

PART 2A OF FORM ADV: FIRM BROCHURE

KCPS Private Wealth Management Ltd.

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This brochure provides information about the qualifications and business practices of KCPS Private Wealth Management Ltd. If you have any questions about the contents of this brochure, please contact Simona Cohen, Chief Financial Officer and Chief Compliance Officer, by telephone at +972-3-777-9000 or by email at simonac@kcps.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.

KCPS Private Wealth Management Ltd. is a Registered Investment Adviser. Registration as an investment advisor reflects only that a firm has registered with the SEC and does not imply a certain level of skill or training.

Additional information about KCPS Private Wealth Management Ltd. is available on the SEC's website at <http://www.adviserinfo.sec.gov>. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 160662.

Item 2 – Material Changes

The United States Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization, including material changes since the last annual update of the Firm Brochure.

Annual Update

KCPS Private Wealth Management Ltd. is registering for the first time with this initial filing of the Brochure. After our initial filing, the Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at +972-3-777-9000 or by email at simonac@kcps.com.

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Item 4 – Advisory Business

The Firm

KCPS Private Wealth Management Ltd., a limited company established under the laws of Israel (“KCPS-PWM”), is an investment advisor registered with the United States Securities and Exchange Commission (“SEC”) that began conducting business in 2007. KCPS-PWM is majority-owned by its parent company, KCPS & Company (2007) Ltd., a limited company established under the laws of Israel (“KCPS & Co.”), which owns 95.00% of the issued and outstanding equity interests of KCPS-PWM. KCPS & Co. is in turn owned by a number of shareholders, including Tal Keinan, who directly and indirectly owns 30.00% of KCPS & Co., and DS Israel Investments, Inc., a Delaware corporation wholly-owned by David Steinhardt, which directly owns 25.01% of KCPS & Co. Other than the individuals and entities listed above, no person owns 25.00% or more of KCPS-PWM or its parent company’s outstanding equity interests. Neither KCPS-PWM nor its parent company is publicly owned or traded.

Types of Investment Services¹

KCPS-PWM provides continuous investment services on both a discretionary and non-discretionary basis to a diverse array of separate account clients, including high net worth individuals, institutions and pension plans.

KCPS-PWM offers investment services to its clients in respect of a variety of asset classes, including equities, fixed income investments and alternative investments. The scope of its investment services and specific investment guidelines and limitations are tailored for each client on an individual basis, as described below. From time to time, KCPS-PWM may contract with sub-advisors to provide certain portfolio management services for clients. In the event a sub-advisor is responsible for managing a client’s assets, the client will be notified by KCPS-PWM.

Tailored Portfolio Management and Investment Restrictions

KCPS-PWM tailors individual strategic asset allocations to fit each client’s needs through the following steps:

- *Risk Assessment & Establishment of Objectives:* KCPS-PWM gains a thorough understanding of clients’ needs through an upfront Client-Assessment process and through extensive dialogue between client and investment manager. A client’s risk tolerance is then assessed and long-term wealth objectives are determined. Assets are always held in the client’s name at various banking institutions/custodial firms.
- *Mandate Definition & Implementation:* Client’s strategic asset allocation is determined and implemented by a portfolio manager. Asset classes included are: equities, fixed

¹ “Investment services” as used herein refers to both (i) investment advisory services under the U.S. Investment Advisers Act of 1940 and (ii) Portfolio Management and Investment Marketing in accordance with the Israeli Law for the Regulation of Engagement in Investment Consultancy Investment Marketing and Investment Portfolio Management of 1995.

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

- *Ongoing Client Interaction & Reporting:* Client's portfolio is managed on an on-going basis and monthly reports are provided.

Clients may impose restrictions on investing in certain types of securities or investment products. Any such restrictions or limitations will be set forth in the investment services contract agreed to between the client and KCPS-PWM.

Wrap Fee Programs

KCPS-PWM does not offer or participate in any wrap fee programs.

Client Assets Under Management

As of December 31, 2011, KCPS-PWM managed assets on a discretionary basis in the amount of \$172,018,106, and assets on a non-discretionary basis of \$57,929,880.

Item 5 – Fees and Compensation

KCPS-PWM charges a management fee to clients based upon a percentage of assets the client has supervised by KCPS-PWM. The standard management fee charged to clients is 1.00% per annum.

Limited Negotiability of Management Fees

Although KCPS-PWM has established the aforementioned fee, it retains the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include the complexity of the client relationship, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, frequency and types of reports, and other factors. The specific annual fee schedule will be identified in the investment services contract between KCPS-PWM and each client. Discounts, not generally available to our clients, may be offered to family members and associated persons of our firm and its affiliates.

Our fees are billed monthly and quarterly, in arrears, based on the market value of the applicable account at the end of the relevant period. Fees will be debited from the applicable account. In situations where an account's custodian may not permit direct debiting, KCPS-PWM will bill the client directly for any management fees.

Termination of the Investment Services Relationship

A client may generally terminate its investment services contract with KCPS-PWM at any time, for any reason, upon written notice to KCPS-PWM. KCPS-PWM may generally terminate an investment services contract with a client upon 30 days' written notice to the client.

Additional Fees and Expenses

In addition to management fees charged by KCPS-PWM, described above, clients are also responsible for any fees and expenses charged by custodians and imposed by brokers or dealers relating to the client's account, including, without limitation, any transaction charges imposed by brokers or dealers in connection with transactions effected by a sub-advisor or other independent investment manager for the client's account.

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

KCPS-PWM does not currently charge clients any performance-based fees, nor does it participate in side-by-side management of assets.

Item 7 – Types of Clients

KCPS-PWM generally provides investment services to the following types of clients:

- High net worth individuals
- Endowments and foundations
- Pension plans
- Charitable organizations
- Other institutional clients
- Trusts
- Family offices

KCPS-PWM typically requires a minimum investment of \$1,000,000 from its clients in connection with opening a new account. Occasionally, investments of less than \$1,000,000 are accepted by KCPS-PWM from “friends and family” and other investors, as determined by KCPS-PWM in its discretion. Prospective clients should refer to the terms of KCPS-PWM's investment services contract for additional qualification requirements.

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

Methods of Analysis and Investment Strategy

KCPS-PWM utilizes a top-down approach to wealth management. Typically, KCPS-PWM's investment services relates specifically to one or more of the following three asset categories: (i)

equities; (ii) fixed-income; and (iii) alternative investments. KCPS-PWM's investment process involves determining overall "strategic" and "tactical" asset allocation guidelines in respect of each client.

Upon contracting with a new client for investment services, KCPS-PWM will work with such client to determine strategic allocation guidelines based on risk/reward objectives and applicable investment constraints. KCPS-PWM then works its investment committee, comprised of key officers and directors of KCPS-PWM (the "Investment Committee"), to determine tactical guidelines applicable to all clients, based on the Investment Committee's macroeconomic view of relevant markets. Once KCPS-PWM has determined tactical allocation guidelines, the Investment Committee will "tilt" clients' portfolios into certain asset categories or classes based on its analysis.

KCPS-PWM generally employs the following methods for specific security selection within three primary asset categories:

- **Equities**

- Equity Tactical Tilt: The Investment Committee will determine tactical tilts based on macroeconomic views.
- Identify Relevant Theme: In view of the macroeconomic environment, equity analysts will determine relevant themes.
- Establish Screening Criteria: KCPS-PWM will develop criteria that will position companies to succeed given current themes.
- Select Companies/Funds For Evaluation: KCPS-PWM will seek to determine sectors that are best positioned to fit these themes.
- Company Specific Research: KCPS-PWM will review company presentations and regulatory filings, and access leading analyst research. KCPS-PWM may contact specific companies and/or use affiliate networks to access the view of expert investors familiar with relevant companies.
- Risk Management: KCPS-PWM will evaluate expected risk/reward of specific portfolio holdings, as well as correlations to other equity holdings and to the overall portfolio. KCPS-PWM will seek to effect portfolio diversification across sectors and geographic regions.
- Invest: KCPS-PWM will seek to acquire securities and other investment instruments to best express desired portfolio themes.

- **Fixed Income**

- Fixed-Income Tactical Tilt: The Investment Committee will determine tactical tilts based on macroeconomic views.

- Identify Relevant Bond Sectors: KCPS-PWM will perform internal analysis to choose sectors based on the macroeconomic environment (e.g. government, corporate, convertibles, high-yield, etc.).
 - Select Investment Method: KCPS-PWM will assess bond sectors and determine investment method on a case-by-case basis, i.e., ascertain whether a niche manager may offer better access/diversification.
 - Bond Picking: KCPS-PWM will screen bonds with a focus on rating, yield-to-maturity, duration, and spread over the yield of the parallel government bond compared to peers.
 - Analysis Of Company: KCPS-PWM will review company presentations and financial statements, examine leading analyst research, and hold discussions with analysts covering applicable companies.
 - Risk Management: KCPS-PWM will evaluate expected risk/reward of proposed bond allocations. KCPS-PWM will also evaluate correlations to other bonds in the portfolio, as well as to other portfolio assets. KCPS-PWM will consider bond yield in the context of the applicable currency's yield curve.
 - Invest: KCPS-PWM will invest directly in investment-grade credit, and gain exposure to high-yield and convertible bonds via funds that have passed a strict due diligence process. KCPS-PWM will seek to acquire fixed-income securities to best express desired portfolio themes.
- **Alternative Investments**
 - Alternatives Tactical Tilt: The Investment Committee will determine tactical tilts based on macroeconomic views.
 - Identify Relevant Strategies: In view of the macroeconomic environment, market cycle, and strategy correlations, KCPS-PWM will perform proprietary analysis on the effect on profitability of fund strategies.
 - Perform External Market Research: KCPS-PWM will seek to initiate contacts with academics and market practitioners all over the world, as well as financial industry reports.
 - Identify Funds For Evaluation: KCPS-PWM will seek to identify funds via affiliate networks, institutional relationships and databases. KCPS-PWM will seek managers with good performance, low volatility and low correlation to other asset classes.

- Screening Of Single Managers: KCPS-PWM will meet with managers to verify strong management skills, strong risk management approach, and strict operational/compliance policies. KCPS-PWM will seek to understand the real ability of managers to deliver alpha.
- Risk Management: KCPS-PWM will consider unique hedge fund risks, including operational, leverage and transparency risks.
- Invest: KCPS-PWM will seek to acquire interests in funds to best express desired portfolio themes.

Summary of Material Risks

Investing in any security entails risk of loss. Prices of securities react to the business and financial condition of the company that issued them as well as macroeconomic factors. Prices of a security may rise and fall based on changes in the business or financial condition of the issuing company, changes in management and the potential for merger and acquisitions.

KCPS-PWM may recommend or introduce to clients alternative investments in private fund vehicles and separate accounts managed by other investment managers. Clients should be aware that investments in such products may carry additional risks relating to the particular investment strategies employed by other investment managers in connection with such alternative investments.

Item 9 – Disciplinary Information

KCPS-PWM is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of its investment services business or the integrity of its management.

Neither KCPS-PWM nor any of its management persons have reportable disciplinary events to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

Neither KCPS-PWM nor any of its management persons has registered as, or has a pending application to register as, a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of any of the foregoing entities.

KCPS-PWM is majority-owned by its parent company, KCPS & Co., which also has several other investment management subsidiaries, each of which is an affiliate of KCPS-PWM. Details regarding these subsidiaries and their relationship with KCPS-PWM are as follows:

- KCPS Capital Management Ltd. (“KCPS-CM”), an Israeli limited company based in Tel-Aviv, Israel, provides investment management services to a variety of clients, including individuals and institutions. Additionally, KCPS-CM serves as the investment manager and general partner of private fund vehicles.
- KCPS PE Investments Management (2006) Ltd. (“KCPS-PE”), an Israeli limited company based in Tel-Aviv, Israel, serves as the investment manager and general partner of private fund vehicles. KCPS-PE may also provide investment management services to individuals and institutions through separate accounts.
- KCPS Capital USA Ltd. (“KCPS-USA”), a Delaware corporation based in New York, New York, serves as the investment manager and general partner of private fund vehicles, and provides operational and back-office support to its affiliates.

None of KCPS-CM, KCPS-PE or KCPS-USA (together with KCPS-PWM, collectively, the “KCPS Affiliates”) has registered as, or has a pending application to register as, a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of any of the foregoing entities.

The KCPS Affiliates do not share specific investment recommendations, and each has taken measures to segregate its portfolio management business activities from the other affiliates. Each KCPS Affiliate is independently capitalized, and maintains a board of directors the majority of whom are independent from other KCPS Affiliates. The KCPS Affiliates do not share investment services or personnel, though they may from time to time share certain operational and back-office services.

Occasionally, KCPS-PWM may introduce or recommend to its clients investments in private funds or other investment products managed by one or more of its affiliates. To avoid conflicts of interest, KCPS-PWM notifies a client in advance if KCPS-PWM is recommending that such client purchase or sell an affiliated investment product, and requires that the client consent in writing prior to making such investment. KCPS-PWM will only recommend an affiliated investment product to a client if such product is suitable for the client’s risk profile and investment guidelines.

KCPS-PWM may recommend other investment advisers to clients from time to time, or engage sub-advisors to assist in managing client portfolios. In such instances, KCPS-PWM does not receive any compensation directly or indirectly from these other advisers or sub-advisors.

Item 11 – Code of Ethics, Participations of Interest in Client Transactions and Personal Trading

KCPS-PWM has adopted a written Code of Ethics (the “Code”) in compliance with Securities and Exchange Commission (“SEC”) Rule 204A-1. The Code is updated by KCPS-PWM from time to time to reflect new legislation or regulations, or to otherwise reflect evolving best practices. All employees of KCPS-PWM are required to read the Code and annually

acknowledge compliance with the policies and procedures set forth therein. KCPS-PWM will provide a copy of its code of ethics to any client or prospective client upon request.

The Code holds individuals to the highest standards of ethical conduct and places upon them a duty to act for the client's benefit as well as to place the financial interests of KCPS-PWM's clients ahead of their own interests at all times. The Code also sets forth trading restrictions and/or prohibitions on certain types of securities for personal accounts, including black-out windows where trading in certain securities is deemed restricted, pre-clearance requirements for securities transactions by certain personnel, and mandatory reporting of initial holdings information upon employment and quarterly transaction reporting thereafter. KCPS-PWM reviews these reports to ensure compliance by employees with KCPS-PWM's policies and procedures regarding trading activities.

KCPS-PWM and/or its principals and affiliates may on occasion own, buy and/or sell securities which KCPS-PWM recommends to its clients, subject to the personal trading limitations noted above. Such transactions may also include trading in securities in a manner that differs from or is inconsistent with advice given to clients. Occasionally, KCPS-PWM may also introduce or recommend to its non-discretionary clients investments in private funds or other investment products managed by one or more of its affiliates. KCPS-PWM recognizes that potential conflicts arise from such transactions and has taken reasonable measures to mitigate such conflicts.

Item 12 – Brokerage Practices

KCPS-PWM requires discretionary clients to provide KCPS-PWM with written authority to determine brokers to be used in connection with effecting transactions in the client's account, together with any commissions payable in connection with the use of such brokers. KCPS-PWM does not typically select or recommend brokers for non-discretionary clients.

In negotiating commission rates with brokers, KCPS-PWM will seek to obtain the best execution for its clients, taking into account the following factors: (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); (ii) the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; (iii) the financial strength, integrity and stability of the broker; (iv) the reputation of the broker; (v) the firm's risk in positioning a block of securities; (vi) efficiency of execution and error resolution; (vii) the quality, comprehensiveness and frequency of available research services considered to be of value; and (viii) the competitiveness of commission rates in comparison with other brokers satisfying KCPS-PWM's other selection criteria.

Use of "Soft Dollars"

The term "soft dollars" refers to the receipt by an investment manager of products and services provided by brokers, without any cash payment by the investment manager, based on the volume of brokerage commission revenues generated from securities transactions executed through those

brokers on behalf of the investment manager's clients. Section 28(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), provides a "safe harbor" to investment managers with respect to potential liability for violating their duty to obtain best execution for a client's securities transactions in circumstances in which such managers use soft dollars generated by their advised accounts only for purposes of obtaining investment research and brokerage services (i) that provide lawful and appropriate assistance to the investment manager in the performance of investment decision-making responsibilities and (ii) where the commissions paid are reasonable in relation to the value of the services provided.

KCPS-PWM does not currently, and does not in the future intend to engage in any soft dollar transactions. In the event that KCPS-PWM does engage in any soft dollar transactions, it will not engage in any such transactions other than with respect to products and services which fall within the Section 28(e) safe harbor or where such products or services would otherwise be chargeable to its clients pursuant to the terms of its investment services contract.

Client Referrals and Directed Brokerage

KCPS-PWM does not take into account client referrals when allocating its clients' brokerage business. KCPS-PWM does not engage in any directed brokerage activities.

Allocation of Trades

KCPS-PWM may at times determine that certain securities and investment opportunities, which may be suitable for one client, may also be suitable for other clients whose accounts are managed by KCPS-PWM. If that occurs, and KCPS-PWM is not able to acquire the desired aggregate amount of such securities on terms and conditions which KCPS-PWM deems advisable, KCPS-PWM will endeavor to allocate in good faith the limited amount of such securities acquired among the various accounts for which KCPS-PWM considers them to be suitable. KCPS-PWM may make such allocations among the accounts in any manner which it considers to be fair under the circumstances, including but not limited to allocations based on relative account sizes, funds available for investment, diversification considerations, the degree of risk involved in the securities acquired, and the extent to which a position in such securities is consistent with the investment policies and strategies of the various accounts involved.

Aggregation of Orders

KCPS-PWM may aggregate purchase and sale orders of securities held by its clients with similar orders being made simultaneously for other accounts or entities if, in KCPS-PWM's reasonable judgment, such aggregation is reasonably likely to result in an overall economic benefit to such clients based on an evaluation that such clients will be benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. In many instances, the purchase or sale of securities for KCPS-PWM clients will be effected simultaneously with the purchase or sale of like securities for other accounts or entities. Such transactions may be made at slightly different prices, due to the volume of securities purchased or sold. In such event, the average price of all securities purchased or sold in such transactions may be determined, at KCPS-PWM's sole discretion, and

KCPS-PWM clients may be charged or credited, as the case may be, with the average transaction price.

Item 13 – Review of Accounts

KCPS-PWM reviews underlying security positions in client accounts on a continuous basis. KCPS-PWM's middle office team reviews client accounts on a daily basis. Additionally, portfolio managers review accounts for which they are responsible on a continuous basis.

During monthly portfolio construction meetings, KCPS-PWM's management team reviews each portfolio from a compliance perspective to make sure client accounts follow portfolio and client guidelines. Other factors that may cause a portfolio review include client contributions or distributions, revised client objectives, or changes in law.

Daily and monthly statements and confirmations of transactions are provided by the client's broker or custodian with copies to KCPS PWM.

Item 14 – Client Referrals and Other Compensation

KCPS-PWM has entered into written arrangements with third party marketers for the referral of clients to KCPS-PWM. Pursuant to the terms of such arrangements, third party marketers engaged by KCPS-PWM are typically entitled to a percentage of management fees earned by KCPS-PWM on referred assets.

KCPS-PWM does not receive economic benefits from any person not a client of KCPS-PWM in exchange for providing investment services to KCPS-PWM clients.

Item 15 – Custody

KCPS-PWM does not have custody of its clients' assets. The assets of KCPS-PWM clients are held by a qualified custodian, which provides monthly account statements to KCPS-PWM and/or directly to the client. In turn, KCPS-PWM provides monthly or quarterly reports to its clients relating to each account managed by KCPS-PWM.

Item 16 – Investment Discretion

Clients may engage KCPS-PWM to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission. KCPS-PWM also provides non-discretionary investment services to clients.

KCPS-PWM's authority with respect to its discretionary clients includes the ability to do the following without contacting the client:

- Determine securities to buy or sell; and/or
- Determine the amount of securities to buy or sell.

Clients give KCPS-PWM discretionary authority when they sign a discretionary investment services contract with our firm, and may limit this authority by giving KCPS-PWM written instructions. Clients may also change/amend such limitations by providing KCPS-PWM with subsequent written instructions.

Item 17 – Voting Client Securities

Generally, KCPS-PWM is not required to take any action or render any advice with respect to the voting of proxies solicited by or with respect to the issuers of securities in which client assets may be invested from time to time. In the event that KCPS-PWM receives any such proxies, it is KCPS-PWM's standard policy to forward them to the relevant client for voting purposes, or otherwise cooperate with the client in voting such proxies in accordance with the client's instructions.

Item 18 – Financial Information

KCPS-PWM has no additional financial circumstances to report. A balance sheet is not required to be provided because KCPS-PWM does not require or solicit prepayment of more than \$1,200 in fees per client more than six months in advance of services rendered.

Item 19 – Requirements for State-Registered Advisers

Not Applicable