



Keystone Wealth Advisors LLC  
Firm Brochure  
ADV Part 2A

September 1, 2020

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[www.keystone-wealth.com](http://www.keystone-wealth.com)

This Brochure provides information about the qualifications and business practices of Keystone Wealth Advisors, LLC (“Keystone,” “KWA,” “us,” “we,” “our”). If you have any questions about the contents of this Brochure, please contact us by telephone at (435) 713-4220 or by e-mail to our Chief Compliance Officer at [tyler@keystone-wealth.com](mailto:tyler@keystone-wealth.com).

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration of an adviser with the SEC or any state securities authority does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

Additional information about Keystone Wealth Advisors, LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The CRD number for Keystone is 158234. The SEC’s website also provides information about any persons affiliated with Keystone who are registered, or are required to be registered, as an investment adviser representative of the firm.

## Item 2 - Material Changes

This section discusses any material changes to this brochure. Since our previous annual updates on March 29, 2019 and on March 15, 2020, those material changes are:

- Keystone no longer acts in the capacity of a subadvisor.
- Keystone is currently in the process of withdrawing its registration with the Securities and Exchange Commission (SEC) and is seeking registration as an investment advisor with the state of Utah.

Although there have been material changes since the previous update, we encourage you to read the brochure in its entirety.

Since August 5, 2020 (the date of the most recent update), we have changed our legal address. It is now:

1300 North 200 East, Suite 114C  
Logan, UT 84341

Our current mailing address is:

PO Box 6307  
Logan, UT 84341

We will provide you with our current Brochure at any time without charge by emailing us at [info@keystone-wealth.com](mailto:info@keystone-wealth.com) or by phone at 435-713-4220.

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## Item 4 - Advisory Business

Keystone Wealth Advisors, LLC is a Limited Liability Company organized in the state of Utah. Keystone has been in business since May 2011. Keystone's principal owners are:

James D. Vanderbeek  
Tyler J. Vanderbeek  
Gordon L. Nelson

Keystone offers several advisory services to our Clients. Our Discretionary Portfolio Management Services and Financial Planning services are tailored to the individual needs of our clients. Keystone's employees who provide investment advice are referred to as Investment Adviser Representatives ("IARs"). Keystone Wealth Advisors, LLC provides the following advisory services to Clients:

- Discretionary Portfolio Management Services
- Financial Planning Services
- Trade Signal Services: KWA provides trading signals for ETFs to third party investment advisers who then determine whether to follow the signals. KWA does not manage accounts or portfolios for these third parties

### Discretionary Portfolio Management Services

KWA provides discretionary portfolio management services to Clients based on each Client's unique needs and circumstances. Investment discretion means that you will provide KWA limited power of attorney to make purchases, sales or hold decisions for the securities in your account(s) under management without obtaining your specific consent for each transaction. This limited power of attorney is contained in the written advisory agreement between KWA and each Client. An agreement can cover one or more accounts in a household. We gather and document financial and personal information in order to create an Investment Policy Statement (IPS). The IPS is used to govern the portfolio management services we provide to you. Your personal information includes, but is not necessarily limited to, the following:

- Goals
- Objectives
- Time horizon
- Risk tolerance
- Asset Allocation
- Investment strategy
- Income

KWA then evaluates the IPS and matches the security selection, portfolio risks and other factors into the securities we purchase, sell, or hold for your account assets.

Clients may impose restrictions on KWA's investment discretionary authority, such as a prohibition on investing in certain securities, or types of securities in accordance with their values or beliefs. However, if the restrictions prevent KWA from meeting our contractual obligations or our fiduciary obligations to the client or if the restrictions would require KWA to deviate from our standard suite of services or investment process we reserve the right to reject the account or relationship. For existing Clients, we may terminate the relationship consistent with the advisory agreement we have with you. KWA is the sole authority in the determination of the reasonableness of investment restrictions in the management of your account assets.

All investment restrictions are documented in writing with KWA and can be changed. Changes to investment restrictions are required to be in writing and are not implemented until accepted by KWA.

### Client's Self-Directed Retirement Plans / Accounts

KWA provides investment advice on asset allocation, security selection, etc. on the Client's retirement accounts, regardless of where the account is held. Current Clients receive our services for their retirement accounts held by custodians at Fidelity Brokerage Services LLC and / or Charles Schwab & Co., Inc. Retirement plans will include, but are not limited to, 401a, 403b, 401k and similar plans. The personal information provided to KWA and the resulting IPS is used to govern the management of these retirement plan assets. However, we may ask Clients to complete a separate advisory agreement and risk tolerance survey with a resulting IPS to govern these retirement plan assets on a participant-by-participant basis.

Keystone Wealth Advisors does not offer or sponsor a wrap-fee program.

As of February 17, 2020, we managed approximately \$31,560,000 in discretionary assets under management and \$0 in non-discretionary assets.

### Financial Planning

KWA offers financial planning to clients that will generally be a three-step process. Services are provided pursuant to a written financial planning agreement we have with you. Generally, our process is as follows:

Step 1: An initial consultation between the planning Client and KWA takes place. Topics discussed and gathered information will include, but are not limited to, the following:

- Investment goals or objectives
- Family (size and plans)
- Income / tax bracket / employment
- Insurance coverage (life, health, disability, long-term care, etc.)
- Current investments, including home, real estate, hard assets
- Current estate plans (if any), Trusts or Wills
- Savings / College fund

- Children / Spouse
- Any other information provided by you

Step 2: KWA uses third-party financial planning software to create a comprehensive and personalized financial plan based upon the consultation and data gathered. This comprehensive plan is the Client's roadmap to meeting stated goals and objectives.

Step 3: KWA then presents the comprehensive written plan to the Client. This plan includes recommendations of steps for you to take to meet your stated goals and objectives.

### Trade Signal Services

KWA enters into written agreements with third-party investment advisers or financial professionals for access to KWA's trade signals. These trade signals are proprietary algorithms. These third-party investment advisers and financial professionals receive and use these trade signals to allocate to equities (domestic, offshore exclusive of the U.S. or fixed income securities (typically long-term U.S. Treasuries or a combination of these securities) through exchange-traded funds (ETFs).

When a third-party investment adviser or financial professional agrees to our Trade Signal services, it is solely within the third-party's discretion to follow or not to follow the signals that we provide. Under no circumstances does KWA manage any accounts for any person as part of our agreements with third parties to use Trade Signal services.

## Item 5 – Fees and Compensation

### Discretionary Portfolio Management Services

KWA charges Clients an asset-based fee based on the total of the assets held in the Client's accounts under management. The fees are negotiated with each Client within the following range:

1.25% to 1.50% (125 basis points to 150 basis points)

Portfolio management fees are documented in the written agreement we have with you. Factors used in the negotiation of the advisory fee include, but are necessarily limited to, the following:

- Number of actual accounts
- Size of the total relationship
- Opportunity to receive additional contributions to the account(s)
- Investment restrictions
- Client meetings / reporting
- Other factors

For Account(s) established on any other day than the first day of a calendar quarter, the fee is pro-rated for the number of days KWA's services are provided during the quarter. Regardless of the custodian of advisory client assets, all portfolio management fees are billed quarterly in advance. Accounts opened or closed during a calendar quarter have investment management fees pro-rated for the number of days during a quarter that services were provided. Prepaid and unearned fees are refunded within 30 days of the termination date. Since we bill in advance, any refunds due to clients will be prorated based on the number of days remaining in the calendar quarter. For example, based on the above fee table and assuming 91 calendar days in the quarter, if a client with combined account balances of \$750,000 has paid 0.25% (\$1,875) for the calendar quarter and there are 15 calendar days remaining in the quarter, the refund shall be \$309.07 ( $\$1,875/91 \times 15$ ).

Your positive consent is required (via our advisory agreement with you) to directly debit fees from your custodial account. You may also pay with a check. If you choose direct debit, our fees will be directly debited from your custodial account initially, and every quarter as described above. If you choose to pay by check, you will be invoiced with fees payable within 30 days.

The fees described above are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as custodial fees, wire transfer and electronic fund fees, and other fees and taxes on and securities transactions. Mutual fund and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to our fee, and we shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that we consider in selecting broker-dealers for client's transactions. We do not accept compensation for the sale of securities or other investment products including asset-based sales charges or service fees from the sale of mutual funds.

### Financial Planning Fees

KWA's Financial Planning fees range from \$250 to \$1,000 depending on Client needs, complexity, and other factors. For example, if a Client needs a basic retirement income plan, the rate starts at \$250. If the Client needs a retirement income plan plus basic estate planning, the rate starts at \$500. Starting at \$750, a client will receive the above services plus education funding and insurance coverage analysis.

If a Client wishes a comprehensive financial plan, which would include the above and any areas that are more complex, our financial planning fee is \$1,000. Some areas that are complex in nature or that would require additional analysis can include, but not necessarily limited to:

- Asset protection strategies for multiple entities;
- Real estate holdings;
- Charitable gift planning;
- Estate tax minimization;
- Gifting, etc.

Fixed Financial Planning fees are negotiable. Planning fees are payable by check at the time we enter into the agreement with you to provide financial planning services. It is the goal of KWA to deliver plans within six months of the contract date. In no circumstances will we require more than \$500 as prepayment for our services within a six-month period.

Our financial plans are not limited to any product, insurance contract or service offered by any insurance company or agency where our IARs are licensed as insurance agents. Clients can terminate their contracts without penalty within five business days of signing the advisory contract. If you have prepaid a portion of the financial planning fee, the full amount will be refunded to you. If a refund for financial planning fees is requested after the five business days has elapsed and work has already begun on your financial plan, the refund amount will be prorated. There are no provisions for refunds after the delivery of the financial plan.

### Payment for Trade Signal Services

The fee payable to KWA for trade signal services is an annual fee of 0.65%. This fee is billed quarterly in advance using the amount of assets a third-party investment advisor has under management using our trade signals. When a trade signal relationship is established on any date other than the first day of a calendar quarter, the fee due and payable is pro-rated for the remaining days in the calendar quarter. Trade signal fees are paid by check or wired from the third-party investment advisor to KWA based upon an initial invoice. Invoices are then issued for each subsequent quarter. KWA requests that payment be made within 15 days of the invoice date. Should a Trade Signal relationship be terminated by either party (see termination



provisions below), KWA will refund the portion of the pre-paid and unearned fee to the investment advisor, within 30 days of the date of termination.

Commissions for insurance products (see Item 10) may be received by us or our personnel. However, neither the firm nor its personnel are compensated for the sale of other investment products.

Receiving commissions for the sale of insurance products creates a conflict of interest and may create an incentive to recommend insurance products based on the compensation received rather than the client's needs. We disclose this to you with this brochure and during discussions with you. We address and mitigate these conflicts of interest by reviewing and supervising insurance product recommendations prior to their presentation to you to ensure that the recommendations are in alignment with your stated investment objectives, goals, and overall financial needs. We may offset the commissions received by reducing investment management fees, but this is at our discretion.

You have the option to purchase the recommended insurance products through other licensed insurance agents that are not affiliated with us.

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

We do not charge performance-based fees; this is generally prohibited. Our advisory fees are not based on a share of the capital gains you earn or on the capital appreciation of assets in your account.

## Item 7 – Types of Clients

KWA provides portfolio management services and financial planning services to individuals, high-net worth individuals, small businesses, trusts, and other entities. Portfolio management services can be provided for taxable and retirement accounts, including IRAs that are self-directed.

KWA does not impose an account minimum for any of our portfolio management services.

Trade signal services are available to unaffiliated third-party investment advisors.

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

### Methods of Analysis

KWA's methods of analysis can include:

- Charting can involve the use of patterns in performance charts on an issuer of a security (stock, bond, mutual fund, ETF, etc.). KWA can use this technique to search for patterns to help predict favorable conditions for buying and/or selling a security;
- Fundamental analysis involves the review of financial statements and the general financial health of a company;
- Technical Analysis involves the review and assessment of past stock market data, and/or the analysis of management, innovation and competitive advantages in their industry;
- Cyclical analysis involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.

### Investment Strategies

KWA may use the following strategies in managing client accounts, provided that such strategy is appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance and time horizons, among other considerations:

- Long term trading;
- Short term trading (securities sold within 30 days of purchase);
- Short sales;
- Margin or leverage (where securities held in a Client's Account are used as collateral to increase the size of a portfolio; however, the potential for returns are offset by the cost of the loan from your custodial broker dealer);

KWA focuses on utilizing strategies that may change depending on the market conditions. By being agile in our investing philosophy, we have more potential over a full market cycle than traditional methods. We employ several strategies from tactical strategies to long term investing that are tailored to each client's unique lifestyle. We focus on preserving as much capital as possible in down markets versus just leaving it alone and hoping it will come back up in price.

### Risks Associated with Investing

We offer advice about different investments, including mutual funds, index funds, ETFs, stocks, bonds, and other types of investments. Each type of investment has its own unique kinds of risk and levels of risk. We will discuss these risks with the client in determining your investment objectives. We will explain and answer any questions the client has about these kinds of investments, which present special considerations.

Investing in securities involves risk of loss that the client should be prepared to bear. Obtaining higher rates of return on investments typically entails accepting higher levels of risk. We work with the client to attempt to identify the balance of risks and rewards that is appropriate and comfortable for the client. However, it is still the client's responsibility to ask questions if he or she does not fully understand the risks associated with any investment or investment strategy. Also, while we strive to render our best judgment on the client's behalf, many economic and market variables beyond our control can affect the performance of investments and we cannot assure that the investments will be profitable or assure that no losses will occur in the client's investment portfolio. Although past performance is one important consideration with respect to any investment, it is not a predictor of future performance.

As mentioned above, all investment programs have certain risks that are borne by the investor. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

KWA generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. However, KWA may use:

- Short sales (which have unique costs associated with shorting, including having the shorted securities available for delivery);
- Margin transactions, which incur an expense for the margin loan. In addition, in downward moving markets, a margined account may receive a margin call (consistent with the separate margin agreement entered by each Client and the Client's custodial broker/dealer;

Short sales and margin transactions hold higher risks of capital loss to Clients. If these activities are used for your accounts, please read the broker-dealer/custodian agreements, disclosures and discuss these with KWA's IARs. The potential for gain is increased; however, there is also increased and greater risk of capital loss that can exceed your invested capital.

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 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 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.

## Mutual Funds, Index Funds, and Exchange-Traded Funds

Mutual funds and ETFs typically charge their shareholders various fees and expenses associated with the establishment and operation of the funds. These fees will generally include a management fee, shareholder servicing fees, other fund expenses, and sometimes a distribution fee. These separate fees and expenses are disclosed in each fund's current prospectus, which is available from the fund or we can provide it upon request. Consequently, for any type of fund investment, it is important for clients to understand that they are directly and indirectly paying two levels of fees: one layer of expenses at the fund level and one layer of advisory fees to us.

Generally, most mutual funds may be purchased directly, without using our services and without incurring our advisory fees. Mutual funds and ETFs will change in value, and investors could lose money by investing in a mutual fund or an ETF. An investment in an ETF involves similar risk to those of investing in any fund of equity securities traded on an exchange. An ETF seeks investment results that correspond generally to the price and yield of an index. Investors should anticipate that the value of an ETF's shares would decline in correlation with any decline in the value of its corresponding index. An ETF's return may not match the return of the index. The ETF may invest in small-capitalization, mid-capitalization, emerging markets, and international companies. Such companies may experience greater price volatility than larger, more established companies. Sometimes referred to as a "tracking error," expenses and other factors may affect

the performance of an ETF so that the ETF's performance will not exactly match the performance of their respective underlying indexes.

### Mutual Fund Securities

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

### Exchange-Traded Funds ("ETFs")

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a specific market segment or index. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro-rata portion of the other investment company's advisory fee and other expenses, in addition to their own expenses. Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral. Further, the use of leverage (i.e., employ the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

### Equity Securities

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

### Fixed Income Securities

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate

environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S or foreign) and currency risk. If bonds have maturities of 10 years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds have liquidity and currency risk.

### Municipal Securities

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally not taxed at the federal level but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

### Corporate Debt Obligations

Corporate debt obligations include corporate bonds, debentures, notes, commercial paper and other similar corporate debt instruments. Companies use these instruments to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest and must repay the amount borrowed at maturity. Commercial paper (short-term unsecured promissory notes) is issued by companies to finance their current obligations and normally has a maturity of less than nine months.

## Item 9 – Disciplinary Information

We have never been involved in legal or disciplinary events related to past or present investment clients.

## Item 10 – Other Financial Industry Activity and Affiliations

We are not registered with a broker-dealer, nor do we have an application pending for registration with a broker-dealer. Additionally, neither we or any of our management persons are registered, or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

James Vanderbeek is the owner of Vancor, Inc., a licensed insurance agency. Tyler Vanderbeek is the vice-president of Vancor Inc.

Gordon Nelson is an independent insurance agent and may receive compensation in the form of commission; he is appointed with several insurance companies.

From time to time, these individuals will offer insurance products or services through these separate capacities. Through this disclosure, Clients are informed that these services, which are separate from the advisory services described in this brochure, are purchased, sold, or exchanged for typical and customary commission compensation. This commission compensation is separate from and in addition to the advisory fees as described in Item 5 of this Brochure.

Additional and customary commission compensation is a conflict of interest between KWA's financial interest and those of our advisory Clients as commissionable products conflict with the fiduciary duties of a registered investment advisor. KWA's goal is to act in the best interest of our client. This includes the decision or recommendation to purchase, sell or exchange commissionable products to our advisory clients. Clients are never required or obligated to utilize the services or buy any commissionable insurance product that the personnel of KWA may recommend or suggest. Clients may purchase insurance products from us or from any other licensed insurance agency or agent.

We do not have any other financial industry affiliations or arrangements that are material to our advisory business or our clients, nor do we recommend other investment advisers to our clients, nor do we give or receive any compensation, directly or indirectly, for referrals.

As a fiduciary, we are required to disclose any arrangement that is a material conflict of interest. This brochure will be promptly updated if any of the above changes or if new conflicts of interests emerge.

## Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Personal securities trading is a potential conflict of interest between the interests of employees and the interests of Clients. To mitigate this conflict of interest, KWA has developed and implemented a Code of Ethics ("Code") which applies to KWA and all employees.

Our employees are permitted to purchase, hold and sell the same (or different) securities as those used in Client accounts. To ensure that Clients get the same or more favorable treatment of the purchase or sale of securities, employee trades will be included in the same block trade. For securities other than ETFs, we will block clients and employee transactions together, as long as all participants in the block are treated in a uniform and consistent basis if the order is completely filled. Participants receive their pro-rated share of the block transaction. If multiple fills are required, the executions will be averaged to the execution prices and all participants will receive their pro-rated share. For block transactions that are not fully completed, the Client transactions are completed first, then the employee trades are then filled after all Client transactions. Due to the type of securities used by KWA, this is not a typical or frequent issue or occurrence.

In addition to personal securities trading, our Code of Ethics discusses the following:

- Standard of Business Conduct
- Prohibition Against Insider Trading
- Reporting Requirements for Personal Securities Holdings
- Gifts
- Outside Business Activities

Clients may request a copy of KWA's Code of Ethics by contacting our Chief Compliance Officer, Tyler Vanderbeek, at (435)713-4220 or via e-mail at [tyler@keystone-wealth.com](mailto:tyler@keystone-wealth.com).

## Item 12 – Brokerage Practices

Specific custodian or brokerage recommendations are made to clients based on their need for such services. KWA recommends custodians based on the proven integrity and financial responsibility of the firm, best execution of orders at reasonable commission rates, industry reputation, and the quality of client service. KWA does not receive fees, commissions, or other compensation from any of these arrangements, nor are any commissions or fees used to obtain any benefits or services that are offered or provided by any broker-dealer or custodian used to execute securities transactions or custody your accounts.

Among the factors we look at in recommending the use of a broker/custodian, we seek one who will hold your assets and execute transactions on terms that are generally most advantageous when compared to other available providers. We consider a wide range of factors, including:

- Combination of transaction execution services and asset custody services;
- Capability to execute, clear, and settle securities transactions;
- Breadth of available investment products;
- Competitiveness of the price of the services;
- Reputation, financial strength, and stability;
- Prior service to us and our other clients.

KWA may recommend or require that clients establish brokerage accounts with the Schwab Institutional® division of Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although KWA may recommend or require that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. KWA is independently owned and operated and not affiliated with Schwab.

Schwab provides KWA with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional. These services may be contingent upon KWA committing to Schwab a specific amount of business (assets in custody or trading commissions). Schwab's brokerage services



include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For KWA client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to KWA other products and services that benefit KWA but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of accounts, including accounts not maintained at Schwab. Schwab's products and services that assist KWA in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help KWA manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange, and/or pay third-party vendors for the types of services rendered to KWA. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to KWA. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of KWA personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, KWA may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely the nature, cost or quality of custody and brokerage services provided by Schwab.

The \$10 million minimum may give us an incentive to recommend that you maintain your account at Schwab. While this is a potential conflict of interest, we believe that our selection of Schwab as a recommended or required custodian and broker is in the best interest of our clients apart from these considerations. Our selection is primarily based upon the scope, quality, and price of services and not the services that benefit only us.

We do not require, request, or recommend directed brokerage arrangements whereby you direct us to place brokerage trades with a specified broker-dealer. This may differ from other investment advisors. Although we recommend or require that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. KWA is not affiliated with Schwab in any way. By directing brokerage, we may be unable to achieve the most favorable execution of client transactions, and this practice may cost clients more money.

If KWA buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such cases, we would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. We would determine the appropriate number of shares and select the appropriate brokers consistent with our duty to seek best execution, except for those accounts with specific brokerage direction (if any).

Clients with 401(A) and 403(B) accounts at certain universities have selected and require us to use Fidelity Investments for security transactions. The Client separately evaluates Fidelity and determines that Fidelity provides services at a cost that is reasonable and in the best interest of the plan and the plan's participants. Fidelity Investments is a third-party, independent securities broker and custodian. We do not otherwise recommend Fidelity to any of our clients.

In requiring the use of Fidelity Investments as your directed broker, we are unable to seek out other brokers or dealers for your Account transactions, or to negotiate commissions or transaction costs. As a result, you could possibly pay higher prices or higher commission costs through direct brokerage as compared to investment advisers who have the brokerage discretionary authority to select the broker and negotiate commissions on a transaction-by-transaction basis. As a result, best execution for your transactions could possibly not be achieved.

We do not receive, nor do we consider client referrals when choosing, recommending, or evaluating broker-dealers or custodians for the execution of securities transactions.

## Item 13 – Review of Accounts

Client accounts are generally reviewed at least annually by our Investment Adviser Representatives ("IAR") and each Client's primary designated IAR. Reviews typically address the compliance of the Client account with the IPS and Risk Tolerance, client-imposed investment restrictions, among other review activity, including performance. Although we document these reviews, we do not regularly provide written reports to clients.

Additional reviews may be triggered by material market, economic or political events or changes to your financial circumstance or situation (retirement, termination of employment, new job, move, the birth of a child, marriage, divorce, or inheritance, etc.). Please contact us as soon as practical when your personal circumstances change.

Financial planning services are reviewed by the firm prior to delivery of a plan to a Client. These written reports contain an analysis of the client's current financial picture, investment objectives, income, retirement analysis, and based on information provided by the client.

## Item 14 – Client Referrals and Other Compensation

As of the date of this brochure, we do not compensate others for client referrals nor are we compensated for providing referrals to others.

Since our firm and its personnel are licensed insurance agents, we may receive economic benefits from select insurance companies. These economic benefits may include incentives, marketing allowances, and other benefits from the sale of insurance products and their sponsors, which presents a conflict of interest for the firm.

Other than transaction-based compensation for the sale of insurance products, we do not receive economic benefits as described here.

## Item 15 – Custody

KWA does not have physical custody of a Client's funds or securities; however, since we can directly debit advisory fees payable to us from your custodial account, we are deemed to have a form of limited custody.

Clients will receive account statements from the broker-dealer, bank or other qualified custodian. KWA does not send account statements; you will directly receive, no less than quarterly, an account statement from your custodian (i.e. Schwab or Fidelity) which shall reflect all transactions, positions, debits and credits to your account, including the amount of any fees paid to KWA. We urge you to review these statements carefully.

## Item 16 – Investment Discretion

Through and by means of our written advisory agreement, KWA accepts discretionary authority to manage securities accounts on behalf of clients. We have 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.

## Item 17 – Voting Client Securities

As a matter of policy, KWA does not vote proxies. At your request, we will review a proxy statement and provide advice, but you are responsible for proxy voting. Any proxy statements

that you may receive will come directly from your custodian. If you have a question about a specific proxy solicitation, you can contact us at 435-713-4220.

## Item 18 – Financial Information

A balance sheet is not required to be provided because KWA does not serve as a custodian for client funds or securities and does not require prepayment of fees of more than \$500 per client and six (6) months or more in advance.

KWA has no condition that is reasonably likely to impair our ability to meet contractual commitments to our clients nor have its owners had any bankruptcy petitions.

## Item 19 - Requirements for State Registered Advisors

### Principal Executive Officers and Management Persons

Keystone Wealth Advisors is owned and principally managed by James D. Vanderbeek, Tyler J. Vanderbeek, and Gordon L. Nelson. Further information on their business and educational background can be found in the Part 2B of this brochure.

### Outside Business Activities

The outside business activities for the firm's owners can be found in the Part 2B of this brochure.

### Performance Based Fees

Neither KWA, its management persons, or investment adviser representatives receive any performance-based fees

### Disclosure of Material Facts Related to Arbitration or Disciplinary Actions

Neither KWA or its management persons have any arbitration or disciplinary actions to report.

### Material Relationship Maintained by this Advisory Business or Management Persons with Issuers of Securities

There are no material relationships with issuers of securities to disclose.