

**Part 2A of Form ADV – Firm Brochure**  
**Item 1 – Cover Page**

**DMKC Advisory Services, LLC**  
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Des Moines, IA 50312  
515-221-1133  
<http://www.dmkc.com>

Date of Brochure: March 26, 2020

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This brochure provides information about the qualifications and business practices of DMKC Advisory Services, LLC. If you have any questions about the contents of this brochure, please contact Kathleen C. Halliwell at 515-221-1133. 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 DMKC Advisory Services, LLC is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for our name DMKC Advisory Services, LLC or our firm CRD number **145112**.

\*Registration as an investment advisor does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

There have been no material changes to this disclosure brochure since issuing our last brochure update March 12, 2019.

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time, we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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#### **Item 4 – Advisory Business**

DMKC Advisory Services, LLC (also referred to as the “Firm”, “us”, and “we”) is an investment advisor registered with the United States Securities and Exchange Commission (“SEC”) and is a Limited Liability Company formed under the laws of the State of Iowa. Our Firm has been registered as an investment advisor since September 28, 2007. The Firm is a fiduciary and is required to act in a client’s best interest at all times.

- D.M. Kelly & Company, a registered broker/dealer member FINRA/SIPC, is our parent company.
- The Daniel M. Kelly 2004 Trust is the majority owner of D.M. Kelly & Company.
- Patrick B. Kelly is the Trustee for the Daniel M. Kelly 2004 Trust.

We provide fee-based investment advisory services and financial planning through DMKC Advisory Services, LLC. The nature and extent of the specific services provided to clients, including you, will always depend on each client’s financial status, objectives and needs, time horizons, concerns, expectations and risk tolerance.

The investment advisor representatives of DMKC Advisory Services, LLC are also registered representatives of D.M. Kelly & Company. When making the determination of whether the advisory programs available through DMKC Advisory Services, LLC are appropriate for your individual needs, please keep in mind that fee based accounts, when compared with commission based accounts (such as those available through D.M. Kelly & Company), often result in lower costs during periods when trading activity is heavier, such as the year an account is established. However, during periods when trading activity is lower, such arrangements may result in a higher annual cost for transactions. Thus, depending on a number of factors, the total cost to you under a fee account versus a commission account can vary significantly and a commission based account may be cheaper than a fee based account. Some such factors are account size, amount of turnover, type and quantities of securities purchased or sold, commission rates and your tax situation.

You should have a conversation with your investment advisor representative and read this Disclosure Brochure carefully when deciding if the advisory services available through our Firm are right for your investment needs.

#### **Description of Advisory Services**

Our firm specializes in providing portfolio management services which involve providing clients with on-going supervision over client accounts. This means that we monitor a client’s account and make trades in client accounts when necessary. Through this service, we implement a customized and individualized investment program for clients by applying our investment strategy and philosophy. We actively manage client investment portfolios in accordance with the client’s individual needs, return objectives and risk tolerance.

We will be granted trading authorization on the client’s account. Trading authority allows us the ability to make trades in the client’s account. Such authorization may be provided on a discretionary or non-discretionary basis depending on the individual needs and request of each client for Atlas Accounts. All Anchor accounts will provide discretionary trading authorization. Discretionary authority provides the ability to make trades in the client’s account without contacting the client prior to each trade. When non-discretionary trading authorization is granted, DMKC Advisory Services, LLC must obtain the client’s approval prior to making any changes in the client’s account. Please refer to Item 16 of this brochure for more details.

You are always responsible for notifying us of any changes to your financial situation or investment objectives. At least annually, we will contact each client for the specific purpose to determine whether the client's financial situation or investment objectives have changed, or if the client would like to impose and/or modify any reasonable restrictions on the management of their accounts. We are always reasonably available to consult with clients relative to the status of their accounts. A client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the accounts. A separate account is always maintained for each client with the broker-dealer/custodian and the client retains all rights of ownership to their accounts (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

It is important that you understand that we manage investments for other clients and may give them advice or take actions for them or for our own personal accounts that is different from the advice we provide to you or actions we take for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts we manage. We strive to allocate investment opportunities believed appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

Our portfolio management services are provided through two internally managed platforms, our DMKC Advisory Services, LLC Atlas Wrap-Fee Program and Anchor Asset Management Wrap-Fee Program. Additionally, Wells Fargo Advisors' independently managed FundSource<sup>SM</sup> Foundations program is also available from DMKC Advisory Services, LLC. Information regarding the fees for each program is described at Item 5 of this brochure.

#### **Comparison of Atlas and Anchor Programs**

Atlas is an open-architecture style program available to larger accounts and allows investments in a variety of securities. The Atlas program allows more customization in the portfolio's composition and the timing of transactions. Individual advisors help tailor the investment portfolio and may or may not be granted discretionary trading.

The discretionary Anchor Program offers investors five asset allocation models and can be used for accounts of any size with a \$50,000 minimum. The models primarily use mutual fund and ETF investments. The Anchor program has an Investment Team to create, update, and periodically rebalance the model portfolios.

The two platforms and FundSource<sup>SM</sup> Foundations are described below:

#### ***Atlas Program***

We have developed and sponsor our Atlas Program, a wrap-fee program (referred to as "Atlas Program" in this section) which is a wrap-fee program. Only investment advisor representatives

of our firm may serve as portfolio managers in the Atlas Program. Therefore, participants in the Atlas Program must be advisory clients of DMKC Advisory Services, LLC.

All brokerage transactions implemented through the Atlas Program are processed by D.M. Kelly & Company in its capacity as a full-service introducing broker/dealer, and then cleared through Wells Fargo Clearing Services, LLC, which are both registered broker/dealers and members of FINRA/SIPC. D.M. Kelly & Company is DMKC Advisory Services, LLC affiliated broker/dealer. Wells Fargo Clearing Services, LLC is not affiliated with D.M. Kelly & Company or DMKC Advisory Services, LLC. In addition to serving as the clearing broker/dealer, Wells Fargo Clearing Services, LLC serves as qualified custodian for all Atlas Program accounts (see Items 12 and 15 of this brochure for more information).

### ***Anchor Program***

We have developed and sponsor our Anchor Asset Management Program (referred to as “Anchor Program” in this document) which is a wrap-fee program. Only investment advisor representatives of our firm may serve as portfolio managers in the Anchor Program. Therefore, participants in the Anchor Program must be advisory clients of DMKC Advisory Services, LLC.

All brokerage transactions implemented through the Anchor Program are processed by D.M. Kelly & Company in its capacity as a full-service introducing broker/dealer, and then cleared through Wells Fargo Clearing Services, LLC, which are both registered broker/dealers and members of FINRA/SIPC. D.M. Kelly & Company is a DMKC Advisory Services, LLC affiliated broker/dealer. Wells Fargo Clearing Services, LLC is not affiliated with D.M. Kelly & Company or DMKC Advisory Services, LLC. In addition to serving as the clearing broker/dealer, Wells Fargo Clearing Services, LLC serves as qualified custodian for all Anchor Program accounts (see Items 12 and 15 of this brochure for more information).

### ***FundSource<sup>SM</sup> Foundations***

DMKC Advisory Services offers FundSource<sup>SM</sup> Foundations which is available and sponsored through Wells Fargo Advisors (“WFA”). Wells Fargo Clearing Services (“WFCS”), LLC as the selected clearing firm of DMKC Advisory Services, LLC provides certain non-advisory services to FundSource<sup>SM</sup> Foundations accounts.

FundSource<sup>SM</sup> Foundations is a wrap-fee, discretionary advisory program, designed by WFA to help clients meet their investment objectives and goals. This portion of this disclosure document is being provided pursuant to Section 204 of the Investment Advisers Act of 1940 and deals solely with the FundSource<sup>SM</sup> Foundations program.

### ***Clients of FundSource<sup>SM</sup> Foundations will retain the right to:***

- (1) Withdraw securities or cash;
- (2) Vote on shareholder proposals of beneficially owned security issues, or delegate the authority to vote on such proposals to another person;
- (3) Be provided, in a timely manner, with a written confirmation or other notification of each securities transaction, and all other documents required by law to be provided to security holders; and
- (4) Proceed directly as a security holder against the issuer of any security in a client’s account and not be obligated to join any person involved in the operation of the applicable program, or any other client of the applicable program, as a condition precedent to initiating such proceeding.

DMKC will provide the client with periodic monitoring and reporting of his/her portfolio's performance.

FundSource<sup>SM</sup> Foundations is a discretionary investment advisory program sponsored by WFA designed to help the client allocate his/her assets among open-end mutual funds in accordance with his/her individual investment goals, objectives, and expectations. WFA is responsible for developing portfolios, selecting investment holdings and implementing all trades in client accounts.

Based on the client's investment objectives and risk tolerance, the DMKC Advisory Services IAR helps the client complete the account opening paperwork and select one of nine "Optimal Blends" portfolios available through this WFA program. Each "Optimal Blend" portfolio contains an appropriate mix of various open-end mutual funds and money market funds that are called portfolios. The FundSource<sup>SM</sup> Foundations "Optimal Blends" portfolios include: Conservative Income, Moderate Income, Aggressive Income, Conservative Growth & Income, Moderate Growth & Income, Aggressive Growth & Income, Conservative Growth, Moderate Growth, and Aggressive Growth.

Over time, as changes occur in the financial markets and/or client's investment objectives and circumstances, the DMKC Advisory Services, LLC's IAR may recommend that the client rebalance the portfolio or help the client choose a different portfolio model. In making these recommendations, the DMKC Advisory Services, LLC's IAR will take the updated information into account. Clients should recognize that investments in mutual funds may have tax consequences that should be discussed with their tax advisor. The DMKC Advisory Services, LLC will provide all updates related to the client situation and portfolio selection to WFA. WFA is then responsible for managing the client's account(s).

#### **FundSource<sup>SM</sup> Foundations Rebalance Trading System**

In order to maintain the client's portfolio in conformance with the client's target asset allocation, the client may notify the DMKC Advisory Services, LLC's IAR to notify WFA to rebalance the account using an automated rebalance trading system in accordance with the discretion granted by the client. The client may select a quarterly, semi-annual, or annual rebalance option. The Rebalance Trading System reviews the actual allocation of mutual funds in the account versus the target allocation established for the client account. Generally, subject to certain minimum constraints, if any of the funds in the client account vary by more than a specified percentage from the client target allocation, the program will rebalance the account by initiating sell and buy transactions. These percentages may change without notice. The client should be aware that any transactions initiated to rebalance these assets may cause the client to incur tax consequences.

#### **Financial Planning Services**

Based on information gathered from a client, DMKC Advisory Services, LLC presents a financial plan intended generally to assist clients in their financial affairs. This financial plan is not intended as a comprehensive financial plan covering every possible aspect of a client's financial affairs. It is intended to cover, in a general sense, those financial issues and decisions typically important to most clients. Financial planning may include, without limitation, advice on retirement, education, tax planning, survivorship issues, disability, asset allocation and estate planning.

In the implementation of the financial plans, the client retains the actual responsibility and authority to implement recommendations in the financial plan presented by DMKC Advisory Services, LLC's IAR. DMKC Advisory Services, LLC's IAR may assist in the implementation at the request of clients.

#### **Limits Advice to Certain Types of Investments.**

DMKC Advisory Services, LLC provides investment advice on the following types of investments:

- Municipal securities
- Fixed income securities (i.e. bonds)
- Exchange-listed securities (i.e. stocks)
- Securities traded over-the-counter (i.e. stocks)
- Commercial paper
- Certificates of deposit
- Mutual Fund shares
- United States government securities
- Preferred stock
- Exchange Traded Funds

For the Anchor Program advice is typically limited to mutual funds and exchange traded funds.

DMKC Advisory Services, LLC does not provide advice on foreign issues, warrants, variable life insurance, variable annuities, options contracts on securities, options contracts on commodities, futures contracts on tangibles or intangibles, interests in partnerships investing in real estate, oil, and gas interests, or hedge funds and other types of private (i.e. non-registered) securities.

When providing asset management services, DMKC Advisory Services, LLC typically constructs each client's account holdings using no-load mutual funds, funds at Net-Asset-Value (NAV), equity positions and fixed income positions to build diversified portfolios. It is not DMKC Advisory Services, LLC's typical investment strategy to attempt to time the market but we may increase cash holdings modestly as deemed appropriate, based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

*(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)*

#### **Participation in Wrap Fee Programs**

DMKC Advisory Services, LLC offers service through a wrap fee program. A wrap fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisors) and the execution of client transactions. Whenever a fee charged to a client for services described in this brochure (whether wrap fee or non-wrap fee), DMKC Advisory Services, LLC will receive all or a portion of the fee charged.

#### **Tailor Advisory Services to Individual Needs of Clients**

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

When managing client accounts through the Anchor program, we will manage a client's account in accordance with one or more investment models. Because client accounts are managed using models, investment selections are based on the underlying model and we generally do not develop customized (or individualized) portfolio holdings for each client. However, the determination to use a particular model or models is always based on each client's individual investment goals, objectives and mandates and at times, we may create individualized portfolios. Your investment adviser representative will work with you



on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information. Therefore, our services are always based on your individual needs as we select strategies and models most appropriate for you.

When we provide asset management services, you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. However, we will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

### ***Services through Client Directed Brokerage Arrangements***

Generally, all clients engaging DMKC Advisory Services, LLC for our investment management services will be solicited to open an Atlas or Anchor Program account as described above. However, at the client's specific written request, and subsequent consent from DMKC Advisory Services, LLC, we can provide investment management services through accounts maintained at a qualified custodian selected by the client. The client selected qualified custodian (which may include a broker-dealer, bank, or product sponsor) will maintain custody of all funds and securities. Please see Items 12 and 15 of this brochure for more details.

The type and form of investment management services provided through this service are similar to the investment management services provided through the Atlas or Anchor Programs.

Some brokerage platforms may have constraints limiting our ability to trade in the client's account or a client may decide to restrict our trading authority. In these situations, our services are considered "consultative" in nature and trading authorization is not granted to DMKC Advisory Services, LLC by the client. Through this type of arrangement, DMKC Advisory Services, LLC will provide ongoing review services of the client's assets; however, the client must implement all trades in the account and we will not have direct trading access to the account.

### **Client Assets Managed by DMKC Advisory Services, LLC**

The amount of clients' assets managed by DMKC Advisory Services, LLC totaled approximately \$390,632,714 as of December 31, 2019. Approximately \$319,347,019 is managed on a discretionary basis and \$71,285,695 is managed on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

### **Fees for Atlas Program**

Fees charged for the Atlas Wrap Fee Program (referred to as "Atlas Program") cover both the investment advisory services provided by our firm and also the brokerage services provided by D.M. Kelly & Company and Wells Fargo Clearing Services, LLC. Thus, services are provided for a single "wrap" fee.

The annual wrap fee is divided and payable quarterly, in advance, and shall be computed, based on the market value of the assets under management for each account. Clients must authorize Wells Fargo Clearing Services, LLC to pay the advisory fee and reimbursement amount due to DMKC Advisory Services, LLC directly from the designated accounts. The wrap fee will be charged regardless of the client's decision to follow or not to follow the advice of the investment advisor representative.

The maximum annual advisory fee charged for the Atlas Program shall not exceed 1.00%. The actual fee charged to each client shall be determined prior to establishing an Atlas Program account and stated in

the client agreement or addendum to the agreement. The exact client fee shall be determined (and in some cases negotiated with the client) based on the client's amount of assets under management, overall investment objective (asset allocation), discretionary versus non-discretionary trading authorization, and the complexity of the client's overall financial situation.

Fees are calculated by multiplying the assets under management by the relevant percent and then multiplying by the day count convention (the actual number of days in the calendar quarter divided by 365). Accounts opened mid-quarter will be assessed at a pro-rated management fee using the same actual/365 day count convention. Fees are payable quarterly, in advance and such fees may be deducted from client's designated account(s) quarterly, within 30 days following the end of the quarter for which said fees are incurred. Fees for the initial quarter will be adjusted pro-rata based on the number of calendar days in the calendar quarter in which the Agreement goes into effect.

For additional deposits or withdrawals made mid-quarter in excess of \$100,000, an interim fee or refund will occur using the same calculation methodology outlined above.

Fees are calculated on an incremental basis or blended tiered schedule and are subject to change with 30 days written notice. Notwithstanding the above, certain clients of the Advisor with preexisting relationships may initially be charged fees, which are less than the afore-stated fees. With regard to employee related accounts and certain other accounts, the quarterly fees may be less.

The management fee will cover all D.M. Kelly & Company/Wells Fargo Clearing Services, LLC commissions, ticket charges and any other transaction fees relating to the execution of securities transactions within client accounts unless such fees and expenses are charged separately by D.M. Kelly & Company and/or Wells Fargo Clearing Services, LLC. In those cases, transaction costs will be billed directly to the client's account. We receive no portion of the brokerage and transaction costs billed by D.M. Kelly & Company and Wells Fargo Clearing Services, LLC.

Certain additional fees separate from brokerage trade execution fees may be charged by D.M. Kelly & Company and Wells Fargo Clearing Services, LLC and passed through to the client. D.M. Kelly & Company reserves the right to change or add fees at any time with a 30-day notice. All non-trade related fees listed on the D.M. Kelly & Company Client Fee Schedule apply for additional services provided such as asset movement requests, returned/stopped checks, account closing fees, retirement account maintenance fees, and check writing privileges.

In addition, clients may incur certain charges imposed by third parties other than DMKC Advisory Services, LLC in connection with investments made through the account, including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, IRA and qualified retirement plan fees. Management fees charged by DMKC Advisory Services, LLC are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus.

D.M. Kelly & Company may receive compensation in addition to Atlas Program fees. D.M. Kelly & Company receives a percentage of the fee charged by Wells Fargo Clearing Services, LLC for cash sweep balances held in some Program accounts. Mutual fund products utilized in Atlas Program models do not pay distribution charges sometimes referred to as 12b-1 fees. Assets that transfer into the Atlas program for liquidation may pay 12b-1 fees and D.M. Kelly & Company may retain 12b-1s received. DMKC Advisory Services LLC's investment advisor representatives will only recommend mutual funds to

clients if such mutual funds are suitable for such client and appropriate for the fulfillment of the client's objectives.

You may be paying higher fees for such Atlas Program transactions in the aggregate, than you would be if affected at D.M. Kelly & Company's standard per transaction brokerage execution and commission rates. It should be noted that clients have the option to purchase many of the investment products that we recommend through other brokers or agents that are not affiliated with D.M. Kelly & Company. The advisory fee established by our Firm effective June 30, 2017 will no longer allow investment adviser representatives to receive any fee directly from mutual fund(s) in their separate capacities as registered representatives of D.M. Kelly & Company.

The client agreement may be terminated by either the client or DMKC Advisory Services, LLC upon 30 days written or verbal notice. The client will be entitled to a pro rata refund of any pre-paid quarterly fee, based on the number of days remaining in the quarter after termination.

An early termination fee of \$1,000 will be charged if the Atlas advisory agreement is terminated after the initial five day period through the first four full calendar quarters. This fee is used to cover administrative account setup and trading costs incurred when the account was established.

Clients contracting for the Atlas Program will receive the Form ADV Part 2A – Appendix 1 Wrap Fee Program Brochure which provides detailed information regarding the Atlas Program.

#### **Fees for Anchor Program**

Fees charged for the Anchor Wrap Fee Program (referred to as "Anchor Program") cover both the investment advisory services provided by our firm and also the brokerage services provided by D.M. Kelly & Company and Wells Fargo Clearing Services, LLC. Thus, services are provided for a single "wrap" fee.

The annual wrap fee is divided and payable quarterly, in advance, and shall be computed, based on the market value of the assets under management for each account. Clients must authorize Wells Fargo Clearing Services, LLC to pay the advisory fee and reimbursement amount due to DMKC Advisory Services, LLC directly from the designated accounts. The wrap fee will be charged regardless of the client's decision to follow or not to follow the advice of the investment advisor representative.

The maximum annual fee charged for the Anchor Program shall not exceed 0.90%. Clients will be charged fees based on a blended tier fee schedule. Amounts reaching a breakpoint asset level do not realize the benefit on total account assets; Program fee reductions apply to the amounts in excess of the breakpoint asset level. The following fee schedule is an example of a typical fee schedule applied under the Anchor Program and is provided for illustrative purposes.

<u>Breakpoint Asset Level</u>	<u>Annualized Fee Tiers</u>
\$0 - \$249,999	0.90%
\$250,000 to \$499,999	0.80%
\$500,000 to \$999,999	0.70%
\$1,000,000+\$4,999,999	0.60%
\$5,000,000+	Negotiated

The actual fee charged to each client shall be determined prior to establishing an Anchor Program account and stated in the client agreement or addendum to the agreement. The exact client fee shall be determined (and in some cases negotiated with the client) based on the client's amount of assets under

management, overall investment objective (asset allocation), discretionary trading authorization, and the complexity of the client's overall financial situation.

Fees are calculated by multiplying the assets under management by the relevant tier percentages and then multiplying by the day count convention (the actual number of days in the calendar quarter divided by 365). Accounts opened mid-quarter will be assessed at a pro-rated management fee using the same actual/365 day count convention. Fees are payable quarterly, in advance and such fees may be deducted from client's designated account(s) quarterly, within 30 days following the end of the quarter for which said fees are incurred. Fees for the initial quarter will be adjusted pro-rata based on the number of calendar days in the calendar quarter in which the Agreement goes into effect.

For additional deposits or withdrawals made mid-quarter in excess of \$100,000, an interim fee or refund will occur using the same calculation methodology outlined above.

Fees are calculated on an incremental basis and are subject to change with 30 days written notice. Notwithstanding the above, certain clients of the Advisor with preexisting relationships may initially be charged fees, which are less than the afore-stated fees. With regard to employee related accounts and certain other accounts, the quarterly fees may be less.

The management fee will cover all D.M. Kelly & Company/Wells Fargo Clearing Services, LLC commissions, ticket charges and any other transaction fees relating to the execution of securities transactions within client accounts unless such fees and expenses are charged separately by D.M. Kelly & Company and Wells Fargo Clearing Services, LLC. In those cases, transaction costs will be billed directly to the client's account. We receive no portion of the brokerage and transaction costs billed by D.M. Kelly & Company and Wells Fargo Clearing Services, LLC.

Certain additional fees separate from brokerage trade execution fees may be charged by D.M. Kelly & Company and Wells Fargo Clearing Services, LLC and passed through to the client. D.M. Kelly & Company reserves the right to change or add fees at any time with a 30 day notice. All non-trade related fees listed on the D.M. Kelly & Company Client Fee Schedule apply for additional services provided such as asset movement requests, returned/stopped checks, account closing fees, retirement account maintenance fees, and check writing privileges. The postage and handling fee is not applicable.

In addition, clients may incur certain charges imposed by third parties other than DMKC Advisory Services, LLC in connection with investments made through the account, including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, IRA and qualified retirement plan fees. Management fees charged by DMKC Advisory Services, LLC are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus.

D.M. Kelly & Company may receive compensation in addition to Anchor Program fees. D.M. Kelly & Company receives a percentage of the fee charged by Wells Fargo Clearing Services, LLC for cash sweep balances held in some Program accounts. Mutual fund products utilized in Anchor Program models do not pay distribution charges sometimes referred to as 12b-1 fees. Assets that transfer into the Anchor program for liquidation may pay 12b-1 fees and D.M. Kelly & Company may retain 12b-1s received.

You may be paying higher fees for such Anchor Program transactions in the aggregate, than you would be if affected at D.M. Kelly & Company's standard per transaction brokerage execution and commission

rates. It should be noted that clients have the option to purchase many of the investment products that we recommend through other brokers or agents that are not affiliated with D.M. Kelly & Company. The advisory fee established by our Firm for each account takes into consideration the possible additional compensation that our investment advisor representatives might be receiving directly from mutual fund(s) in their separate capacities as registered representatives of D.M. Kelly & Company.

The client agreement may be terminated by either the client or DMKC Advisory Services, LLC upon 30 days written or verbal notice. The client will be entitled to a pro rata refund of any pre-paid quarterly fee, based on the number of days remaining in the quarter after termination.

An early termination fee of \$1,000 will be charged if the Anchor advisory agreement is terminated after the initial five day period through the first four full calendar quarters. This fee is used to cover administrative account setup and trading costs incurred when the account was established.

Clients contracting for the Anchor Program will receive the Form ADV Part 2A – Appendix 1 Wrap Fee Program Brochure which provides detailed information regarding the Anchor Program.

#### **Fees for FundSource<sup>SM</sup> Foundations Program**

WFA charges an all-inclusive fee on eligible mutual funds that covers advisory, execution, custodial and reporting services including the portion paid to DMKC Advisory Services, LLC and the DMKC Advisory Services LLC's IAR.

Accounts are billed quarterly in advance by WFA. The standard Fund Source Foundations fee schedule is based on program eligible mutual funds. The advisory fee is negotiated based on the complexity of the investment strategy and the account size of the securities portfolio. Clients may pay additional fees such as custodian fees and mutual fund fees. Please see the fund's prospectus for a description of fund fees. Clients may exclude from accounts certain securities that are considered "unmanaged." Unmanaged assets will be excluded from billing and performance reports. For accounts with balances between \$10,000 to \$20,000, clients will be charged a monthly platform fee of \$4 per month by WFA in addition to the advisor fee. The platform fee is charged and retained by WFA, not DMKC Advisory Services, LLC.

The client should be aware that program fees charged may be higher or lower than those otherwise available if the client were to select a separate brokerage service and negotiate commissions in the absence of the extra advisory service provided. The total fee charged may be subject to negotiation depending upon a range of factors including, but not limited to, account size, investment strategy and overall range of services provided. FundSource<sup>SM</sup> Foundations accounts typically assume a normal amount of trading activity and therefore, under particular circumstances, prolonged periods of inactivity may result in higher fees than if commissions were paid separately for each transaction.

A portion of the fees or commissions charged for the program described here may be paid to our IAR for providing services. This compensation may be more or less, than an IAR would receive if the client paid separately for investment advice, brokerage, and other services, and may vary, depending on the program or services offered. Therefore, the IAR may have an incentive to recommend FundSource<sup>SM</sup> Foundations over other programs or services.

Notwithstanding the fee calculation, the minimum fee charged to an account will be \$37.50 per quarter. The client should be aware that the imposition of the minimum fee may cause the program fee rate (expressed as a percentage) to be greater than the fee stated in the fee schedule table for the program. Under certain circumstances, the minimum fee may be waived.

The maximum annual fee charged for the FundSource<sup>SM</sup> Foundations Program shall not exceed 1.75%. The actual fee charged to each client shall be determined prior to establishing a FundSource<sup>SM</sup> Foundations Program account and stated in the client agreement or addendum to the agreement. The exact client fee shall be determined (and in some cases negotiated with the client) based on the client's amount of assets under management, overall investment objective (asset allocation), discretionary trading authorization, and the complexity of the client's overall financial situation.

Certain additional fees separate from brokerage trade execution fees may be charged by D.M. Kelly & Company and Wells Fargo Clearing Services, LLC and passed through to the client. D.M. Kelly & Company reserves the right to change or add fees at any time with a 30 day notice. All non-trade related fees listed on the D.M. Kelly & Company Client Fee Schedule apply for additional services provided such as asset movement requests, returned/stopped checks, account closing fees, retirement account maintenance fees, and check writing privileges.

Clients enrolling in the FundSource<sup>SM</sup> Foundations program will receive Wells Fargo Advisors' Wrap Fee Brochure for Mutual Fund Advisory Program: Custom Choice FundSource<sup>SM</sup>.

### **Financial Planning Services**

The fee usually ranges between \$250 to \$5,000, depending on the complexity of the client's financial situation and the client's requirements. The fee is determined when DMKC Advisory Services, LLC enters into the financial planning agreement with the client and is payable at the time of presentation of the financial plan. For this fee, DMKC Advisory Services, LLC gathers the necessary information from the client and then prepares, presents and explains to the client the financial plan DMKC Advisory Services, LLC develops.

When a client desires to engage DMKC Advisory Services, LLC on an hourly fee basis for either advisory or financial planning services, DMKC Advisory Services, LLC charges at the hourly rate of \$195 for its principals and lesser hourly rates for the services of paraprofessionals and administrative associates. Services at hourly rates are billed monthly or on completion, and fees are due upon presentation of the invoice.

No minimum account value or asset value is required for financial planning services or investment advice rendered at specific times.

Additionally, certain of our Advisory representatives, in their individual capacities, may offer insurance products under a commission arrangement.

### **Trade Error Policy**

The client is made whole if DMKC Advisory Services, LLC caused a trade error which results in a net loss to the client. For mutual fund trade errors, the custodian's process is if there is a material loss, the loss will be billed to DMKC Advisory Services, LLC. In the event of a gain due to trade error, the gain is set aside and used to offset any other losses for the firm, and if none, it will be held to offset any future losses for the firm during. Gains are kept by the custodian. For all other trade errors, D.M. Kelly & Company as a broker dealer will keep any gains or losses.

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

Item 6 is not applicable to this Disclosure Brochure because DMKC Advisory Services, LLC does not charge or accept performance-based fees. Performance-based fees are fees based on a share of capital gains or capital appreciation of the assets held within a client's account.

### **Item 7 – Types of Clients**

DMKC Advisory Services, LLC generally provides investment advice to the following types of clients:

- Individuals
- High-Net Worth Individuals
- Corporations and businesses
- Charitable Organizations

### **Minimum Investment Amounts Required**

The minimum initial investment is generally \$500,000 for an Atlas Program or \$50,000 for an Anchor Program account managed by DMKC Advisory Services, LLC. The Fund Source Foundations' minimum initial investment is \$10,000 per account. All clients are required to execute the applicable advisory agreement for services in order to establish a client arrangement with DMKC Advisory Services, LLC and/or Wells Fargo Advisors.

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

#### **Methods of Analysis**

DMKC Advisory Services, LLC primarily uses the following method of analysis in formulating investment advice:

Fundamental - A method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong and could therefore lead to an unfavorable investment decision.

#### **Investment Strategies**

DMKC Advisory Services, LLC primarily uses the following investment strategy when managing client assets and/or providing investment advice:

Long term purchases – We primarily implement a “long-term” approach to investing. This means we design portfolios for the “long-term”. The exact period will vary depending on the client’s circumstances and needs, but generally means investing for 5 years to 20 years from inception. Specific investments selected will typically be held for periods of at least one year or longer. Depending on the client’s circumstances and investment selected, we may recommend and purchase investments with the intent to hold them for up to five years or longer. The risk associated with long term investing is that we do not actively change our positions when there are short-term periods of fluctuation and volatility. This is because we strive to select investments based on anticipated results for longer periods rather than short-term swings in the market. Because we do not implement an “active” trading strategy and do not manage accounts for short-term benefits, our managed accounts may not take advantage of short-term price fluctuations compared to a market-timer or short-swing investor.

Specifically, the Anchor Program utilizes the following model strategies:

- Conservative Income: Current income is more important than long-term growth potential. Desires lower volatility over growth potential, with minimal exposure to equities.
- Income - Current income is more important than long-term growth potential. Desires some opportunity for growth with a small exposure to equities.
- Balanced - Seeking a balance between income and capital appreciation. The Balanced Model provides a moderate mix between bonds and equities.
- Growth - Growth as the central objective, seeks long-term capital appreciation, through primarily equity exposure and an element of fixed income.
- Aggressive Growth: Seeking to maximize long-term capital appreciation potential with less concern for volatility. Primarily equity exposure with minimal, if any, exposure to fixed income.

### **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.



- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- ETF and Mutual Fund Risk – When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

#### **Item 9 – Disciplinary Information**

Item 9 is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

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

As described in Item 4 of this Disclosure Brochure, DMKC Advisory Services, LLC is owned and controlled by D.M. Kelly & Company, a registered broker/dealer with the SEC and member of FINRA and SIPC. DMKC Advisory Services, LLC personnel may also be affiliated persons and/or registered representatives of D.M. Kelly & Company. In their capacities as registered representatives of D.M. Kelly & Company, our personnel may either execute trades on behalf of customers of DMKC Advisory Services, LLC or oversee the execution of transactions on their behalf. Currently, our personnel spend the majority of their time on activities performed through D.M. Kelly & Company. However, they are available to allocate as much time as needed to the services and functions of DMKC Advisory Services, LLC. Please refer to Item 12 of this Disclosure Brochure for more details regarding our arrangements with D.M. Kelly & Company.

DMKC Advisory Services, LLC is **not** and does **not** have a related company that is a (1) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), (2) other investment advisor or financial planner, (3) futures commission merchant, commodity pool operator, or commodity trading advisor, (4) banking or thrift institution, (5) accountant or accounting firm, (6) lawyer or

law firm, (7) insurance company or agency, (8) pension consultant, (9) real estate broker or dealer, or (10) sponsor or syndicator of limited partnerships.

We have an arrangement with Wells Fargo Advisors for the FundSource<sup>SM</sup> program. We may refer our clients to Wells Fargo Advisors for their investment advisory and investment management services.

#### **Receipt of Insurance Commission**

Certain of the firm's advisory representatives, in their individual capacities, are also licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. Although we do not sell such insurance products to our investment advisory clients, we do permit the advisory representatives, in their individual capacities as licensed insurance agents, to sell insurance products to our investment advisory clients. A conflict of interest exists to the extent that we recommend the purchase of insurance products where its advisory representatives receive insurance commissions or other additional compensation.

### **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

#### **Code of Ethics Summary**

DMKC Advisory Services, LLC has established a Code of Ethics. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each client at all times. This fiduciary duty is considered the core underlying principle for our Code of Ethics which also covers our Insider Trading and Personal Securities Transactions Policies and Procedures. We are committed to conducting business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Full disclosure of all material facts and conflicts of interest will be provided. Our business and client dealings will be honest, ethical and fair. We attempt to avoid or at least disclose all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided as a summary of our Code of Ethics. However, if you would like to review the Code of Ethics in its entirety, a copy will be provided promptly upon request.

#### **Affiliate and Employee Personal Securities Transactions Disclosure**

DMKC Advisory Services, LLC or our associated persons may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a conflict of interest. It is the expressed policy of DMKC Advisory Services, LLC that all persons associated in any manner with our firm must place the interests of our clients ahead of their own when implementing personal investments. DMKC Advisory Services, LLC and its associated persons shall not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry. In order to minimize this conflict of interest, securities recommended by DMKC Advisory Services, LLC are widely held and publicly traded.

DMKC Advisory Services, LLC and its agents will seek to ensure they do not personally benefit from the short-term market effects of its investment recommendations. From time to time, related persons may purchase securities that are also acquired on behalf of clients and are placed in their DMKC Advisory Services, LLC's Atlas or Anchor Accounts. To prevent conflicts of interest, all employees of DMKC Advisory Services, LLC must comply with DMKC Advisory Services, LLC's Written Supervisory Procedures (the "Supervisory Procedures"), which impose restrictions on the purchase or sale of securities from their own accounts and the accounts of certain affiliated persons.

DMKC Advisory Services, LLC's standard client advisory agreement contains disclosure relative to conflicts of interest. DMKC Advisory Services, LLC, as a matter of policy, will not permit itself or its employees to trade in front of or in any manner that is prejudicial or disadvantageous to advisory clients. Similarly, if DMKC Advisory Services, LLC is participating in an underwriting or sale of limited partnership interests, it will not generally recommend these securities to discretionary advisory accounts without prior consent of the client on each transaction.

No equity or ETF security may be bought or sold by a principal or employee of DMKC Advisory Services, LLC before client accounts have had the opportunity to make such transactions as appropriate.

We maintain a securities watch list for our advisory business. Before an employee can complete an equity trade, they must complete a pre-approval request form. The watch list is consulted after this request is made before the trade is executed. We will allow a trade within these securities (those mentioned on the watch list) if it is determined that the advisor is not front-running the trade or acting in a malicious fashion.

To prevent conflicts of interest, all employees of DMKC Advisory Services, LLC must comply with the Firm's Supervisory Procedures, which imposes restrictions on the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons.

The Supervisory Procedures require that all trades made by employees or related persons of DMKC Advisory Services, LLC, who make recommendations or participate in the determination of which recommendation shall be made, will require review for all securities transactions by the designated person responsible (except transactions in investment company securities and or other exempt transactions). Further, the Supervisory Procedures impose certain policies and procedures concerning the misuse of material non-public information that are designed to prevent insider trading by any officer, partner, or associated person of DMKC Advisory Services, LLC.

### **Principal Transactions**

D.M. Kelly & Co. may, at its discretion and in its capacity as a broker/dealer, execute client orders for certain types of securities on a principal basis in advisory accounts managed by DMKC Advisory Services, LLC. A principal trade is a type of order carried out by a broker/dealer that involves the broker/dealer buying or selling from its own account and at its own risk, as opposed to carrying out trades through another broker/dealer. D.M. Kelly & Company engages in principal transactions whereby D.M. Kelly & Company will buy or sell investments from its own account and the investments are executed through an account owned by D.M. Kelly & Company. A principal transaction creates the *potential* for D.M. Kelly & Company to charge a markup in addition to the customary fees charged. In addition, principal transactions create the *potential* to not seek better prices in the market.

D.M. Kelly & Company is not a clearing broker/dealer but does maintain an inventory in individual fixed income. When certain client orders for DMKC Advisory Services, LLC advisory accounts are received, D.M. Kelly & Company may elect to execute the order through its proprietary account. However, it is the policy of D.M. Kelly & Company and DMKC Advisory Services, LLC that no additional compensation will be charged to an advisory client account due to the implementation of principal transactions. D.M. Kelly & Company will disclose the purchase price for any security it proposes to buy or sell for a client and the market price, when more favorable. However, generally, D.M. Kelly & Company undertakes to match or better the best price in the market when it acts as principal.

Prior to settlement of any order implemented on a principal basis, D.M. Kelly & Company must receive the client's consent to the principal transaction. This will be accomplished by emailing the principal trade

disclosure form to the client. In instances where the client does not use email, the form will be sent via USPS with delivery confirmation or via UPS overnight with a tracking number.

### **Bond Pricing**

Individual fixed income securities may be bought or sold in the Atlas program. In the Anchor or FundSource<sup>SM</sup> Foundations programs, bonds will be sold from client accounts to enter the program and the proceeds reinvested in the selected model allocation. D.M. Kelly & Company may facilitate trades on an agency or principal basis. No commissions or markup/markdowns are applicable for either method.

For both agency and principal trades, D.M. Kelly & Company will check at least two bidding sources to obtain current pricing information. Each bidding source has an audience of numerous bidders who may submit a bid. After bids have been obtained, we will apply the best execution standard to determine if the price is reasonable.

For principal trades the client will be verbally notified before the trade is executed that D.M. Kelly & Company is acting on a principal basis which may be a conflict of interest. After placing the trade, the client will be sent (see above for delivery methods) a written principal trade disclosure form to sign and return. This form includes the price obtained.

If D.M. Kelly & Company buys a bond from a client into its own inventory, the steps above will be followed and D.M. Kelly & Company will improve the bid.

### **Item 12 – Brokerage Practices**

If clients wish to have DMKC Advisory Services, LLC's investment advisor representatives implement the advice in their capacity as registered securities agents or through the Atlas, Anchor, or FundSource<sup>SM</sup> Foundations Programs then DMKC Advisory Services, LLC's affiliated broker/dealer, D.M. Kelly & Company, must be used. Investment advisor representatives of DMKC Advisory Services, LLC may be registered representatives of D.M. Kelly & Company and are required to use the services of D.M. Kelly & Company and its approved clearing broker/dealer when acting in their capacity as registered securities agents. D.M. Kelly & Company serves as the introducing broker/dealer. Generally, accounts established through D.M. Kelly & Company will be cleared and held at Wells Fargo Clearing Services, LLC member FINRA/SIPC which acts as the qualified custodian.

D.M. Kelly & Company has a wide range of approved securities products for which D.M. Kelly & Company performs due diligence prior to selection. D.M. Kelly & Company's registered securities agents are required to adhere to these products when implementing securities transactions through D.M. Kelly & Company.

### **Atlas & Anchor Program Accounts**

Clients should understand that not all investment advisors require the use of a particular broker/dealer or the use of a broker/dealer that is affiliated with the investment advisor. Our decision to require the use of D.M. Kelly & Company for the Atlas and Anchor Programs is based on DMKC Advisory Services, LLC's decision that DMKC Advisory Services, LLC can provide efficient and cost-effective services through its affiliated broker/dealer. However, the use of an affiliated broker/dealer is an inherent conflict of interest between DMKC Advisory Services, LLC and its clients because requiring DMKC Advisory Services, LLC clients to use D.M. Kelly & Company as the broker/dealer allows D.M. Kelly & Company to retain brokerage revenue that would otherwise be retained by an unaffiliated broker/dealer. For example, D.M. Kelly & Company will retain a percentage of the overall management fee charged to clients through the Atlas Program for brokerage services performed.

The requirement to use Wells Fargo Clearing Services, LLC (which is not affiliated with D.M. Kelly & Company/DMKC Advisory Services, LLC) is based on the fact that D.M. Kelly & Company has established a clearing agreement with Wells Fargo Clearing Services, LLC. Because DMKC Advisory Services, LLC and D.M. Kelly & Company are under common ownership and have some of the same executive officers and supervisors, the decision to use Wells Fargo Clearing Services, LLC was mutually determined by D.M. Kelly & Company and DMKC Advisory Services, LLC.

The decision to use Wells Fargo Clearing Services, LLC is based on a comparison of Wells Fargo Clearing Services, LLC against other broker/dealers (including past experiences we have had with other broker/dealers), minimizing brokerage expenses and other costs as well as offerings or services Wells Fargo Clearing Services, LLC provides that D.M. Kelly & Company, DMKC Advisory Services, LLC or clients may require or find valuable. There are some investment advisors that permit the use of multiple broker/dealers and permit clients to select the broker/dealer. DMKC Advisory Services, LLC has considered the positive factors to this approach which include the ability to better negotiate brokerage costs such as transaction fees, the ability to better analyze speed of execution, and the ability to compare and negotiate services. However, DMKC Advisory Services, LLC has determined that the use of one brokerage platform (D.M. Kelly & Company/Wells Fargo Clearing Services, LLC) for the Atlas and Anchor Programs allows DMKC Advisory Services, LLC to provide more streamlined operational and trading services. DMKC Advisory Services, LLC considers the fact that allowing multiple brokerage arrangements would increase the need for additional internal staff and technology which may increase the overall fees charged to DMKC Advisory Services, LLC clients. By selecting one brokerage platform, DMKC Advisory Services, LLC is able to avoid additional compliance, recordkeeping, staffing, and technological costs that may be associated with implementing procedures designed to work with multiple brokerage platforms. Considering all factors in relation to DMKC Advisory Services, LLC's structure and capacities, DMKC Advisory Services, LLC has concluded that requiring one brokerage platform (D.M. Kelly & Company/Wells Fargo Clearing Services, LLC) for the Atlas and Anchor Programs is a better policy than permitting multiple brokerage arrangements including client-directed brokerage arrangements. If DMKC Advisory Services, LLC decides to permit other brokerage arrangements in the future, all clients will be made aware of the change in policy.

Commission and fee structures of various broker/dealers, along with services, research, and tools are periodically reviewed by DMKC Advisory Services, LLC in order to evaluate the overall execution services provided by D.M. Kelly & Company and Wells Fargo Clearing Services, LLC. Accordingly, while DMKC Advisory Services, LLC will consider competitive rates, it may not necessarily obtain the lowest possible commission and brokerage rates for client account transactions. Therefore, the overall services provided by both D.M. Kelly & Company and Wells Fargo Clearing Services, LLC are evaluated to determine the level of best execution provided to clients. However, considering DMKC Advisory Services, LLC requires its clients to use the brokerage services of D.M. Kelly & Company and Wells Fargo Clearing Services, LLC, DMKC Advisory Services, LLC may not be able to achieve the *most* favorable execution of client transactions and therefore DMKC Advisory Services, LLC's practice of requiring the use of D.M. Kelly & Company and Wells Fargo Clearing Services, LLC may cost clients more money compared to advisory programs offered by other investment advisors.

While clients may be able to attain brokerage services with lower costs and expenses, clients should be aware of some of the qualitative factors DMKC Advisory Services, LLC considers for selecting D.M. Kelly & Company and Wells Fargo Clearing Services, LLC as its required Atlas and Anchor Programs brokerage platform. These factors include, but are not necessarily limited to, the following:

- Being able to rely on the internal staff of D.M. Kelly & Company to provide operations, trading, and other services.
- Wells Fargo Clearing Services, LLC is able to provide numerous specialized service groups including designated support staff dedicated to servicing D.M. Kelly & Company and Atlas/Anchor Program accounts and a training/educational department that provides online, telephone and on-site training of Wells Fargo Clearing Services, LLC products, tools and offerings.
- Wells Fargo Clearing Services, LLC back-office system generates exception reports designed to monitor all aspects of brokerage accounts, including trading, money movement, transfers, and client account data. Client paperwork is processed through a secure electronic workflow and storage system. Wells Fargo Clearing Services, LLC's electronic trading platform provides a real-time order matching system, the ability to "block" client trades, Atlas and Anchor Program investment models, automated rebalancing, and account balance and position information. Clients may access their account information over the internet, including balances, transactions, positions, statements, confirmations, and tax documents. Advisory fees can be calculated on aggregated account balances and are debited directly from client accounts.
- Through the relationship with Wells Fargo Clearing Services, LLC, D.M. Kelly & Company and DMKC Advisory Services, LLC receive economic and non-economic benefits. These benefits include but are not necessarily limited to: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk; access to block trading which provides the ability to aggregate securities transactions and allocate the appropriate the shares to client accounts; the ability to have investment advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information.

**Disclosure specific to Client Directed Brokerage Arrangements**

Clients that do not want to open an account through D.M. Kelly & Company and the Atlas, Anchor, or FundSource<sup>SM</sup> Foundations Programs may establish an account at the broker/dealer of their own choosing. Clients directing the use of a particular broker/dealer or other custodian must understand that we may not be able to obtain the best prices and execution for the transaction. Under a client-directed brokerage arrangement, clients may receive less favorable prices than would otherwise be the case if the client had not designated a particular broker/dealer or custodian. Directed brokerage account trades are generally placed by DMKC Advisory Services, LLC after effecting Atlas or Anchor Program trades for other clients of DMKC Advisory Services, LLC. When DMKC Advisory Services, LLC implements trades on an aggregated basis, it is not possible to include client-directed trades with the aggregated trades executed through the Atlas Program.

**Disclosures Specific to FundSource<sup>SM</sup> Foundations**

The FundSource<sup>SM</sup> Foundations program is not designed for excessively traded or inactive accounts and may not be suitable for all investors. Please carefully review the advisory disclosure document for a full description of services. The minimum account size for this program is \$10,000.

The mutual funds in the FundSource<sup>SM</sup> program are available by prospectus only. Please consider the investment objectives, risks, charges and expenses carefully before investing. The prospectuses, which contain this and other information, can be obtained by calling your financial advisor. Read them carefully before you invest.

The fees for advisory programs listed are asset based and assessed quarterly in advance by WFA. There is a minimum fee to maintain this type of account. Fees include advisory services, performance measurement, transaction costs, custody services and trading. These fees do not cover the fees and expenses of any underlying exchange traded funds, closed-end funds or mutual funds in the portfolio. Advisory accounts are not designed for excessively traded or inactive accounts and may not be suitable for all investors.

### **Market Timing in Mutual Funds**

A FundSource<sup>SM</sup> Foundations account may not be used for market timing strategies or activities for mutual funds or any extreme trading activity that WFA, DMKC Advisory Services, LLC, D.M. Kelly & Company or Wells Fargo Clearing Services deem detrimental to the interest of fund shareholders. Further, the activity must not be contrary to the policies or interest of mutual fund companies with whom DMKC Advisory Services, LLC or Wells Fargo Clearing Services maintains relationships. Market timing is defined as excessive short-term purchase and sale transactions or exchanges with the intention of capturing short-term profits in violation of the terms of the fund's prospectus. DMKC Advisory Services, LLC or clearing firm, or by direction of the fund company, reserves the right to reject any transactions or to assess a redemption fee for any partial or full liquidation execution in which the account trading appears to be inconsistent with the fund's prospectus. Furthermore, DMKC Advisory Services, LLC will cooperate, when asked by a fund company, to aid in its attempt to identify and impede the efforts of IARs and investors engaging in market timing or extreme trading activity. If the fund company notifies DMKC Advisory Services, LLC to reject or cancel a trade for any reason, DMKC Advisory Services, LLC reserves the right to cancel such trade without prior notice to the client. DMKC Advisory Services, LLC will not be held accountable for any losses resulting from market timing activities. In addition, the frequency of mutual fund transactions and exchanges is subject to any limits established by the mutual fund and DMKC Advisory Services, LLC.

### **Account Termination**

Client Agreements may be terminated by either party at any time upon written notice. If you terminate your Agreement, a pro rata refund will be made, less reasonable start-up costs. In the event of cancellation of the Client Agreement, fees previously paid pursuant to the Fee Schedule will be refunded on a pro rata basis, as of the date notice of such cancellation is received by the non-canceling party, less reasonable start-up costs. If you choose to terminate your Agreement with any of our investment advisory Programs, we can liquidate your Account if you instruct us to do so. If so instructed we will liquidate your Account in an orderly and efficient manner. We do not charge for such redemption; however, you should be aware that certain mutual funds impose redemption fees as stated in their fund prospectus. You should also keep in mind that the decision to liquidate security issues or mutual funds may result in tax consequences that should be discussed with your tax advisor.

We are not responsible for market fluctuations in your Account from the time of written notice until complete liquidation. All efforts will be made to process the termination in an efficient and timely manner. Factors that may affect the orderly and efficient liquidation of an Account might be size and types of issues, liquidity of the markets, and market makers' abilities. Should the necessary securities markets be unavailable and trading suspended, efforts to trade will be done as soon as possible following their reopening. Due to the administrative processing time needed to terminate an advisory Account, termination orders cannot be considered market orders. It may take several business days under normal market conditions to process your request.

Upon termination of the Account or transfer of the Advisory Share Class into a D.M. Kelly & Company retail brokerage account, you authorize WFA or D.M. Kelly & Company to revert, at its discretion, the

Advisory Share Class to the mutual fund's primary share class, typically A shares, without incurring a commission or load without your prior consent. You understand that the primary share class generally has higher operating expenses than the Advisory Share Class, which may negatively affect your performance. Certain mutual fund shares may be required to be redeemed as part of the Account termination, as stated in their prospectus. If a FundSource<sup>SM</sup> Foundations Account is terminated, but you maintain a brokerage Account with D.M. Kelly & Company, the money market fund used in a "sweep" arrangement may be changed and/or your shares may be exchanged for shares of another series of the same fund. You will bear a proportionate share of the money market fund's fees and expenses. You are subject to the customary brokerage charges for any securities positions sold in your Account after the termination of Program services.

### **Block Trading Policy**

Transactions implemented by DMKC Advisory Services, LLC for client accounts are generally effected independently, unless a DMKC Advisory Services, LLC investment advisor representative decides to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by an investment advisor representative when the investment advisor representative believes such action may prove advantageous to clients. When investment advisor representatives aggregate client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among the investment advisor representative's clients in proportion to the purchase and sale orders placed for each client account on any given day. When an investment advisor representative decides to aggregate client orders for the purchase or sale of securities, including securities in which a DMKC Advisory Services, LLC's associated person may invest, the investment advisor representative will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* It should be noted, DMKC Advisory Services, LLC does not allow its investment advisor representative to receive any additional compensation or remuneration as a result of aggregation.

Because DMKC Advisory Services, LLC does not require its investment advisor representatives to aggregate trades, not all trades are aggregated even when there is an opportunity to do so. When trades are not aggregated, clients may not enjoy the effects of lower commission per share costs for that often occur as a result of aggregating trades. As a result, clients may pay a higher transaction cost than could be received elsewhere.

DMKC Advisory Services, LLC has examined the conflict of interest when we chose to enter into the relationship with D.M. Kelly & Company and we have determined that the relationship is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

Reviews of all accounts are conducted on a periodic basis. The client's investment advisor representative will contact the client at least annually for the purpose of reviewing the client's account(s) and to determine if there have been changes in the client's financial situation or investment objectives. The calendar is the main triggering factor, although more frequent reviews may also be triggered by changes in the client's circumstances, client request, or changes within the market.



### **Statements and Reports**

Clients will receive statements at least quarterly from Wells Fargo Clearing Services, LLC. In addition, clients may elect to receive position and/or performance reports from DMKC Advisory Services, LLC. The nature and frequency of the reports generated by DMKC are determined primarily by the particular needs of each client.

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

#### **No Payment for Client Referrals**

DMKC Advisory Services, LLC does not directly or indirectly compensate any person or company for client referrals.

#### **Additional Compensation from Product Sponsors and Other Third Parties**

We and our Financial Professionals, associates, employees, and agents receive additional compensation from product sponsors and other third parties including:

- Gifts, an occasional dinner or ticket to a sporting event, or marketing or advertising initiatives.
- Reimbursement from product sponsors for research and technology-related costs, such as those to build systems, tools, and new features to aid in servicing clients.

Note: The amount of this compensation is not dependent or related to the level of assets you or any other of our clients invest in or with the product sponsor.

DMKC Advisory Services, LLC may compensate the trading desk of D.M. Kelly & Company for bond trading services. These costs are incorporated as part of the advisory fee.

### **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by the SEC as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor, or any of its affiliated companies, has the ability to access or control client funds or securities, the investment advisor is deemed to have custody for purposes of the Investment Advisers Act of 1940 and must ensure proper procedures are implemented.

Based on the SEC's definition, DMKC Advisory Services, LLC and D.M. Kelly & Company are deemed to have custody over accounts managed by DMKC Advisory Services, LLC. For these accounts, DMKC Advisory Services, LLC and D.M. Kelly & Company have established the following procedures to comply with the SEC's Custody Rule.

- All client funds and securities are held at Wells Fargo Clearing Services, LLC, which serves as the qualified custodian, in a separate account for each client under that client's name.
- Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained.
- Account statements are delivered directly from Wells Fargo Clearing Services, LLC to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from DMKC Advisory Services, LLC. When clients have questions about their account statements, they should contact DMKC Advisory Services, LLC or the qualified custodian preparing the statement.
- In accordance with SEC regulations DMKC Advisory Services, LLC is subject to an annual surprise verification examination.

- DMKC Advisory Services, LLC must engage an independent, third-party accounting firm to perform an annual, surprise examination verifying the location of client funds and securities. When completed, the accounting firm's report will be available through the SEC's Investment Adviser Public Disclosure page at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our information on this website by searching for "DMKC Advisory Services, LLC, LLC". You can also search using the firm's CRD number. The CRD number for the firm is 145112.

The Firm's clients may have standing letters of authorization on their accounts. The Firm includes all of those accounts in its surprise custody audit.

#### **Item 16 – Investment Discretion**

Upon receiving written authorization from the client, DMKC Advisory Services, LLC provides discretionary investment advisory services for client accounts. When discretionary authority is granted, we will have discretionary trading authority to determine the type of securities and the amount of securities that can be bought or sold for the client portfolio without obtaining the client's consent prior to each transaction. All Anchor and FundSource<sup>SM</sup> Foundations accounts will allow discretionary authority.

We may elect to purchase bonds through bond brokers in order to obtain a better price for the client and then have the bonds delivered into the client's brokerage account. This practice is called "trading away". This is the only case in which we select a broker to be used without specific client consent. The client's primary broker/dealer-custodian, Wells Fargo Clearing Services, LLC, may charge the client a transaction fee for "trading away" through other brokers.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, DMKC Advisory Services, LLC will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

All clients have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. Clients may also place reasonable limitations on the discretionary power granted to our firm so long as the limitations are specifically set forth or included as an attachment to the client agreement.

#### **Item 17 – Voting Client Securities**

DMKC Advisory Services, LLC will not vote proxies on behalf of your account. While there are some investment advisors that will vote proxies and other corporate decisions on behalf of their clients, we have determined that taking on the responsibility for voting client securities does not add enough value to the services provided to clients to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in accounts managed by our firm.

Clients will receive proxies directly from their custodian or transfer agent and such documents will not be delivered by our firm. Although we do not vote client proxies, if you have a question about a particular proxy feel free to contact us.

#### **Item 18 – Financial Information**

This item is not applicable to this brochure. DMKC Advisory Services, LLC does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, DMKC Advisory Services, LLC has not been the subject of a bankruptcy petition at any time.

#### **Customer Privacy Policy Notice**

As part of its regular business conduct, DMKC Advisory Services, LLC may collect non-public, personal information about its clients from sources such as, but not limited to, the following:

- Information reported by clients on applications or other forms that the clients provide to the investment advisor;
- Information about clients' transactions with advisor, investment advisor representatives, advisor's affiliates, or others; and
- Conversations between the clients and the investment advisor representatives.

DMKC Advisory Services, LLC will share such non-public information solely to service client accounts. DMKC Advisory Services, LLC will not disclose any non-public, personal information about its clients or former clients to anyone, except as permitted or required by law. If a client decides to close the client's account(s) with DMKC Advisory Services, LLC or becomes an inactive client, DMKC Advisory Services, LLC will continue to adhere to its privacy policy and practices with respect to that client described in this notice.

#### **Summary of Business Continuity Plan**

D.M. Kelly & Company, (D.M. Kelly) a full-service broker dealer, and its affiliate DMKC Advisory Services, LLC, (DMKC) an investment adviser, maintain important disaster recovery and Business Continuity Plans that may be activated in the event of a significant business disruption. The firm realizes the critical nature of being able to continue material operations if an incident occurs that could affect mission-critical business units and systems. This plan is a key component in maintaining emergency procedures and is required by securities industry regulations.

**Contacting Us** – If after a significant business disruption you cannot contact us at 515-221-1133, go to our website at [www.dmkc.com](http://www.dmkc.com). If you cannot access us through either of these means we will declare a disaster and ask you to contact our clearing firm, Wells Fargo Clearing Services, LLC, directly at 877-496-3223. Wells Fargo Clearing Services' mailing address is: One North Jefferson Avenue, St. Louis MO, 63103 or [www.wellsfargoclearingservicesllc.com](http://www.wellsfargoclearingservicesllc.com). If during this time of outage you need to liquidate your account, you will be provided with instructions on how to access these funds from Wells Fargo Clearing Services, LLC.

**Our Business Continuity Plan** – We plan to quickly recover and resume business operations after a significant business disruption and respond by safe-guarding our employees and property, making a financial and operational assessment, protecting the firm's books and records and allowing our customers

to transact business. In short, our business continuity plan is designed to permit the firm to resume operations as quickly as possible given the scope and severity of the business disruption.

We address the following in our Business Continuity Plan: data backup and recovery; all mission critical systems; financial and operational assessments; alternative communications with customers, employees and regulators; alternate physical location of employees; critical supplier, contractor, bank and counter-party impact; regulatory reporting and assurance that our customers have prompt access to their funds and securities if we are unable to continue business.

Wells Fargo Clearing Services, LLC backs up certain important records in a geographically separate location. While every emergency situation poses unique problems based on external factors such as time of day and severity of the disruption, we have been advised by our clearing firm that it has detailed goals during a disaster including recovery time objectives to restore operations and be able to complete transactions. Regardless of these efforts, it is important to note that your orders and requests for funds and securities could still be delayed during this period.

**Varying Disruptions** – Significant business disruptions can vary in their scope. For example, a disruption could impact only the firm, the building housing our firm, the business district where our firm is located, the city where we are located, or even the whole region. Within each of these areas, the severity of the disruption could also vary from minimal to severe. In a disruption to only our firm or the building housing our firm, we will transfer operations to a local site as needed and expect to recover and resume business within the same business day. In a disruption affecting our business district, city or region, we will transfer our operations to a site outside of the affected area and resume business as soon as possible. The best means of obtaining information in this situation will be via our website [www.dmkc.com](http://www.dmkc.com).

**For more information** – If you have questions about our Business Continuity Plan contact us at 515-221-1133. Clients should be aware that because the firm's plan contains some details of a confidential and proprietary nature, it cannot be distributed to the public. Clients should also note that D.M. Kelly and DMKC's Business Continuity Plan is subject to modification and updated plans will be promptly posted on D.M. Kelly and DMKC's website at [www.dmkc.com](http://www.dmkc.com) as permitted by applicable law.