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**3/21/2013**

**FORM ADV PART 2**  
**BROCHURE**

This brochure provides information about the qualifications and business practices of KMH Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at 361 573-4383 or mail@kmhwealth.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about KMH Wealth Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for KMH Wealth Management is 111610.

KMH Wealth Management, LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

***SUMMARY OF MATERIAL CHANGES***

**KMH Wealth Management, LLC's Brochure has been reviewed and updated with no material changes since the last annual update of our brochure on 3/15/2012.**

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## **Advisory Business**

Form ADV Part 2A, Item 4

Since 1998, KMH Wealth Management, LLC has been a SEC registered investment advisor. KMH is a single member LLC with the owner being Thomas Lane Keller. KMH Wealth Management, LLC was formerly Keller & Associates, CPAs until 2008.

KMH is an independent, Fee-Only advisory firm that offers Investment Supervisory Services and Financial Planning services to its clients. Because KMH is a Fee-Only firm, it is committed to its role as a fiduciary on behalf of its clients. As a fiduciary KMH recommends investment products from the universe of investment options with no bias towards commissions or fees from the sale or recommendation of those products.

Investment Supervisory Services as part of its wealth management services are provided to insure that financial products are based upon a client's lifestyle/life stage, financial goals, risk tolerance and tax situation. KMH takes a long-term approach to investing and believes in a portfolio primarily consisting of mutual funds and bonds. Portfolios are rebalanced as a client's needs change or due to market volatility. Clients are advised of their responsibility to promptly notify KMH of changes in their financial situation or investment objectives.

KMH manages Investment Advisory Accounts by reviewing assets held at brokerages or custodians and giving advice regarding asset allocation, risk analysis and diversification. If clients would like to impose restrictions on investing, such as only investing in impact securities or certain market segments, KMH will work with the client to accommodate these requests. KMH also offers advice to clients on non-security matters when requested.

Lane Keller, Lynn Miori and Gregory Hermes are CERTIFIED FINANCIAL PLANNER<sup>™</sup> professionals. Due to this designation, KMH offers professional financial planning which includes cash flow management, tax planning, education planning, asset protection, estate and gift planning, retirement planning, multi-generational planning, inheritance, charitable giving and insurance planning.

KMH through its wealth management services and financial planning services designs financial plans and portfolios based on the client's individual needs. This client specific planning helps clients chart paths towards financial security.

KMH does not participate in wrap fee programs.

KMH provides investment advice to nearly 225 clients with \$188,176,542 assets under management as of 12/31/2012. Of the \$188,176,542 assets under management, KMH manages over \$154,387,326 on a discretionary basis and the remaining \$33,789,216 on a non-discretionary basis.

## ***Fees and Compensation***

Form ADV Part 2A, Item 5

KMH offers investment advisory services for a percentage of assets under management, hourly charges and fixed fees. A minimum annual fee per account is \$1,500. Related accounts are consolidated for fee purposes. The basis for the annual fee calculation is the fair market value of assets under management at the beginning of each calendar quarter. Individually managed bond portfolios will incur an additional .16% fee.

### **Assets Under Management Annual Fee**

Less than \$1,000,000 - .75%

\$1,000,000 less than \$5,000,000 - .50%

\$5,000,000 or more – negotiable

Fees are deducted from clients' accounts in advance of the quarter based upon the market value of the assets on the last business day of the previous quarter. The billed period does not exceed three months, so clients are billed four times a year. Fees for financial planning and other services are billed separately.

Custodian fees or commissions are not applicable to KMH. The clients may incur brokerage commissions and other transactions cost.

All fees are considered fully earned until a written termination notice is received. Refunds will be calculated based on how many days remain in the quarter after the written termination is received.

No one at KMH accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of financial products.

KMH does not receive revenue from commissions or other compensation for the sale of investment products.

### ***Performance-Based Fees and Side-By-Side Management***

Form ADV Part 2A, Item 6

KMH does not charge performance based fees.

### ***Types of Clients***

Form ADV Part 2A, Item 7

KMH provides investment advice to individuals, high net worth individuals (including trust and estates), pension and profit sharing plans, and charitable organizations. KMH has a minimum annual fee per account of \$1,500. Meetings with prospective clients are conducted to evaluate the clients' specific financial needs.

### ***Methods of Analysis, Investment Strategies and Risk of Loss***

Form ADV Part 2A, Item 8

The main sources of information KMH uses to analyze financial products is Morningstar, financial newspapers and magazines; research materials prepared by others; corporate rating services; and annual reports, prospectuses and filings with the SEC.

Investment strategies the firm uses are long term holding (securities held at least a year), short term holding (securities sold within a year) and margin transactions. Each client is interviewed to determine his/her specific investment needs, including: investment purpose, demographic characteristics (age, employment and family), and overall financial situation including taxable income, inheritance, life insurance and risk tolerance. The firm recommends products to assist clients in attaining their financial goals. The highest priority is given to placing the client's interest first.

Investing in securities involves risk of loss that clients should be prepared to tolerate.

KMH recommends an array of products; however, it primarily recommends mutual funds and bonds. The risk associated with mutual funds is fluctuations in market value. There are also risks associated with bond investments such as default risk and interest rate fluctuations.

### ***Disciplinary Information***

Form ADV Part 2A, Item 9

KMH is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of KMH's advisory business or the integrity of management. KMH has no disclosures pursuant to this item.

### ***Other Financial Industry Activities and Affiliations***

Form ADV Part 2A, Item 10

KMH management persons or associated persons are not registered as broker-dealers or registered representatives of a broker-dealer.

KMH management persons or associated persons are not registered as futures commission merchants, commodity pool operators or commodity trading advisors.

Three individuals, Thomas Lane Keller, Lynn Miori and Gregory Hermes, who perform investment advisory services for KMH clients, are also CERTIFIED FINANCIAL PLANNER™ professionals. When financial planning is requested by the client, the client is billed separately and additionally for these services. KMH is affiliated with Keller & Associates, CPAs. Thomas Lane Keller, Lynn Miori and Gregory Hermes are all CPAs with Keller & Associates, CPAs and provide KMH clients with tax and accounting services as requested by the client for additional fees and a separate engagement. These associations do not pose a conflict of interest, as services requested additionally are billed separately.

KMH does not recommend or select other investment advisers to clients and receive compensation.

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

Form ADV Part 2A, Item 11

KMH has a Code of Ethics that we will provide to clients upon their request. A summary of the Code is provided in this brochure.

The company is a fiduciary for its investment advisory clients. As a fiduciary, the firm puts the interests of the client first before the firm's interest. Because of this fiduciary relationship, it is improper for KMH or its employees to:

1. Use for their own benefit(or the benefit of anyone other than the client)information about the firm's trading or recommendations for client accounts; or
2. Take advantage of investment opportunities that would otherwise be available for the firm's clients.

All Associated Persons (all partners, officers, employees, consultants, and employees who have access to nonpublic information regarding the purchase, sale or recommendation of securities) must at all times reflect the professional standards expected of those engaged in the investment advisory business and will act within federal, state and local laws and regulations pertaining to investment advisers and the general conduct of business. These standards require us to be judicious, accurate, objective and reasonable in dealing with both clients and other parties.

All Associated Persons are required to file their quarterly securities transaction no later than 30 calendar days after the end of March, June, September and December of each year with KMH's Chief Compliance Officer. A review will be conducted by the CCO at least quarterly to monitor compliance with trading policies. KMH reserves the right to require any employee to reverse, cancel or freeze, at the employee's expense, any transaction or position in a specific security if the Company believes the transaction or position violates its policies or appears improper. All Associated Persons are required to report any violation of the Code to the CCO or other appropriate person of the Company immediately.

A copy of the Code is provided to all Associated Persons annually. Also, annually, all Associated Persons are required to certify in writing his or her understanding and continuing acceptance of, as well as agreement to abide by, the guidelines and policies set forth in the KMH Code of Ethics. Additionally, any change or modification to the Code will be distributed to all Associated Persons and they will be required to certify in writing their receipt, understanding and acceptance of the change(s).

KMH does not recommend to clients securities in which an Associated Person has a material financial interest; thus avoiding a conflict of interest.

KMH has investment advisors that on occasion will buy or sell for himself or herself securities that they also recommend to clients. According to the Code, Advisors and all Associated Persons must avoid actions or activities that allow a person to profit or benefit from his or her position with the company at the expense of clients; advisors and all associated persons have a fiduciary duty and must place the interest of the clients first; and if any violation of the Code occurs the Advisor or Associated Person will have disciplinary measures imposed on he or she.

All Associated Persons must conduct all personal securities transaction in full compliance with the Code and avoid serving their own personal interests ahead of the interests of the clients.

KMH Insider Trading Policy prohibits any Advisor and all Associated Persons from trading or recommending securities while in possession of non-public material information about the securities.

## ***Brokerage Practices***

Form ADV Part 2A, Item 12

KMH does not have soft dollar arrangements with broker/dealers. Soft Dollar arrangements occur when a broker offers to provide certain products and services (pay soft dollars) to the investment advisor in exchange for the advisor directing trades to the broker. Because soft dollar credits are derived from commissions paid by the advisory client, they are viewed as assets of the client.

KMH utilizes the TD Ameritrade Institutional platform program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions.

KMH investigates and analyzes products or services that reasonably address the client's needs. The products or services selected to implement the recommendation(s) must be in the client's financial best interest and consistent with the client's goals, needs and priorities. Transactions for the client will be executed in a manner that the client's total cost or proceeds in each transaction is the most qualitative under the circumstances or otherwise known as best execution. In keeping with KMH's best execution philosophy, commissions that may be paid by clients, range of a broker's services such as execution capability, pricing and responsiveness must be taken into consideration.

There is no direct link between KMH's participation in the program and the investment advice it gives to its clients, although KMH receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; access to a trading desk serving KMH clients; 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 KMH by third party vendors. Some of the products and services made available by TD Ameritrade through the program may benefit KMH but may not benefit its client accounts. These products or services may assist KMH in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help KMH manage and further develop its business enterprise. The benefits received by KMH or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, KMH endeavors at all times to put the interests of its clients first.

KMH generally recommends that clients utilize the brokerage and clearing services of TD Ameritrade Institutional, however, KMH considers financial strength, reputation, execution, pricing, and service as criteria before recommending a broker-dealer. KMH does not use client brokerage commissions



to obtain research or other products or services, nor do they have an incentive to select or recommend a broker-dealer based on receiving their research or other products or services. KMH also does not recommend broker-dealers based on receiving client referrals and allows clients to direct brokerage.

As a matter of general practice, KMH recommends mutual funds to clients with a need for equity securities. Mutual funds offer diversification and professional management to shareholders. When clients require fixed income securities to meet client needs, the firm will analyze and recommend direct purchases of U.S. Treasury, Agency, Municipal and Corporate Bonds, Certificates of Deposit or Fixed Income Mutual Funds.

KMH does not aggregate the purchase or sale of securities as it does not typically recommend individual securities.

### ***Review of Accounts***

Form ADV Part 2A, Item 13

All investment client accounts will be continuously monitored by the portfolio managers of KMH. Account statements are received monthly from the custodian and are reconciled to the portfolio accounting reports. Transactions in the portfolio will be reviewed for accuracy as they occur. Annual reviews with the client is the suggested minimum, however depth and frequency of reviews vary by client. Client reviews consist of a "snapshot" of assets comparing current position to stated objectives, including asset allocation among various investment types. Market conditions, changes in an investor's economic or life circumstance, or new academic research may initiate an adjustment to the client's target allocation or rebalancing of the portfolio.

For each account, two portfolio managers will be responsible for client services. Every reviewer who performs client reviews is a CPA/PFS and CERTIFIED FINANCIAL PLANNER™ professional. Instructions vary by client. Portfolio managers include the following individuals: Thomas L. Keller, Lynn M. Miori and Gregory J. Hermes. They are assisted by three associate portfolio managers.

Portfolio reports are delivered to the client quarterly. A formal report includes a summary of assets held and a review of overall asset allocation.

### ***Client Referrals and Other Compensation***

Form ADV Part 2A, Item 14

KMH does not receive any economic benefits such as gifts, cash or sales awards from anyone who is associated with the investment advisory services we provide our clients. We also do not receive any benefits from client referrals.

No arrangements and/or compensation are given to anyone for client referrals.

### ***Custody***

Form ADV Part 2A, Item 15

KMH maintains client funds and securities with broker-dealers, banks and other “qualified custodians.” The qualified custodians send quarterly account statements directly to clients, which should be reviewed carefully by the client. KMH also sends account statements to their clients. A client is urged in writing on the KMH statement to compare the account statement they receive from the qualified custodian with those they receive from KMH. Comparing statements will allow the client to determine whether account transactions, including deductions to pay advisory fees, are accurate.

KMH does not have custody of any client assets.

### ***Investment Discretion***

Form ADV Part 2A, Item 16

A client can engage KMH to provide investment advisory services on a discretionary basis. The client will sign an agreement, which gives KMH the authority to make trading decisions on the client's behalf without first having to seek the client's permission. This allows KMH to take discretion over the following activities: the securities to be purchased or sold; the amount of securities to be purchased or sold; and when transactions are made. The advisor's decisions are based on what is suitable to the client's financial situation and consistent with the client's goals, needs and priorities.

At anytime, a client may impose restrictions in writing to limit or change this authority.

### ***Voting Client Securities***

Form ADV Part 2A, Item 17

KMH does not vote proxies on behalf of clients.

Clients will receive proxy material directly from the custodian holding the client's account. Under circumstances where KMH receives proxy material on behalf of a client involving any security held in the client's account, the firm's advisors will promptly forward such material to the client's attention. It is the client's responsibility to vote his/her proxy (ies). Upon client request, the firm's advisors will provide advice regarding proxy voting.

### ***Financial Information***

Form ADV Part 2A, Item 18

KMH is not required to provide a balance sheet since it does not require prepayment of more than \$1,200 in fees per client, six months or more in advance.

KMH is required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. KMH has no disclosures applicable to this item.

KMH has not been the subject of a bankruptcy petition.

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

Form ADV Part 2A, Item 19

KMH is a SEC registered Advisor since it has over the required threshold of \$100,000,000 in assets under management.

### ***Additional Information***

Protecting our clients' privacy is important to KMH Wealth Management, LLC. As part of our commitment to our clients, we want them to be informed about our policy to protect and safeguard their information.

We collect nonpublic personal information about clients that is provided by them on applications or other forms with their authorization. We will not collect any personal information from clients that they do not volunteer.

For current and former clients, we do not disclose any nonpublic personal information about our clients or former clients except as permitted by law. Permitted disclosures include providing information to our employees and affiliate who need information to provide services. In limited situations, we may contact nonaffiliated companies who need to know information to assist us in providing services to our clients. These third parties are required to treat the client's private information with the same strict degree of confidentiality that we do. We do not sell, share, or rent personal information to third parties except as described above.