematically provide advantages or disadvantages to certain client portfolios, and accordingly, KPP's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is KPP's policy to allocate



investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

#### **Selection of Other Advisers**

KPP may direct clients to third-party investment advisers. Before selecting other advisers for clients, KPP will always ensure those other advisers are properly licensed or registered as investment advisers.

#### ***C. Client Tailored Services and Client Imposed Restrictions***

KPP offers the same suite of services to all its clients; however, services provided may differ by assets under management as described in Item 4B. Consulting Services and Special Services are designed around each client's specific needs and priorities.

Specific client investment strategies and their implementation are dependent upon the client's Investment Strategy, which outlines each client's current situation (income, tax levels, and risk tolerance levels). Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent KPP from properly servicing the client account, or if the restrictions would require KPP to deviate from its standard suite of services, KPP reserves the right to end the relationship.

#### ***D. Wrap Fee Programs***

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. KPP does not participate in any wrap fee programs.

#### ***E. Assets Under Management***

KPP has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$130,814,116	\$450,063,991	February 2019

## Item 5: Fees and Compensation

### A. Fee Schedule

#### Asset-Based Fees for Discretionary Investment Management

Total Assets Under Management	Annual Fee
\$0 - \$2,500,000	0.95%
\$2,500,001 - \$5,000,000	0.75%
\$5,000,001 - \$10,000,000	0.60%
\$10,000,001 - \$20,000,000	0.50%
\$20,000,001 - \$50,000,000	0.40%
\$50,000,001 and over	Negotiable

These fees are generally negotiable, based upon a number of factors, including the size of the portfolio, services requested, and portfolio assets; however, the final fee schedule is attached as an Exhibit to the Investment Advisory Contract. Clients may terminate the agreement without penalty for a full refund of KPP's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 30 days' written notice. There is no penalty imposed on the client in connection with the termination of the Investment Advisory Contract.

We generally bill our fees on a monthly basis, in arrears; however, some clients may opt for other billing methods, such as quarterly. In any event, the specific methodology in which the fees are charged will be described in the Investment Advisory Contract. KPP uses the value of the account as of the last business day of the billing period (as reflected account statements generated by the custodian), after generally taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based. For each billing period (monthly), the annual fee rate is divided by the number of calendar days in the year, then multiplied by the number of calendar days in the period (month) to determine the period rate. The period rate is then multiplied by the value of the Account on the last business day of the billing period to determine fees.

#### Special Services

KPP provides services beyond Investment Services based on the total assets under management. These various services are described in Item 4B. Services are cumulative meaning Wealth Management is inclusive of Financial Planning, and Family Office and

Estate Administration is inclusive of Financial Planning and Wealth Management. Services provided each month may be limited in total hours of services provided. The following table describes the services provided, hours per month limitation and minimum annual fee.

Minimum Assets Under Management	Services Category Provided	Hours and Minimum Annual Fee
\$1,000,000	Financial Planning	5 hours per month and \$9,500 per year
\$2,000,000	Wealth Management (and includes Financial Planning)	10 hours per month and \$19,000 per year
\$5,000,000	Family Office and Estate Administration (and includes Financial Planning and Wealth Management)	20 hours per month and \$42,500 per year

Services to be provided are negotiated with each client based on the clients' priorities and needs. These are described in Schedule C of the Investment Advisory Agreement, entered into between the client and Adviser. Services provided may vary from month to month.

#### Selection and Management of Other Advisers Fees

KPP may assist clients in the hiring and management of third-party investment advisers. KPP will not be compensated via a fee share or any other structure from the advisers to which it directs those clients. KPP provides these services at rates described under both "Asset-Based Fees for Portfolio Management" (described above) or for hourly or retainer fees described in Consulting Fees and Family Office Services Fees (described below).

#### Non-Discretionary Investment Management

Total Assets	Annual Fee
\$0 - \$10,000,000	0.50%
\$10,000,001 - \$25,000,000	0.25%
\$25,000,001 - \$50,000,000	0.10%
\$50,000,001 - \$100,000,000	0.08%
\$100,000,001 And Up	0.07%

KPP offers Non-Discretionary Investment Services for high-net worth clients. Fees for these services are as described above and computed and billed in the same manner as

described in Item 5 A above. At times, these services may be provided at a fixed monthly rate, and may have hourly or per event fees for one-time events or special projects. These fees are generally negotiable; however, the final fee schedule is attached as an Exhibit to the Investment Advisory Contract. Additionally, there is a minimum fee of \$25,000 per year for these services.

#### Consulting and Family Office Services Fees

The hourly fee for these services generally ranges between \$100 and \$500, depending on the consultant(s) assigned to providing these services. These fees are negotiable. Some clients may opt for a monthly or quarterly billing, which may be adjusted periodically for hours of services provided. Each contract will describe the fees and services.

#### ***B. Payment of Fees***

##### Payment of Discretionary Investment Management and Special Service Fees

Investment Management and Special Service fees are, generally, withdrawn directly from the client's accounts with client's written authorization on a monthly basis, in arrears. If a client's custodial relationship does not provide for direct payment or if desired by client, then client will be invoiced.

Some clients may opt for invoicing or quarterly billing. These methods will be addressed in each client's Investment Advisory Agreement.

##### Payment of Non-Discretionary Investment Services

Fees for these services are generally invoiced and payable monthly, in arrears.

##### Payment of Consulting Services Fees

Fees for these services are generally invoiced and payable monthly, in arrears.

#### ***C. Client Responsibility for Third-Party Fees***

Clients are responsible for the payment of all third-party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by KPP. Please see Item 12 of this brochure regarding broker-dealer/custodian.

#### ***D. Prepayment of Fees***

KPP collects its fees in arrears. It does not collect fees in advance.

The timing, frequency, and method of paying fees for selection of third-party managers will depend on the specific third-party adviser selected and will be disclosed to the client

prior to entering into a relationship with the third-party adviser.

### ***E. Outside Compensation for the Sale of Securities to Clients***

Neither KPP, nor its supervised persons, accept any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

KPP does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client, nor do we engage in side-by-side management.

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

KPP generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Charitable Organizations and Foundations
- ❖ Trusts
- ❖ Corporations or Business Entities

#### **Minimum Account Size**

The minimum account size for KPP's Investment Advisory Services is \$1 million.

The minimum account size for KPP's Financial Planning Services is \$1 million.

The minimum account size for KPP's Wealth Management Services is \$2 million.

The minimum account size for KPP's Family Office and Estate Administration Services is \$5 million.

There is no minimum for Consulting Services.

These minimums may be waived by KPP, in its sole discretion, for accounts which are affiliated with larger account relationships and/or have growth expectations.

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

#### **Methods of Analysis**

KPP's method of analysis is generally quantitative in nature driven by academic research, statistics, and modern portfolio theory.

## ***A. Methods of Analysis and Investment Strategies***

**Quantitative analysis** deals with measurable factors generally defined by academic research and assessed with statistical models that analyze the returns, risk, and correlation of various asset classes and factors across different market cycles as distinguished from qualitative considerations such as the character of management or the state of employee morale.

For taxable clients, KPP seeks to pursue effective tax management strategies through the implementation of strategies such as tax lot management, avoiding short-term trading, avoiding buying dividends, and the offsetting of gains with losses when possible and in the best interests of the client.

For all clients, KPP maintains a diligent watch on overall costs related to the funds and strategies utilized. KPP makes use of ETFs, low-cost mutual funds, and indexes when possible to achieve the overall Investment Plan or Investment Policy Statement objectives.

### **Investment Strategies**

KPP generally takes long positions in mutual funds, ETFs, various fixed income instruments as well as private investment vehicles. Some of these investment instruments may implement leverage, shorting, options or other derivative investments to execute their strategy.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## ***B. Material Risks Involved***

### **Methods of Analysis**

**Quantitative Model Risk:** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor or asset class, changes from the factors' or asset class's historical trends, and technical issues in the construction and implementation of the models.

### **Investment Strategies**

**Long-term investing** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Investment Manager risk** is the risk that the manager of any utilized investment product such as mutual fund or ETF may not perform according to expectations. KPP monitors the performance of the underlying funds and their managers versus expectations; however, there is no guarantee that such change or deviation in strategy by manager will or can be detected in advance.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### ***C. Risks of Specific Securities Utilized***

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below are not guaranteed or insured by the FDIC or any other government agency (Although, many of these investments may hold government agency securities).

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk), stock “equity” (higher risk) nature, or alternatives (targeted risk).

**Interval Mutual Funds:** Interval mutual funds are mutual funds that typically have restricted liquidity (liquidity risk) in addition to the Mutual Fund risks listed above.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest, and the possibility of inadequate regulatory compliance.

**Real Estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; and the impact of present or future environmental legislation and compliance with environmental laws.

**Hedge Funds** often engage in leveraging and other speculative investment practices that may increase the risk of investment loss; can be highly illiquid; are not required to provide periodic pricing or valuation information to investors; may involve complex tax structures and delays in distributing important tax information; are not subject to the same regulatory requirements as mutual funds; and often charge high fees. In addition, hedge funds may invest in risky securities and engage in risky strategies.

**Private Equity Funds:** In addition to the risks associated with hedge funds, there are risks specifically associated with investing in private equity. Capital calls will be made on short notice, and the failure to meet capital calls can result in significant adverse consequences, including but not limited to a total loss of investment.

**Venture Capital Funds** invest in start-up companies at an early stage of development in the interest of generating a return through an eventual realization event; the risk is high as a result of the uncertainty involved at that stage of development.

**Private Placements** carry a substantial risk as they are subject to less regulation than publicly offered securities, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

#### **Item 9: Disciplinary Information**

##### ***A. Criminal or Civil Actions***

Neither KPP, nor our advisory representatives, have any criminal or civil actions to report.

##### ***B. Administrative Proceedings***

Neither KPP, nor our advisory representatives, have any administrative proceedings to report.

##### ***C. Self-regulatory Organization (SRO) Proceedings***

Neither KPP, nor our advisory representatives, have any self-regulatory organization proceedings to report.

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

##### ***A. Registration as a Broker/Dealer or Broker/Dealer Representative***

Neither KPP, nor its advisory representatives, are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

##### ***B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor***



Neither KPP, nor its advisory representatives, are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

***C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests***

There are no other registration relationships that are material to our advisory business.

***D. Selection of Other Advisers or Managers and Compensation for Those Selections***

KPP may utilize third-party investment advisers for certain investments such as separately managed accounts or fund of fund products. KPP receives no compensation from such managers.

These investments are still deemed managed by KPP management.

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

***A. Code of Ethics***

KPP has adopted a written Code of Ethics to ensure that securities transactions by our employees are consistent with our fiduciary duty to our clients, and to ensure compliance with both the legal requirements and our standards of business conduct. To that end, the Code of Ethics specifically addresses the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. KPP's Code of Ethics is available at no cost, upon request by any client or prospective client.

***B. Recommendations Involving Material Financial Interests***

KPP does not recommend that clients buy or sell any security in which a person or entity related to KPP or KPP has a material financial interest.

***C. Investing Personal Money in the Same Securities as Clients***

From time to time, representatives of KPP may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of

KPP to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. KPP will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

#### ***D. Trading Securities At/Around the Same Time as Clients' Securities***

From time to time, representatives of KPP may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of KPP to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, KPP will never engage in trading that operates to the client's disadvantage if representatives of KPP buy or sell securities at or around the same time as clients.

### **Item 12: Brokerage Practices**

#### ***A. Factors Used to Select Custodians and/or Broker/Dealers***

KPP generally recommends either National Financial ("Fidelity"), TD Ameritrade, Inc. ("TD"), or Charles Schwab & Co., Inc. ("Schwab") as qualified custodians for our clients. Each is registered with the SEC, a member of the Financial Industry Regulatory Authority, and a member SIPC. KPP is independently owned and operated and not affiliated with Fidelity, TD, or Schwab.

Fidelity, TD, and Schwab were selected by KPP as recommended qualified custodians for our clients based upon a wide range of factors, including, among others, the following:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody);
- capability to execute, clear, and settle trades (buy and sell securities for client account);
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.);
- quality of services;
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them; and
- reputation, financial strength, and stability of the provider.

While the Adviser recommends that client use either Fidelity, TD, or Schwab as custodian/broker, client will decide whether to do so and open a client account with

Fidelity, TD, or Schwab by entering into an account agreement directly with them. Fidelity, TD, or Schwab will custody client assets in a brokerage account, and will buy and sell securities when instructed by the Adviser. Clients will not necessarily pay the lowest commission or commission equivalent.

KPP will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

#### Research and Other Soft-Dollar Benefits

KPP receives no research, product, or services other than execution from broker-dealers or custodians in connection with client securities transactions (“soft dollar benefits”).

#### Brokerage for Client Referrals

KPP receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

#### Clients Directing Which Broker/Dealer/Custodian to Use

KPP may permit clients to direct it to execute all or a portion of transactions through a specified broker-dealer. If a client directs brokerage, then the client will be required to acknowledge in writing that the client’s direction with respect to the use of brokers supersedes any authority granted to KPP to select brokers and negotiate transaction fees for the client account. When a client directs us to use a specific broker, the client may pay higher or lower fees such as commissions, commission equivalents, mark-ups, mark-downs, dealer spreads, credits or otherwise, and/or can receive less or more favorable execution services than if the client did not direct transactions to a particular broker. Not all investment advisers allow their clients to direct brokerage.

#### ***B. Aggregating (Block) Trading for Multiple Client Accounts***

KPP does not aggregate or bunch the securities to be purchased or sold for multiple clients. This may result in less favorable prices, particularly for illiquid securities or during volatile market conditions.

### **Item 13: Reviews of Accounts**

#### ***A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews***

All client accounts for KPP's advisory services provided on an ongoing basis are reviewed at least monthly by Michael Mulcahy, Chief Compliance Officer, or his designee with regard to clients’ respective investment policies and risk tolerance levels. All accounts at KPP are assigned to this reviewer.

## ***B. Factors That Will Trigger a Non-Periodic Review of Client Accounts***

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

## ***C. Content and Frequency of Regular Reports Provided to Clients***

KPP clients should receive statements from the qualified custodian that holds and maintains client's investment assets, at least quarterly. Those statements detail the client's account, including assets held, asset value, and calculation of fees. KPP will also provide, at least quarterly, a separate report to the client. Clients are urged to carefully review such statements and compare such official custodial records to the account statements that we or your money manager provide to you. Our statements vary from custodial statements based on accounting procedures, reporting dates, valuation methodologies of certain securities and reporting formats.

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

### ***A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients***

KPP does not receive any economic benefit, directly or indirectly from any third party for advice rendered to KPP's clients.

### ***B. Compensation to Non – Advisory Personnel for Client Referrals***

KPP does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

Custody, as it applies to investment advisers, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For most clients, KPP does not maintain custody of client securities, as we do not receive delivery of any client securities in its advisory capacity; however, when advisory fees are deducted directly from client accounts at client's custodian, KPP will be deemed to have limited custody of client's assets. This custody is due solely to your written authorization to the Custodian that allows us to directly withdraw our advisory fees from your account; however, this limited custody does not entail all of the same legal and regulatory requirements as an investment adviser with full custody of clients' funds and

securities. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

KPP is deemed to have full custody of client funds if the firm is given the authority to move funds from client accounts to third parties on a discretionary basis. Examples of such services are bill pay and funding capital calls for private investments. For accounts in which KPP is deemed to have full custody, the 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 manner in which the funds or securities are maintained. Account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from KPP. When clients have questions about their account statements, they should contact us or the qualified custodian preparing the statement.

Finally, for accounts where KPP has full custody, the firm will maintain separate books and records to track all transactions and funds movement, and will be subject to an annual surprise verification review by an independent public accounting firm. The purpose of such an examination is to verify that the funds and securities held in such accounts exist and are located at the applicable qualified custodian.

#### **Item 16: Investment Discretion**

KPP provides discretionary and non-discretionary investment advisory services to clients. The Investment Advisory Contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, KPP generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share.

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

As a matter of firm policy and practice, KPP does not have any authority to, and we do not, vote proxies on behalf of our advisory clients. You retain the responsibility for receiving and voting proxies for any and all securities maintained in your portfolios. You will receive proxies and other solicitations directly from the custodian or transfer agent for your investments and may contact them related to any inquiries.

**Item 18: Financial Information**

KPP is required to provide you with certain financial information or disclosures about any financial condition which would impede our ability to provide the advisory services described herein. As KPP has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding, and we do not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance, we have no additional material additional financial disclosures.