



## **Wrap Fee Disclosure Brochure (Part 2A - Appendix 1 of Form ADV)**

August 27, 2020

- Keel Point Fund Strategies Program
- Keel Point Multi Asset Program

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This wrap fee program brochure provides information about the qualifications and business practices of Keel Point, LLC. If you have any questions about the contents of this brochure, please contact us at (256) 704-5111. Our website is [www.keelpoint.com](http://www.keelpoint.com). Additional information about Keel Point, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Keel Point, LLC is a registered investment adviser with the Securities and Exchange Commission. Registration of an investment adviser does not imply any level of skill or training. 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.

Keel Point, LLC

August 27, 2020

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## Material Changes

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SEC Rule 204-3(b)(2) allows a summary page to be provided in the event material changes are made to this brochure. If you receive a summary page of material changes and would like to obtain a current copy of the entire brochure, please contact Keel Point, LLC or your Investment Adviser Representative for a complete copy. Changes have occurred since the last updated brochure dated March 30, 2019.

### **Material Changes**

Large Cap Growth Strategy removed from WRAP fee brochure. This strategy is not part of the firm's WRAP FEE program.

You may request a copy of our current Wrap Fee Disclosure Brochure at any time, which we will provide to you free of charge. If you would like to request a copy of our current brochure, please contact the Chief Compliance Officer at (256) 704-5111.

## **Services, Fees and Compensation**

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### **Overview**

The purpose of this brochure is to describe certain details relating to the Wrap Fee Programs of Keel Point, LLC (“Keel Point”) and your participation in one or more of the Programs. A Wrap program is a program where this firm “wraps” both the asset management fees for advisory services and the transaction fees for execution services into a single fee charged to the client. Under a Wrap Fee arrangement, a client’s costs are the same regardless of the number of transactions in an account. (Conversely, in a non-wrap fee account, a client would pay an asset management fee and a separate transaction fee for transactions within the account) Wrap Programs may be more expensive to clients where there is little trading activity in the account, where a buy & hold strategy is applied, or where no or low transaction cost investments are utilized. Alternatively, a Non-Wrap Program may be more expensive if there is frequent trading activity in the account, if many transaction-based investments are utilized in the management of the account, or if there is frequent re-balancing of the account.

Since your cost are the same regardless of the number of transactions actually effected in your account in any given quarter, the wrap fee (described below) may be lower or higher than the separate commission expense and management fee that would be charged for the same transactions. Clients should determine their level of trading activity relative to the potentially higher rates charged in a wrap account to determine whether a wrap account is cost effective, or whether the client would pay more or less, outside the program.

### **The Firm Description**

Keel Point, LLC, (the “Firm”) was founded in 2003. The company’s home office is located in Huntsville, AL with branch offices in Leawood, KS, Chattanooga, TN, Purcellville, VA, Brentwood, TN, Greenville, NC and Vienna, VA. Our Firm has two distinct service models {Keel Point (A) and Keel Point (B) and client families are able to align with the model best suited to meet their financial and relational dynamics. Together, our {Keel Point (A) and Keel Point (B) service models} serve the lifestyles and life stages of two distinct groups with an unusual degree of experience and effectiveness. Through its wholly owned subsidiary, Keel Point Capital, LLC the Firm provides a variety of execution and other brokerage services to common clients on a fully disclosed basis through National Financial Services, LLC (“NFS”), its clearing broker. NFS is the institutional arm of Fidelity Investments and provides custody, execution and clearing.

## **Types of Services Offered**

The Firm serves as an adviser or sub-adviser to certain wrap fee programs. Keel Point Capital, LLC, ("KPC") the Firm's affiliated broker-dealer, serves as the program sponsor and the Firm serves as the investment adviser and portfolio manager. Under the "Wrap Programs", clients receive investment management, brokerage and custodial services for an all-inclusive (or "wrap") fee which varies depending upon the assets under management. Under the Wrap Programs, KPC will typically serve as the broker dealer to execute all trading in the account but the client has discretion to choose another broker. In those cases, the client may have to pay a higher fee, or may receive an inferior price for a security than other clients were charged for the same security. The programs offered include the following:

- Keel Point Fund Strategies Program
- Keel Point Multi Asset Program

### **Keel Point Fund Strategies Program**

The Firm manages four portfolios of equity, fixed income and alternative investments. These investments are either exchange traded or can be sold at NAV on a daily basis and include both active and passive exposure to market segments. The four portfolios have different asset allocations designed to achieve different investment objectives and levels of risk. The portfolios are consistently positioned in diversified equity, fixed income and alternative investment exposure consistent with predefined risk parameters. Statistical modeling is used to assure that portfolios stay within defined risk parameters associated with strategic investment objectives. The Program's investment framework offers the portfolios the latitude to be periodically over allocated to specified market segments that are performing well, in addition to the opportunity to defensively reposition the portfolio during periods of prolonged market stress.

### **Keel Point Multi Asset Program**

The Firm manages four portfolios of equity, fixed income and alternative investments. These investments are either exchange traded or can be sold at NAV on a daily basis and include both active and passive exposure to market segments. The four portfolios have different asset allocations designed to achieve different investment objectives and levels of risk, as well as tactical allocations that reflect recent market trends and market volatility. At least 60% of the portfolios are consistently positioned strategically in diversified equity, fixed income and alternative investment exposure consistent with predefined risk parameters, while up to 40% of the portfolio may have tactical allocations, which are actively repositioned within targeted sectors of the capital markets exhibiting relative performance strength. Potential tactical allocations are identified using both internal and external quantitative models, as well as the Firm's qualitative assessment of global capital markets. Statistical modeling is used to assure that portfolios strategic allocations stay within defined risk parameters associated with strategic investment objectives. The Program's investment framework offers the

portfolios the latitude to be periodically over allocated to specified market segments that are performing well, in addition to the opportunity to defensively reposition the portfolio during periods of prolonged market stress. The Program is designed to experience higher turnover than the Funds Strategies Program. The tactical feature within this program can lead the portfolios to have risk that is significantly different risk characteristics than Fund Strategies in certain market environments.

### **Fees and Compensation**

Grandfathering of Fee Arrangements and Minimum Account Requirements: Preexisting advisory clients are subject to Keel Point, LLC's minimum account/strategy requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account/strategy requirements and fee arrangements will differ amount clients. These fees will include an account minimum fee of \$375 in some instances. Some preexisting advisory clients may also pay for ticket charges per trade as was memorialized in their advisory contract with the Firm. Billing of fees is in arrears or in advance as memorialized in the Firm's advisory contract with each client. Fees are deducted from clients' assets or clients are billed for fees incurred, as mutually agreed upon by Keel Point, LLC and the client.

Although our fees and payment terms may be subject to negotiation, our enhanced advisory fee schedule as of Jan. 1, 2018 is set forth below:

Billing relative to all new households opened after Jan. 1, 2018 will be in advance and will fall under either the firm's standard fee schedule or enhanced fee schedule as follows, unless a negotiated fee schedule is obtained:

#### **Standard Fee Schedule**

1.30% on the first \$1,000,000 of market value  
1.05% on the amount between \$1,000,001 and \$2,000,000  
0.80% on the amount between \$2,000,001 and \$5,000,000  
0.70% on the amount between \$5,000,001 and \$10,000,000  
0.50% on the amount between \$10,000,001 and \$25,000,000  
0.30% on the amount between \$25,000,001 and \$50,000,000  
0.25% on the amount between \$50,000,001 and \$100,000,000  
0.20% on the amount between \$100,000,000 and \$200,000,000  
0.15% on any amount \$200,000,001 and above

#### **Enhanced Fee Schedule**

1.40% on the first \$1,000,000 of market value  
1.15% on the amount between \$1,000,001 and \$2,000,000  
0.90% on the amount between \$2,000,001 and \$5,000,000  
0.80% on the amount between \$5,000,001 and \$10,000,000  
0.50% on the amount between \$10,000,001 and \$25,000,000

0.30% on the amount between \$25,000,001 and \$50,000,000

0.25% on the amount between \$50,000,001 and \$100,000,000

0.20% on the amount between \$100,000,000 and \$200,000,000

0.15% on any amount \$200,000,001 and above

For clients that transition to Keel Point, LLC due to their advisor joining the Firm, previously contracted fee schedules will be honored, in some cases.

All accounts will be charged an asset management fee or “wrap fee” each calendar quarter. The fee charged is set forth in the Investment Management Agreement and may be negotiable in certain cases. The Client will pay an inclusive wrap fee, which covers both advisory services and the execution of trades through KPC as well as clearance and custodian services provided by the clearing firm, NFS. There are no transaction charges or upfront commissions charged by the Firm or KPC. If clearing or custodial services are provided by a service provider chosen by the client other than NFS, the client will be solely responsible for any fees or other charges owed for such services.

1) The fee will be a percentage of the market value of all assets in the Account on the last trading day of each calendar quarter. The management fee is payable quarterly in arrears or in advance dependent upon each client’s individual contract. In any partial calendar quarter, the management fee will be pro-rated based on the number of days that the Account was open and funded during the quarter. The portfolio manager for the programs is not directly compensated as a percentage of management fees, however, your advisor will receive a portion of the total wrap fee associated with the assets invested within your account. The amount of this compensation may be more than what the adviser would receive if the client participated in other programs or was paid separately for investment advice, brokerage or other services. Due to this compensation, the adviser may have a financial incentive to recommend the wrap fee program over other programs or services.

The management fee does not include underlying fund expense taken at the individual fund level by funds in your account. Typically, funds require that their shareholders bear a proportionate share of fund expenses. The fund expenses will vary from fund to fund and are disclosed in each fund’s prospectus.

### **Other Fees and Expenses**

Additional Fees Charged to Clients in Addition to the Investment Advisory Fee:

1. Brokerage Commissions, Other Transaction and Third-Party Fees: Clients with accounts at National Financial Services or Fidelity generally do not pay any brokerage commissions. For clients with accounts at other custodians, all brokerage commissions, custodial fees and service charges, stock transfer fees and other similar charges incurred in connection with transactions for the client’s account will generally be paid out of the



client's assets held with the custodian and are in addition to the investment advisory fee paid to us. Clients may also incur additional charges imposed by third-parties that may include, but are not limited to, the following:

- a. Mutual fund or money market 12b-1 and sub transfer fees;
  - b. Internal management fees and administrative expenses for mutual funds and exchange traded funds that are disclosed in the fund prospectus;
  - c. Transfer taxes;
  - d. Wire transfer and electronic fund fees;
  - e. Odd lot differentials;
  - f. Mutual fund transaction fees, certain deferred sales charges on previously purchased mutual funds transferred into the account and any mutual fund short term redemption fees, if applicable;
  - g. IRA and qualified retirement plan fees;
  - h. Non-activity fees;
  - i. Other fees and taxes related to brokerage accounts; and j. Other charges required by law.
2. Certain investment representatives may also be registered representatives of our affiliated broker-dealer and may receive 12b-1 fees.
3. Mutual Funds: Some of the mutual funds companies that are purchased through our advisory programs and are included in your account make payments to broker- dealers. Such payments are shareholder service or 12b-1 fees and are paid as compensation for distribution and administrative services and are paid out of the fund assets. The Firm's affiliates will receive such fees from some fund families. These fees, will be retained to compensate the sponsor of the program and will be disclosed in the prospectus. The investment adviser representative that works with you may have an incentive to recommend investment products based on this compensation received. The Firm does not recommend funds where it will receive a commission or front-end or contingent deferred sales charge.
4. Money Market Fund Balances: For those clients that participate in any managed program whether on a discretionary or non-discretionary basis, the Firm will receive a rebate fee on all fund balances held in its cash money market funds through its affiliated broker/dealer clearing broker National Financial Services (NFS). This rebate fee is based on the total average fund balance that is held in a daily money class. Keel Point will receive a monthly payment on all eligible Fidelity Money Market Sweep Fund balances (including qualified retirement plans) at an annualized rate of the average net assets (calculated daily) of its Customers beneficially owned shares in the Capital Reserve Class and Daily Money Class of eligible Fidelity core sweet funds. These payments are based

on the amounts that NFS receives from the fund company. If NFS does not receive a payment fund company, NFS will not make a payment to Keel Point, or if NFS receives a reduced payment, NFS's payment to Keel Point will also be reduced.

5. Expense Ratios: Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by the client to the Firm.

Mutual funds available through the Programs may be available directly from the fund sponsor pursuant to the terms of the applicable prospectuses and without the additional fees of Fund Strategies.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

6. Revenue Sharing Arrangement: The Firm entered in to a revenue sharing participation arrangement with its clearing broker, National Financial Services (NFS).

NFS offers a "No Transaction Fee" (NTF) program with more than 1,200 no-load mutual funds. Participating mutual fund sponsors pay a fee to NFS to participate in this program, and a portion of this fee is shared with KPC. None of the revenue sharing payments received by KPC is paid or directed to any investment adviser representative who sells these funds. Firm advisers do not receive a greater or lesser commission for sales of mutual funds for which KPC receives revenue sharing payments. Some of the mutual funds that will be purchased in the BCFS, MAP Wrap programs, or other advisory programs will be included in the No Transaction Fee (NTF) Program offered by NFS. These NTF and Fidelity Retail Funds are free of clearing and execution charges to KPC under the clearing agreement with NFS. Although the wrap fee the client pays covers all clearing and execution charges, KPC will not be charged ticket fees on trades in these funds. In selecting the recommendations of funds in the program the Firm intends to comply with its fiduciary duty that includes acting solely in the client's best interest and will not select a fund to purchase solely on it being a NTF fund. The portfolio manager selection process is completely independent of any fund being a part of the NTF Network. See the Brokerage section for a more information on the NTF program.

The Fund Strategies, and Multi-Asset Program, "wrap fee" covers transactions only when executed through KPC. Instead of allowing the Firm to select KPC as the brokerdealer you may choose to use a particular broker-dealer to execute all transactions for the client and also serve as custodian for the account. In that case, you will negotiate terms and arrangements for the account with that broker-dealer and may pay higher commissions on transactions for that account. Other custodians may charge transaction fees on purchases or sales of certain mutual funds, exchange-traded funds and other securities.

The Firm's Wrap Program fees are designed to cover all client costs except costs incurred because of special client trading requests for services not provided by the program. While the Account is invested according to the asset allocation program

designation, the Adviser will not charge any load on the purchase, contingent sales fees, deferred sales fees, nor any redemption fees to the Account. However, if Client directs liquidations within the account, contingent sales fees, deferred sales fees, or redemption fees could be charged to the account by the mutual fund company. The Firm, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

Please refer to the section of this Brochure that discusses conflicts of interest and brokerage and the additional costs associated with brokerage transactions.

### **1. Conflicts Presented by Additional Compensation Received by the Firm and its Personnel**

By receiving the type of compensation described in Section C above, we and our employees have a conflict of interest, because such compensation provides an incentive to recommend or direct clients to invest in these securities, when other products may be more appropriate. We address this conflict by the following:

- a. Due Diligence Determination: We perform due diligence on all potential investments, to determine whether the investment is appropriate for our clients without regard to any compensation that we or our representatives earn.
- b. Conflict Protocol Policy: When we identify a conflict of interest, such as those described above, we bring such conflicts to our Conflicts Advisory Committee ("CRC"). The CRC protocol is outlined in detail in Appendix A - "Other Conflicts, Risks and Mitigation."

### **2. Other Options for Clients**

Clients have the option of purchasing certain products that we recommend through other brokers or agents that we are not affiliated with. These would generally be publicly traded equity and fixed income securities, mutual funds, exchange traded funds and private pooled investments.

### **3. Disclosure Regarding Compensation Received by the Firm and its Personnel**

None of the Firm's revenue is from commissions and other selling compensation. Certain employees of the Firm are registered representatives of an affiliated brokerdealer and may receive selling compensation as described in Item C above.

### **4. Reduction of Advisory Fees for Commissions or Markups**

In certain limited instances, such as in the case of ERISA clients, we reduce our advisory fees by 12b-1 fees earned by registered representatives. As a matter of practice, we do not receive markups.

## Account Requirements and Types of Clients

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### **Wrap Fee Programs**

Keel Point provides investment advisory services to individuals, pension and profit sharing plans, trusts, corporations and non-profit foundations. Requirements for opening an account could vary depending on the program selected. The following account minimums apply to the wrap programs that the firm manages. Keel Point may, at its discretion, accept accounts below the minimum required amounts:

**Multi Asset Program (MAP):** There is a \$250,000 minimum account size required to be invested in the Multi-Asset Program (MAP).

**Fund Strategies Program:** The Firm typically requires the minimum account size to be at least \$250,000 for those clients that participate in the Fund Strategies Program.

The minimum account size for wrap programs through unaffiliated brokers is determined by the wrap sponsor.

# Portfolio Manager Selection and Evaluation

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## **Portfolio Manager Selection**

We provide investment advisory services to clients based on the individual needs, goals and objectives of each client.

We use a team-driven fundamental and quantitative process to create diversified long-term and tactical portfolios which meet clients' personal investment goals and objectives within the constraints of their risk tolerance, liquidity needs, time horizons, tax situations and investment restrictions.

We develop strategic and tactical asset allocations for clients based on analysis of short-term and long-term macro and microeconomic themes. Various methods of quantitative modelling are used to assure client portfolios are within predefined risk tolerances. We assist clients in determining the appropriate asset allocation to achieve their investment objectives and then direct client assets into various investment vehicles, as appropriate. In addition, the Firm advises clients on where best to locate these investment vehicles, whether in qualified or nonqualified accounts, and how to most effectively transition from their current portfolio to a recommended target portfolio.

As part of the investment advisory services, the Firm also creates and manages various strategic investment portfolios and programs designed to achieve specified investment objectives within predefined risk parameters. A portion of client portfolios may be allocated to one or more of these investment strategies if the related allocations are deemed to be consistent with client investment objectives and risk tolerances. In some cases, the Firm will recommend that a substantial portion of a client's investment portfolio be allocated to one strategic investment portfolio. The Firm monitors the performance of all client portfolios, including the performance of each investment utilized on a not less than quarterly basis.

The main sources of information include Bloomberg, Value Line, and news services. Other sources of information that can be used include newspapers, research materials prepared by others, inspection of corporate activities and filings with the Securities and Exchange Commission.

## **Portfolio Manager**

Mr. Lyle Minton, a related person of Keel Point, serves as Chief Investment Officer and Portfolio Manager to our Fund Strategies, and Multi-Asset Program Wrap Fee Programs. As a related person, Mr. Minton is subject to the firm's Code of Ethics and their personal securities. Lyle Minton is also the Chief Investment Officer and Portfolio Manager under the Keel Point (A) model. As a related person, Mr. Minton is subject to the firm's Code of Ethics and his personal securities transactions are required to be pre-cleared by the Firm to avoid potential conflicts of interest.

## **Advisory Business**

Keel Point, LLC, (the “Firm”) was founded in 2003. The company’s home office is located in Huntsville, AL with branch offices in Huntsville, AL, Leawood, KS, Chattanooga, TN, Purcellville, VA, Vienna, VA, Greenville, NC and Brentwood, TN. Our Firm has two distinct service models and client families are able to align with the model best suited to meet their financial and relational dynamics. Together, our {Keel Point (A) and Keel Point (B) service models} serve the lifestyles and life stages of two distinct groups with an unusual degree of experience and effectiveness. Through its wholly owned subsidiary, Keel Point Capital, LLC the Firm provides a variety of execution and other brokerage services to common clients on a fully disclosed basis through National Financial Services, LLC (NFS), its clearing broker. NFS is the institutional arm of Fidelity Investments.

If a potential client is interested in participating in one of Wrap Programs and establishing an investment account (“Account”) in the program, a Representative of the Firm will meet with the client to discuss the potential client’s current financial circumstances, risk tolerances, investment goals, applicable restrictions, tax status, and investment style (e.g., maximum safety, low-risk, growth and income, growth and aggressive growth). This review starts with a detailed questionnaire (Investor Questionnaire Profile) which collects information and creates a profile of the potential client. This questionnaire takes into consideration investment objectives, tax sensitivity, time horizon, risk tolerance, and various other variables. If the potential client qualifies for one of the programs and the decision is made to become an actual client, then the client and Keel Point will enter into a written Investment Management Agreement and an account is opened for the client.

Based on this review, the advisor will recommend an asset allocation strategy- that is, a mix of asset classes (such as large, mid and small capitalization U.S. equities, international equities, long, intermediate and short-term fixed income, and cash) and investment styles (growth and value) - designed to correspond with your personal investment profile.

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

Keel Point does not charge any performance-based fees (those fees that are based upon a share of capital gains or capital appreciation of client assets invested in the Wrap Programs).

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

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- a. Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- b. Market Risk: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external

factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

- c. **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- d. **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- e. **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- f. **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

Investing in securities involves risks. While the Firm uses its best efforts to provide managed risk management services, the client should be aware that investments may increase or decrease in value and that each strategy's past performance is no guarantee of future returns. Certain investments also have risk characteristics that may or may not be present in other investments:

- 1. **Mutual Funds:** We invest client funds in mutual funds, some of which are highly specialized. Below are some general risks associated with mutual funds; for a description of the risks associated with the particular mutual funds, it is important to read the individual prospectuses related to those funds:
  - a. **Stock market performance risk**, which is the risk that stock, bond, or commodity prices overall, will decline.
  - b. **Manager risk**, which is the risk that poor security selection or focus on securities in a particular sector, category, or group of companies will cause the mutual fund to underperform relevant benchmarks or other funds with a similar investment objective.

**Non diversification risk**, which is the risk that a fund's performance may be hurt disproportionately by the poor performance of relatively few stocks or even a single stock. Certain funds may be non-diversified, which means that they may invest a greater percentage of their assets in the securities of a small number of issuers as compared with other mutual funds.

### **Voting Client Securities**

For our Wrap Program Accounts, unless the client designates otherwise, the Firm votes proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy.

Under Rule 206(4)-6 and amendments to Rule 204-2 under the Investment Advisers Act of 1940, the Firm has adopted and implemented written policies and procedures for voting proxies on behalf of its Keel Point's investment advisory clients. In adherence with the requirements of the rules, the Firm has adopted a policy designed to ensure proxies are voted in the best interest of its clients. To provide for consistency in voting proxies on behalf of clients, the Firm has contracted Institutional Shareholder Services (ISS), a third-party proxy corporate governance research service to assist in analyzing proxies and to perform certain voting functions for client accounts. These guidelines address a broad range of issues, including board size and composition, executive compensation, antitakeover proposals, capital structure proposals and social responsibility issues and are meant to be general voting parameters on issues that arise most frequently.

If a client wishes to direct a vote in a particular solicitation, they may, by contacting us at least one week in advance of the vote date to discuss details of the vote.

The Firm will identify any conflicts that exist between the interests of the adviser and the client by reviewing the relationship of the Firm with the issuer of each security to determine if the Firm or any of its employees has any financial, business or personal relationship with the issuer. If a material conflict of interest exists, the CCO and COO will determine whether it is appropriate to disclose the conflict to the affected clients, to give the clients an opportunity to vote the proxies themselves, or to address the voting issue through other objective means such as voting in a manner consistent with a predetermined voting policy or receiving an independent third-party voting recommendation.

Clients may obtain a copy of the Firm's proxy voting policy by contacting us. We can also provide a report on how proxies' issues have been voted for the client during the year. Clients that need additional information regarding Proxy Voting or how specific votes were cast on their behalf should submit a request, in writing to:

Mike Perry, COO  
8065 Leesburg Pike, Suite 300  
Vienna, VA 22182



## Client Information Provided to Portfolio Managers

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Your financial history, and related background information, such as social security number, account numbers, account holdings, personal and family background, work history, tax status, and numerous other items necessary for us to provide you with suitable investment advice and establish any investment account, are gathered by your Investment Adviser Representative ("IAR") at the inception of the relationship, and is updated on a regular basis thereafter.

You are responsible for insuring that we have accurate, current information about your financial condition, your holdings and other investments, your investment objectives and goals and all other information which has a bearing on your investments and participation in this investment program. Your IAR will receive a copy of all information which you supply us. Your IAR will receive notice of any change to any item of your account information when you inform Keel Point of such change.

Due to the nature of the services being offered under our programs and our desire to provide you the best service, we must stress the importance of your providing us with accurate and current financial information. If at any time any of your information changes, please notify your IAR immediately.

## **Client Contact with Portfolio Manager**

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Through your Investment Advisor Representative (“IAR”), you will have access to the Wrap Program Portfolio manager at Keel Point. You may contact your IAR at any time. In fact, we encourage you to work closely with your IAR and to contact him/her with any questions, or items of particular concern, or interest to you. In addition, as noted above, you must notify your IAR of any changes to your background or account information.

## **Additional Information**

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### **Disciplinary Information**

Firms are required to report any legal or disciplinary events that are material to a client's evaluation of our advisory business and the integrity of our management. There are no required disclosures in relation to Keel Point and its management team. Disclosure information specific to your IAR can be found on their supplemental ADV 2B and is available at [www.adviserinfo.sec.org](http://www.adviserinfo.sec.org).

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

Other Financial Industry Activities and Affiliations can create conflicts of interest for investment advisers in providing services to clients. Among the conflicted activities that we deem material to the services that we provide under our Wrap Programs is the sponsorship through our affiliated broker dealer, Keel Point Capital, LLC (described below)

Keel Point Capital, LLC (KPC) a wholly owned subsidiary of the Firm's parent Keel Point Partners, LLC, is a registered broker/dealer that provides a variety of execution and other brokerage services to common clients on a fully disclosed basis through National Financial Services, LLC (NFS), its clearing broker. Investment advice is provided, with the client making the final decision on investment selection. The Firm does not act as a custodian of client assets. The client always maintains asset control. The Firm may place discretionary trades for clients under a limited power of attorney. KPC shares office space and certain overhead expenses with Keel Point, LLC. In addition, certain officers and registered investment advisory representatives have dual registrations with Keel Point, LLC and KPC. Keel Point, LLC directs a material percentage of client transactions to KPC. See the Brokerage Practices section for further details.

Although these other Activities and Affiliations are material to our business, they are not deemed to be in conflict with our Wrap Program. Additional information regarding these items is available in our Form ADV Part 2A upon request:

**Keel Point Insurance Advisors**

**Keel Point Private Capital, LLC**

**Keel Point Partners, LLC**

**Keel Point/BLUEARC private funds**

**Keel Point consulting relationships with third-parties**

**Keel Point Sponsored Vehicles**

☐ Keel Point Distressed Access Fund, LLC ("DAF")

### **Code of Ethics**

We have adopted a Code of Ethics ("the Code") that describes the standards of business conduct and requires compliance with federal securities laws. Our Code acts as a reminder to employees that our responsibility to our clients is to provide effective and proper professional investment management advice based upon unbiased independent judgment and to set

standards for employee conduct in those situations where conflicts of interest are most likely to arise. The Code also incorporates procedures that allow us to monitor employee activity for compliance with the Code.

From time to time, our employees may buy or sell securities, including funds that we recommend to clients. In all such cases, our Code of Ethics requires pre-clearance of such trades to ensure that the interests of clients supersede those of our personnel. In addition, supervisory personnel review the trading activity of employees to ensure compliance with the requirements of our trading policy.

A copy of our Code of Ethics is available upon request. Please contact the Chief Compliance Officer at (256) 704-5111 for a copy of the Code.

### **Transactions with Clients**

We recommend securities in which we, or a related person, have a material conflict of interest. Although these other Activities and Affiliations are material to our business, they are not deemed to be in conflict with our Wrap Program. Additional information regarding these items is available in our Form ADV Part 2A upon request.

The specific investments, practices and conflicts are discussed in the following sections of our Form ADV Part 2A Brochure:

Please see the description of:

1. Keel Point Capital, LLC in Item 10(A);
2. Keel Point Insurance Advisors, LLC in Item 10C(2);
3. Keel Point Partners, LLC in Item 10C(3)
4. Keel Point Sponsored Vehicles in Item 10C(3A);
5. Other Affiliated Vehicles in Item 10C(3B);
6. BlueArc Funds in Item 10D; and
7. Structured Notes in Item 10E
8. Consulting relationships with third-parties in Item 5 Section C item #12

### **Investing in the Same Securities as Clients**

From time to time, our employees may buy or sell securities that they recommend to clients. This represents a conflict because certain employees are in a position to take advantage of prior knowledge of a trade to be made on behalf of a client. We address this conflict through our Code of Ethics that requires pre-clearance of all trades (other than mutual funds) to ensure that the interests of clients supersede those of our personnel.

# Brokerage Practices

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## **Factors in Broker Selection**

In selecting brokers to effect portfolio transactions, we consider such factors as price, the ability of the brokers to affect the transaction, the brokers' facilities, reliability and financial responsibility and products or services offered by the broker that may benefit Keel Point in advising clients. We recommend that clients use Fidelity or National Financial Services as their custodian ("the Brokers/Custodians"). The majority of our clients use the Brokers/Custodians to execute the trades we advise or recommend. Those clients do not pay any commissions or transaction costs. The Brokers/Custodians may charge transaction costs higher than the lowest available costs in recognition of the value of services provided by the Brokers/Custodians to us. While it is not our practice to enter into formal soft dollar arrangements, we may utilize such products that provide lawful and appropriate assistance to the Firm in carrying out its investment decision-making responsibilities, as permitted under the relevant securities rules and regulations.

The Firm's relationships with brokerage firms that provide such services to Keel Point may influence the Firm's judgment in allocating brokerage business and create a conflict of interest in using those firms to execute brokerage transactions for the Firm's clients, particularly to the extent that Keel Point uses the goods or services provided at no charge that it would otherwise be required to pay itself.

We systematically and periodically review our policies regarding broker selection for all of our investment programs in light of our duty to obtain best execution.

### **1. Research and Other Soft Dollar Benefits:**

#### **a. Use of client brokerage commissions to obtain research or other products or services.**

Clients do not pay brokerage commissions or transaction costs at the Brokers/Custodians for trades we advise as part of our Wrap Fee Programs.

#### **b. Disclosure of incentive to select or recommend a broker-dealer based on receipt of research and other products.**

As a result of receiving the services above for no additional cost, we may have an incentive to continue to use or expand our use of Brokers/Custodians. We examined this potential conflict of interest when we chose to enter into the relationship with the Brokers/Custodians and we have determined that our relationship with them is in our clients' best interests and satisfies our obligations to our clients, including our duty to seek best execution, particularly because we pay all transaction costs on client trades with those brokers.

- c. **Disclosure that clients may pay commissions higher than those charged by other broker-dealers (known as paying-up).**

Clients do not pay commissions or transaction costs to the Brokers/Custodians we recommend as part of our Wrap Fee Programs.

## **2. Brokerage for Client Referrals:**

- a. **Recommending a broker-dealer for receiving client referrals.**

We do not receive client referrals in exchange for selecting or recommending broker-dealers for Fund transactions.

- b. **Procedures for directing client transactions to a particular broker-dealer in return for client referrals.**

We do not direct client transactions to broker-dealers in return for client referrals.

## **3. Directed Brokerage:**

- a. Recommending, requesting or requiring that a client directs us to execute transactions through a specified broker-dealer.

We recommend but do not require that clients use the Broker/Custodians to execute transactions.

- b. **Client directed brokerage.**

We permit clients to direct brokerage transaction to a broker-dealer selected by the client. Where a client directs us to use particular broker-dealers, the client generally negotiates commission rates on transactions executed through such broker-dealers, and we do not evaluate the brokerage services provided to the client, the execution quality or the commission rates paid by the client. As a result of such direction, a client may lose possible advantages, such as the ability to aggregate orders, and therefore may receive a less favorable execution.

## **Aggregating the Purchase and Sale of Securities for Client Accounts**

The Firm will seek to achieve best execution on securities transactions. As a part of its efforts to obtain best execution, we may aggregate orders or use block trade for several clients. The Firm effects block trades transactions in a manner designed to ensure that no participating client is favored over any other client. Specifically, each client that participates in a block trade will receive the average share price and pro rata allocation of the block trade. Allocations generally are made at approximately the time of execution and before the end of the trading day. Subsequent reallocations may be made in unusual circumstances due to recognition of specific account restrictions or availability of cash. Any portion of an order that remains unfilled at the end of the day will be rewritten on the following day as a new order with a daily average price to be determined that day.

When investment decisions are made and a target allocation is established for a management style, the portfolio manager enters orders for the institutional, and wrap accounts in that style. The portfolio manager manages assets for clients that utilize different brokers and simultaneously effect all transactions in the same security through its order management system. Any client directed broker that does not have the connection with this OMS will receive the trade order faxed to them at the same time all other orders are entered. When we do not aggregate trades, it may impact execution and the price received by different clients and those prices may differ, with certain clients getting better pricing than others.

When the Firm transacts securities for more than one account, the investment opportunities and trades are allocated in a manner consistent with the adviser's fiduciary duties. The Firm takes in consideration the account cash availability and need, suitability, investment objectives, restrictions and guidelines given by the client and other factors deemed appropriate in making investment allocations decisions. The Firm will conduct periodic reviews of client performance and purchase and sales reports to ensure that no client of group or clients is being systematically favored or harmed in the selection and allocation of investment opportunities. The Firm does not participate in hot issues, including initial public offerings.

Most mutual funds trades aggregation does not garner any client benefit.

### **Institutional Accounts**

The Firm will not seek to use its affiliate KPC as a broker/dealer for executing transactions involving institutional accounts unless asked to do so. Generally, the Firm selects brokers for most institutional accounts unless instructed by the client to use a directed brokerage arrangement. These brokers are from the approved list as determined by the Best Execution Committee. In general, the Firm will not use a step-out trade arrangement.

### **Best Execution**

The Firm reviews the execution of trades at brokers quarterly. The Firm has established a Best Execution Committee, consisting of members from portfolio management, trading and compliance. The committee reviews the quality of execution, brokerage allocation activity of the firm and selection of brokers and dealers.

The committee has established guidelines in selecting brokers for trading purposes. The committee will not select a broker on the basis of research or a soft dollar commission basis.

### **MAP and Fund Strategies Wrap Programs**

Keel Point, LLC recommends that clients participating in the MAP and Fund Strategies Wrap Programs maintain their accounts at Keel Point Capital, LLC ("KPC"), an affiliated broker/dealer. The primary purpose for this preference is that all brokerage and custodial costs are included in the fee charged by the Firm. However, KPC, a wholly-owned subsidiary of the Firm, may receive a fee from its clearing firm for balances held in client money market accounts, and thus has a conflict of interest in recommending NFS as a custodian of client assets. (Please see section C5) Also, NFS does not charge a custodian fee to KPC or the client for accounts that they serve as custodian.

NFS provides platform services to KPC that include, brokerage, custodial, administrative support, record keeping and related services that is intended to support correspondent broker/dealers like Keel Point Capital in conducting business and in serving the best interests of their clients but may also benefit us. NFS charges brokerage order fees to KPC for effecting certain securities transactions - referred to as ticket charges (i.e., ticket charges are charged for certain no-load mutual funds, individual equity and debt securities transactions). NFS enables KPC to obtain many no-load mutual funds without ticket charges and other no-load funds at nominal transaction charges. This program is known as the NTF (No Transaction Fee) program. NFS's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by NFS may be higher or lower than those charged by other custodians and broker-dealers.

Instead of allowing the Firm to select broker or dealers for the account, clients may direct adviser in writing to use a particular broker or dealer to execute all transactions for client account. The adviser may not be able to batch client transactions through other brokers with orders for other accounts managed by the Firm. In addition, the client may pay higher commission costs or other costs or receive less favorable pricing for the account. The adviser believes the execution of transactions for the private client through KPC brings value to the management relationship because of a commission discount and other valuable brokerage services offered through National Financial Services. The Firm does not receive any payments from KPC for the placement of business, but the firms do jointly market services together.



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## **Review of Accounts**

### **Periodic Review of Client Accounts**

On a quarterly basis, we perform a comprehensive review of client accounts. Such review is performed by the Keel Point Portfolio Investment Team or a designated person and may involve the Chief Compliance Officer. In addition, such review includes our comparing the performance of the client's account to that of the overall market. We also review the performance of the individual holdings in the client's account at this time. Accounts are also reviewed by investment adviser representatives, who are supervised by principals of the firm. The portfolio manager reviews wrap strategies in terms of daily price changes. There is no minimum or maximum number of accounts assigned for the reviewer. The review process will generally contain each of the following elements:

- Assess client's goals and objectives; evaluate the strategy which has been employed; Monitor the portfolio; and address the need to rebalance.

### **Review of Client Accounts on Other than Periodic Basis**

The clients' goals and objectives are reviewed by a member of the Keel Point Portfolio Investment Team when accounts are opened. Additionally, a Keel Point client representative reviews the goals and objectives with the client on a periodic basis. Account reviews may also be triggered by any one of the following events:

- Market irregularities; Changes in client's goals and objectives; and as new information becomes available, such as press releases, Earnings announcements, etc.

### **Content and Frequency of Client Reports**

Advisory clients will receive a written quarterly report showing the performance of their account in relation to appropriate indices. Such report will include a list of holdings with valuations and the quarterly adviser management fee. The report will be in addition to the custodial statement received by the client from the client's custodian. The monthly outside custodian statement includes detailed account activity and market value of securities held. All clients in need of a more frequent report may request that additional service. All clients are urged to compare the monthly/quarterly statements received directly from the custodian with quarterly statements and reports received from the Firm.

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## **Client Referrals and Other Compensation**

### **Economic Benefits from Third Parties**

As described in Items 5(C), 5(E) and 10(C) of our Form ADV Part 2A, we, our affiliates and our adviser representatives, receive commissions and other compensation from unaffiliated investment advisers and broker-dealers. The conflicts associated with these arrangements are described in those sections.

We receive an economic benefit from the Broker/Custodians we recommend to clients. This benefit is in the form of products and services the custodian makes available to investment advisers whose clients maintain their accounts with the Broker/Custodian. The actual products and services that we receive that benefit us and the potential conflicts of interest are fully described in (Brokerage Practices) above.

### **Compensation to Third Parties for Referrals**

We currently have arrangements with third parties where we pay these third parties a percentage of the management fee for soliciting clients. Solicitors give clients a solicitor's disclosure document at the time the solicitors initially contact them, as well as our ADV Part 2. Clients must acknowledge in writing the receipt of both disclosure documents.

### **Compensation to Inside Solicitors**

We currently have arrangements where inside representatives may receive a portion of some or all of their compensation in the form of cash referral fees. These fees are generally calculated as a percentage of the investment advisory fees generated from the assets referred to by the party. We disclosed this relationship in our representative's Form ADV 2B where applicable.

### **Other Compensation and benefits**

The Firm may receive or have access to free or discounted industry information, online access to client accounts for trading or administrative purposes, and other non-research services from broker/dealers or third-party providers in exchange for recommending clients maintain their accounts with KPC. KPC or its clearing firm NFS, may provide a newsletter or other publications pertaining to compliance, marketing, practice management, etc. In addition, NFS or other related or unrelated parties may sponsor events, such as workshops or conferences, at reduced cost or no cost. These benefits are not provided on the basis of client transactions. Under no circumstances do any clients pay additional fees or commissions to any custodian or broker/dealer in order for the Firm to obtain these products or services.

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## **Financial Information**

### **Solicitation or prepayment of more than \$1,200 in fees**

We do not require, nor do we solicit prepayment of more than one thousand two hundred (\$1,200.00) in fees per client, six (6) months or more in advance. Therefore, we have not included a balance sheet for our most recent fiscal year.

### **Financial Condition Disclosure**

Although we do have discretionary authority over our client accounts, we do not have any financial condition to disclose that is likely to impair our ability to meet our contractual commitments to the Funds.

## Appendix A - Other Conflicts, Risks and Mitigation

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### **Valuation**

We have a duty to ensure that client portfolios are valued properly.

There is a conflict of interest for us, because the compensation we earn on advisory accounts is based on assets under management, so if we were to assign a higher value to client portfolios, the fees we collect would be higher. We address this conflict as follows:

1. For securities with a readily verifiable market price, we rely on pricing provided by third party custodians.
2. For other securities, we have procedures in place, involving the CCO, to appropriately value:
  - a. Certain securities subject to fair value pricing;
  - b. Hedge Funds; and
  - c. Other private investments

### **Advertising, Marketing and Performance Presentation**

We have a duty to ensure that all advertising, marketing and performance presentations are in compliance with SEC rules, regulations and other regulatory pronouncements, as well as in accordance with our policies and procedures.

A conflict exists because we could want to present advertising and marketing material that shows us in the most favorable light. We address this conflict by having a review process in place so that a Compliance Officer reviews all marketing material prior to distribution to ensure compliance with all SEC and Firm requirements.

### **Conflicts Resolution Committee (formerly Conflicts Advisory Committee ("CRC"))**

The Firm has a Conflicts Resolution Committee, **(formerly Conflicts Advisory Committee ("CRC"))** that has full enforcement power to review, and approval of potential conflicts. The CRC will be a standard committee of the board as opposed to a subcommittee of the audit committee. The committee consists of at least three (3), and up to five (5), non-management owners of Keel Point Partners, LLC. On a periodic basis, the CRC meets with our management to review potential conflicts of interest between us and our clients, and between members of management, including but not limited to the Managing Member, and Keel Point Partners, LLC investors.

The Firm, its Managing Member and its employees must complete a Conflicts of Interest Form to identify potential conflicts of interest relating to Conflicted Revenues and to communicate the potential conflict of interest to the CRC through the CCO. All employees, including the Managing Member, are required to complete the Form prior to a conflict of interest relating to Conflicted Revenues arising. The Firm delegates to the CCO potential conflict review responsibility, including the ability to approve or disapprove submitted transactions. However, the CCO must report all submitted transactions, regardless of approval or disapproval, to the CRC on a quarterly basis.

The Managing Member shall consult with the CRC with respect to the following matters where the potential for a conflict of interest exists:

1. Fee-based transactions: Any fee-based transactions where we and/or any member of our management will be compensated separate from and in addition to investment advisory fees payable to us for referring our clients to investment opportunities;
2. Other matters: Any other matters in which compensation and/or revenue is received by us or any of our affiliates, including our shareholders, clients, employees and/or the Managing Member, thereby presenting a conflict of interest ("Conflicted Revenues") between or among any of the following parties:
  - a. The Firm and our clients;
  - b. Keel Point Partners, LLC and its shareholders;
  - c. Keel Point Partners, LLC shareholders and our clients;
  - d. Our clients and the Managing Member;
  - e. Keel Point Partners, LLC shareholders and the Managing Member;
  - f. Our clients and our employees;
  - g. Keel Point Partners, LLC shareholders and our employees;
  - h. The Board of Directors of Keel Point Partners, LLC and our clients; and A client or a group of clients and another client or another group of clients
3. Conflicted Revenues include, but are not limited to, the following:
  - a. any compensation paid by a broker-dealer to a Firm affiliated person, including, but not limited to, those who are also registered representatives;
  - b. life insurance commissions from Keel Point Insurance Advisors, LLC;
  - c. referral fees paid to us by an independent investment manager or sub-adviser;

- d. fees earned by us, directly or by or through our employees or the Managing Member from any source as a result of investment opportunities that are recommended to our clients by our employees and/or the Managing Member;
- e. any compensation paid to a Firm employee or the Managing Member from a party other than the Firm (“Outside Business Activity”);
- f. any business relationship between us (or our affiliates or employees or the Managing Member) and an independent investment manager wherein we recommend that our clients invest in such investment manager; and
- g. funds and feeder funds where we earn management fees and/or incentive fees