

**KBC Holdings LLC  
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This brochure provides information about the qualifications and business practices of Kanon Bloch Carré. If you have any questions about the contents of this brochure, please contact us at: 781 792 2930, or by email at: [rpm@kanon.com](mailto:rpm@kanon.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Kanon Bloch Carré is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

March 31, 2020

## Material Changes

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### **Annual Update**

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

There are no material changes to the Kanon Bloch Carré Form ADV Part 2 since the last filing.

# Table of Contents

<b>Material Changes.....</b>	<b>i</b>
Annual Update .....	i
Material Changes since the Last Update .....	i
<b>Advisory Business .....</b>	<b>1</b>
Firm Description.....	1
Principal Owners.....	1
Types of Advisory Services.....	1
Tailored Relationships .....	2
Types of Agreements.....	2
Advisory Service Agreement.....	2
Consulting Agreement .....	2
Investment Management Agreement.....	2
Tax Preparation Agreement.....	2
Hourly Planning Engagements .....	2
Asset Management .....	2
Termination of Agreement .....	3
<b>Fees and Compensation.....</b>	<b>3</b>
Description.....	3
Fee Billing .....	4
Other Fees.....	4
Expense Ratios.....	4
Past Due Accounts and Termination of Agreement .....	4
<b>Performance-Based Fees .....</b>	<b>4</b>
Sharing of Capital Gains .....	4
<b>Types of Clients.....</b>	<b>5</b>
Description .....	5
Account Minimums.....	5
<b>Methods of Analysis, Investment Strategies and Risk of Loss.....</b>	<b>5</b>
Methods of Analysis.....	5
Investment Strategies .....	5
Risk of Loss .....	6

<b>Disciplinary Information .....</b>	<b>7</b>
Legal and Disciplinary.....	7
<b>Other Financial Industry Activities and Affiliations .....</b>	<b>7</b>
Financial Industry Activities.....	7
Affiliations .....	7
<b>Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....</b>	<b>7</b>
Code of Ethics .....	7
Participation or Interest in Client Transactions.....	8
Personal Trading.....	8
<b>Brokerage Practices.....</b>	<b>8</b>
Selecting Brokerage Firms.....	8
Best Execution .....	8
Soft Dollars .....	8
Order Aggregation .....	8
<b>Review of Accounts .....</b>	<b>9</b>
Periodic Reviews .....	9
Review Triggers.....	9
Regular Reports.....	9
<b>Client Referrals and Other Compensation .....</b>	<b>9</b>
Incoming Referrals.....	9
Referrals Out .....	9
Other Compensation.....	9
<b>Custody.....</b>	<b>9</b>
Account Statements.....	9
Performance Reports.....	10
Net Worth Statements.....	10
<b>Investment Discretion.....</b>	<b>10</b>
Discretionary Authority for Trading.....	10
Limited Power of Attorney.....	10
<b>Voting Client Securities .....</b>	<b>10</b>
Proxy Votes .....	10

<b>Financial Information .....</b>	<b>11</b>
Financial Condition .....	11
<b>Business Continuity Plan .....</b>	<b>11</b>
General .....	11
Disasters .....	11
Alternate Offices .....	11
Loss of Key Personnel .....	11
<b>Information Security Program.....</b>	<b>11</b>
Information Security .....	11
Privacy Notice .....	12
<b>Brochure Supplement (Part 2B of Form ADV) .....</b>	<b>12</b>
Education and Business Standards .....	12

# Advisory Business

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## Firm Description

Kanon Bloch Carré, (“KBC”) was founded in 1988.

KBC offers investment management and consulting services to retirement plan sponsors, other institutional investors, individuals and high net worth individuals and their families.

For retirement plan sponsors, KBC assists the client’s investment committees in the due diligence, investment selection, ongoing review of retirement plan offerings to plan participants, and participant education.

KBC’s institutional investor clients have included banks and trust companies, insurance companies, and charitable institutions. Services provided to these clients include development of asset allocation models, investment due diligence and ongoing investment review.

KBC provides personalized investment management to individuals, high net worth individuals and their families through consultation with the client and their other professional service providers. KBC may provide financial planning advice, as well as investment management.

KBC is strictly a fee-only investment consulting and management firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder’s fees are accepted.

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## Principal Owners

Robert P. McCarthy is a 66.667% stockholder. Jason Ingraham is a 33.333% stockholder.

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## Types of Services

Services for each KBC client vary upon circumstances and needs. The primary areas of common involvement with all clients include overall asset allocation recommendations, recommendations of investments to be included in corporate retirement plans or asset allocation models, and on-going due diligence.

KBC’s basic annual fee for advisory services is negotiated. KBC’s advisory fees are generally a flat annual retainer or a percentage of assets under advisement and are paid in arrears with no prepayment of fees.

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**Tailored Relationships**

The goals and objectives for each client are documented in our client Risk Tolerance Questionnaire. Investment policy statements are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

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**Types of Agreements**

The following agreements define the typical client relationships.

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**Advisory, or Financial Planning, Service Agreement**

Prior to 2015, KBC did not offer advisory, or financial planning, services, but refers high net worth clients to our affiliate, KBC Financial Services. As of January 2015, the financial planning performed by KBC Financial Services have been incorporated into Kanon Bloch Carré. KBC Financial Services continues to offer tax compliance services.

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**Consulting Agreement**

For a majority of KBC clients, a Consulting Agreement is executed in lieu of an Investment Management Agreement. The annual fee for a Consulting Agreement is based on the services performed by KBC and is negotiable.

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**Investment Management Agreement**

An Investment Management Agreement may be executed for non institutional investors where investment consulting is not appropriate. The annual fee for an Investment Management Agreement is based on assets, starting at 0.70% and is negotiable.

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**Tax Preparation Agreement**

KBC does not offer tax preparation work services

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**Hourly Planning Engagements**

KBC does not provide hourly planning services.

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**Asset Management**

Assets are invested primarily in no-load mutual funds and exchange-traded funds, usually through discount brokers or fund companies. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Discount brokerages may charge a transaction fee for the purchase of some funds.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades. KBC does not receive any compensation, in any form, from fund companies.

KBC does not recommend individual equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit or municipal securities for its clients.

Initial public offerings (IPOs) are not available through KBC.

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**Assets Managed By Kanon Bloch Carré as of December 31, 2019**

	Amount	Number of Accounts
Discretionary:	\$8,287,855	28
Non-Discretionary:	\$0	0
Total:	\$8,287,855	28

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**Termination of Agreement**

A Client may terminate any of the aforementioned agreements at any time by notifying KBC in writing 30 days in advance and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. Institutional agreements contain an initial engagement period. If the client terminates an agreement within that initial period, the client is responsible for a discounted portion of the annual retainer

KBC may terminate any of the aforementioned agreements at any time by notifying the client in writing 30 days in advance.

## **Fees and Compensation**

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**Description**

*Retainer Agreements* are priced based on the complexity of work, especially when asset management is not the most significant part of the relationship.

For asset management clients, KBC bases its fees on a percentage of assets under management.

Fees are negotiable.



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**Fee Billing**

Investment management fees are billed quarterly, in *arrears*, meaning that we invoice clients after the three-month billing period has ended. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

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**Other Fees**

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

KBC, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

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**Expense Ratios**

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

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

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**Past Due Accounts and Termination of Agreement**

KBC reserves the right to stop work on any account that is more than 90 days overdue.

## **Performance-Based Fees**

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**Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

KBC does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

## Types of Clients

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### Description

KBC generally provides investment consulting services to banks or thrift institutions, investment companies, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations or business entities, individuals, and High Net Worth individuals.

Client relationships vary in scope and length of service.

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### Account Minimums

The minimum account size is \$500,000 of assets under management, which equates to an annual fee of \$4,000.00.

When an account falls below \$500,000 in value, the minimum annual fee of \$4,000.00 is charged.

KBC has the discretion to waive the account minimum. Other exceptions will apply to employees of KBC and their relatives, or relatives of existing clients.

Clients receiving ongoing asset management services will be assessed a \$4,000.00 minimum annual fee. Clients with assets below the minimum account size may pay a higher percentage rate on their annual fees than the fees paid by clients with greater assets under management.

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

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### Methods of Analysis

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that KBC may use include Morningstar Direct mutual fund information, Morningstar Principia stock information, Charles Schwab & Company's "SchwabLink" service, Advisor Intelligence, and the World Wide Web.

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### Investment Strategies

KBC follows a basic investment strategy encouraging diversification within and among various asset classes. In order to achieve proper diversification for clients with varied objectives and risk tolerances, KBC has developed a series of investment portfolios with varying degrees of risk ('graduated risk

portfolios'). For each portfolio an asset allocation is developed which is appropriate for that portfolio's level of risk.

Each portfolio of mutual funds is offered to clients and each client selects the portfolio with the risk level they feel most comfortable with. The asset allocation analysis and procedures followed in structuring the graduated risk portfolios utilize both packaged asset allocation modeling software and the cumulative judgment and investment expertise of the principals and officers of KBC.

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**Risk of Loss**

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

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are

interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## **Disciplinary Information**

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### **Legal and Disciplinary**

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

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

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### **Financial Industry Activities**

KBC has no affiliations with securities broker-dealers, or a futures commission merchant, commodity pool operator or commodity trading advisors.

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### **Affiliations**

KBC is affiliated with KBC Financial Services, a firm with common ownership, that performs tax compliance. KBC does not have any other arrangements that are material to its advisory or its clients with a related person who is a broker-dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships.

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

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### **Code of Ethics**

The employees of KBC have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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**Participation or Interest in Client Transactions**

KBC and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the KBC *Compliance Manual*.

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**Personal Trading**

The Chief Compliance Officer of KBC is Robert P. McCarthy. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

## Brokerage Practices

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**Selecting Brokerage Firms**

KBC does not have any affiliation with product sales firms. Specific custodian recommendations are made to Clients based on their need for such services. KBC recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

KBC recommends discount brokerage firms and trust companies (qualified custodians), such as Charles Schwab or Fidelity Brokerage.

KBC does not receive fees or commissions from any of these arrangements.

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**Best Execution**

KBC does not recommend stocks or bonds, and trading of these securities is only performed as a client directs. Mutual Fund transaction fees are charged by the custodians is also reviewed on a quarterly basis. KBC does not receive any portion of the trading fees.

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**Soft Dollars**

KBC has no soft dollar arrangements with any financial organization.

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**Order Aggregation**

KBC does not aggregate Client trades. Most trades are mutual funds or exchange-traded funds where trade aggregation does not garner any client benefit.

## Review of Accounts

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### Periodic Reviews

Account reviews are performed quarterly by Robert McCarthy, President. Account reviews are performed more frequently when market conditions dictate.

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### Review Triggers

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

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### Regular Reports

Account reviewers are members of the firm's Investment Committee. They are instructed to consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

Clients receive periodic communications on at least an quarterly basis. Reports consist of a market commentary, performance rankings and evaluations, portfolio holdings and other relevant portfolio statistics.

## Client Referrals and Other Compensation

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### Incoming Referrals

KBC has been fortunate to receive many client referrals over the years. The referrals came from current clients, ERISA attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

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### Referrals Out

KBC does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

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### Other Compensation

KBC receives no other forms of compensation.

## Custody

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### Account Statements

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly.

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**Performance Reports**

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by KBC.

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**Net Worth Statements**

As an addition to KBC's investment management services KBC will develop Net Worth Statements along with other financial planning services for clients. KBC can coordinate these services with an affiliated entity, KBC Financial Services if the client chooses. KBC Financial Services provides tax compliance services to individuals and families. KBC will also provide investment reports to a client's outside financial planners for integration into their planners reports.

## **Investment Discretion**

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**Discretionary Authority for Trading**

KBC accepts discretionary authority to manage securities accounts on behalf of clients. KBC has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, KBC often consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

The client approves the custodian to be used and the commission rates paid to the custodian. KBC does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

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**Limited Power of Attorney**

A limited power of attorney is a trading authorization for this purpose. Clients sign a limited power of attorney so that KBC may execute the trades that have been agreed upon.

## **Voting Client Securities**

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**Proxy Votes**

KBC does not vote proxies on securities. Clients are expected to vote their own proxies.

When assistance on voting proxies is requested, KBC will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

## Financial Information

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### Financial Condition

KBC does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because KBC does not serve as a custodian for client funds or securities, and does not require prepayment of fees.

## Business Continuity Plan

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### General

KBC has a Disaster Recovery Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key personnel.

### Disasters

The Disaster Recovery Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

### Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

### Loss of Key Personnel

KBC has a Business Continuation Plan to support KBC in the event of Robert McCarthy's serious disability or death. The plan would be implemented by Jason Ingraham, a partner of the firm.

## Information Security Program

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### Information Security

KBC's information security program limits the storage of client data to it's in house server. We do not allow the data to be stored on tablets or laptops that can be removed from our offices. KBC uses an outsourced technology firm to maintain the security of out client's personal and confidential information.



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## **Privacy Notice**

KBC is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.

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## **Education and Business Standards**

KBC requires that all employees dealing directly with clients on a consulting basis have college degrees and advanced training and/or degrees in accounting, business, finance, law or investment. Each professional furnishes investment advisory advice. Specific recommendations are reviewed and approved by the management of KBC with the professional staff contributing to the analysis. Additionally, advisors must have work experience that demonstrates their aptitude for investment management.