

**Item 1 – Cover Page**

# Kraft Asset Management, LLC

555 Great Circle Road

Nashville, TN 37228

(615) 346-2437

[www.kraftasset.com](http://www.kraftasset.com)

January 28, 2021

This Brochure provides information about the qualifications and business practices of Kraft Asset Management, LLC “KAM.” If you have any questions about the contents of this Brochure, please contact us at (615) 346-2437. 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.

KAM is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information from which you determine to hire or retain an Adviser.

Additional information about KAM also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for KAM is 119139.

## Item 2 – Material Changes

This Item of the Brochure will discuss only specific material changes that are made to the Brochure, since our last annual update, and provide clients with a summary of such changes. The last annual update of our Brochure was January 27, 2020.

Our current Brochure includes the following material change:

- We have updated Item 8 to include additional disclosure about the risks associated with interval funds.

Additionally, we have updated the Assets Under Management information of Item 4 in accordance with the filing of our Annual Updating Amendment on January 28, 2021.

(Brochure Date: 01/28/2021)

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Our current Brochure includes the following material changes:

- Item 4 and Item 5 have been updated with information about our new offering of a Financial Planning Subscription Service.
- We added information regarding the management of HSA accounts in Item 4 and Item 12.

(Brochure Date: 05/20/2020)

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(Most recent Annual Updating Amendment: 01/28/2021)

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Cortney Cost at (615) 346-2437.

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## **Item 4 – Advisory Business**

KAM is owned by KraftCPAs, PLLC (hereinafter KraftCPAs). KAM has been providing advisory services since 2002.

As of October 31, 2020, KAM managed \$353,715,342 on a discretionary basis and \$0 on a non-discretionary basis. As of October 31, 2020, KAM had \$21,486,074 in Assets Under Advisement.

### **Investment Management Services**

KAM will work with the client to determine the client's investment objectives and investor risk profile and will design a written investment policy statement (IPS). KAM uses investment and portfolio allocation software to evaluate alternative portfolio designs. KAM evaluates the client's existing investments with respect to the IPS. KAM works with new clients to develop a plan to transition from the client's existing portfolio to the portfolio recommended by KAM. KAM will then continuously monitor the client's portfolio holdings and the overall asset allocation strategy and hold regular review meetings with the client regarding the client's portfolio, as necessary.

In summary, KAM's investment management services include the following:

- A. analyzing a client's financial condition;
- B. recommending options to achieve the client's financial objectives;
- C. arranging for the implementation of the approved investment strategies; and
- D. monitoring the performance of the client's investments.

KAM will typically create a portfolio of no-load mutual funds and may use model portfolios if the models match the client's investment policy. KAM will allocate the client's assets among various investments taking into consideration the overall management style selected by the client. Client portfolios may also include some individual equity securities.

KAM typically manages mutual fund and equity portfolios on a discretionary basis. Clients may impose any reasonable restrictions on KAM's discretionary authority, including restrictions on the types of securities in which KAM may invest client's assets and on specific securities that the client may believe to be appropriate.

KAM may also recommend fixed income portfolios to advisory clients, which consist of managed accounts of individual bonds. KAM will request discretionary authority from advisory clients to manage fixed income portfolios, including the discretion to retain a third-party fixed income manager.

Pursuant to its discretionary authority, KAM will retain a fixed income securities manager. The fixed income securities manager will be provided with the discretionary authority to invest client assets in fixed income securities consistent with the client's IPS. The manager will also monitor the account for changes in credit ratings, security call provisions, and tax loss harvesting opportunities (to the extent that the manager is provided with cost basis information). The manager will obtain KAM's consent prior to the sale of any client securities.

In certain circumstances, KAM will also pursue other investment strategies on behalf of clients. KAM may work with Parametric Portfolio Associates LLC to create other investment strategies to assist with tax management or other individual client needs. KAM will assist the client to determine the investment strategy based on information provided by the client. The client and KAM will communicate any changes in investment goals or restrictions to the manager in a timely manner.

On an ongoing basis, KAM will answer clients' inquiries regarding their accounts and review periodically with clients the performance of their accounts. KAM will periodically, and at least annually, review client's investment policy statement, risk profile and consider the re-balancing of each client's accounts to the extent appropriate. KAM will provide to investment manager any updated client financial information or account restrictions necessary for investment manager to provide sub-advisory services.

In addition to managing the client's investment portfolio, KAM may consult with clients on various financial areas including income and estate tax planning, college financing planning, retirement planning, asset protection, insurance analysis, personal cash flow analysis, charitable gifting, and establishment of retirement plans, among other things. These wealth management consultations are provided to clients when the consultations are mutually agreed upon by KAM and the client. These services are offered as an extra benefit to those clients.

Additionally, KAM manages Health Savings Accounts (HSAs) on behalf of clients. Based on the client's investment objective, KAM will affect trades in the client's HSA account directly with the health savings custodian.

## **Financial Planning Services**

KAM also provides advice in the form of Financial Planning. Clients purchasing this service will typically receive a written financial report, providing the client with a detailed financial report designed to achieve their stated financial goals and objectives. The types of reports provided to client will vary upon the services requested by the client.

In general, the financial plan will address any or all of the following areas of concern:

- **Personal:** Family records, budgeting, personal liability, estate information and financial goals.
- **Tax & Cash Flow:** Income tax and spending analysis and planning for past, current and future years. KAM may illustrate the impact of various investments on a client's current income tax and future tax liability.
- **Death & Disability:** Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.
- **Retirement:** Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.
- **Investments:** Analysis of investment alternatives and their effect on a client's portfolio.

KAM gathers required information through in-depth personal interviews. Information gathered includes a client's current financial status, future goals and attitudes towards risk. Related documents supplied by the client are carefully reviewed and a written report is typically prepared. Should a client choose to implement the recommendations in the plan, KAM suggests the client work closely with his/her attorney, accountant or insurance agent. Implementation of financial plan recommendations is entirely at the client's discretion.

## **Next Generation Financial Planning Services**

KAM also offers financial planning as a subscription service which will include the following:

- Onboarding process to gather information about a client's current financial situation, discover values and goals and collect relevant data to develop a financial plan.
- Establish an account on the financial planning software, MoneyGuideElite® software to provide customized and goal-oriented financial plans.
- Develop a financial plan incorporating the investment planning, retirement planning, estate planning, education planning, risk management, cash flow management, income tax planning and insurance planning.
- Conduct an in-person meeting to discuss the customized financial plan, establish connections with estate attorneys, accounting professionals and insurance agents (if needed) and provide training on use of MoneyGuideElite®.

After creation of the initial financial plan, three video conferences per year, and one annual, in-person plan check-up meeting.

## **Employee Benefit Retirement Plan Services**

KAM also provides advisory services to participant-directed retirement plans through third-party administration services, which are online bundled service providers offering an opportunity for plan sponsors to provide their participants with daily account access, valuation, and investment education.

KAM will analyze the plan's current investment platform and assist the plan in creating an investment policy statement defining the types of investments to be offered and the restrictions that may be imposed. KAM will recommend investment options to achieve the plan's objectives, provide participant education meetings, and monitor the performance of the plan's investment vehicles.

KAM will recommend changes in the plan's investment vehicles as may be appropriate from time to time. KAM generally will review the plan's investment vehicles and investment policy as necessary.

For certain retirement plans, KAM works in coordination and support with Buckingham Retirement Solutions. Retirement plan clients will engage both KAM and Buckingham Retirement Solutions. Buckingham Retirement Solutions will provide to the client

additional discretionary investment management services and will exercise discretionary authority to select the plan investments made available to the plans' participants by selecting and maintaining the plans' investments according to the goals and investment objectives of the plan.

KAM will continue to work with plans to monitor plan investments, provide fiduciary plan advice including regular considerations of the goals and objectives of the plan, and provide participant education services to the plan.

## **Item 5 – Fees and Compensation**

In certain circumstances, all fees, account minimums and their applications to family circumstances may be negotiable. Smaller accounts may be accepted, for example, based on the expectation that the account will reach the account minimum through additional client contributions.

KAM has contracted with Buckingham Strategic Partners for services including trade processing, collection of management fees, record maintenance, report preparation, marketing assistance, and research. KAM has also contracted with Buckingham Strategic Partners for sub-advisory services with respect to clients' fixed income accounts. KAM pays a fee for Buckingham Strategic Partners services based on management fees paid to KAM on accounts that use Buckingham Strategic Partners. The fee paid by KAM to Buckingham Strategic Partners consists of a portion of the fee paid by clients to KAM and varies based on the total client assets participating in Buckingham Strategic Partners services through KAM. These fees are not separately charged to advisory clients.

Clients will generally be invoiced in advance at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value, client account balances on which KAM calculates fees may vary from account custodial statements based on independent asset valuations and other accounting variances, including mechanisms for including accrued interest in account statements) of the client's account at the end of the previous quarter. New accounts are charged a prorated fee for the remainder of the quarter in which the account is incepted.

KAM will request written authority from most clients to receive quarterly payments directly from the client's account held by an independent custodian. Clients may provide written limited authorization to KAM or its designated service provider, Buckingham Strategic Partners, to withdraw fees from the account. Certain third-party administrators calculate KAM's fee and debit the money from plan assets.



All fees are calculated as described above and are not charged on the basis of a share of capital gains or capital appreciation of the funds or any portion of the funds of an advisory client.

A client agreement may be canceled at any time, by either party, for any reason upon receipt of thirty (30) days' written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

KAM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. KAM shall not receive any portion of these commissions, fees, and costs.

### **Advisory Fees**

#### **Investment Management Services**

The annual fee for investment management services will be charged as a percentage of a client's total assets under management, according to the schedule below:

<b>Assets under management</b>	<b>Annual Fee (%)</b>
On the first \$1,000,000	1.25%
Next \$1,500,000	0.90%
Next \$1,000,000	0.80%
Next \$2,500,000	0.70%
Amounts \$6,000,001 or greater	0.50%

In 2014 and prior years KAM followed separate fee schedules, which remain in effect with clients who signed agreements with KAM during such period and who have not agreed to an amended advisory fee schedule.

Except as provided below, a minimum of \$1,000,000 of assets under management is required for this service. A separate minimum of \$500,000 is generally required for management services of portfolios of individual fixed income securities.

All accounts for members of a client's family (husband, wife and dependent children) or related businesses (owned by one or more of the client family members) may be assessed fees based on the total balance of all accounts.

NOTE: Client portfolios, where the total balance of all accounts is less than \$1,000,000, will be accepted only on a case-by-case basis.

There may be other facts and circumstances in which KAM may negotiate fees.

Members and employees of KraftCPAs and all of its affiliates will be charged a maximum annual fee of 0.60%. Family (spouse and children) of members and employees of KraftCPAs and all of its affiliates will also be charged a maximum annual fee of 0.60%.

Clients who engage other advisers recommended by KAM (other than Buckingham Strategic Partners) will sign agreements with those advisers setting forth that adviser's fee and the method and timing of payments.

### **Financial Planning Services**

Financial planning fees will be charged in one of two ways as follows:

1. On an hourly basis of \$125 - \$400 per hour depending on the nature and complexity of each client's circumstances.
2. As a fixed fee, typically ranging from \$1,500 - \$5,000, depending on the nature and complexity of each client's circumstances and upon mutual agreement with the client.

Although the length of time it will take to provide a Financial Plan will depend on each client's personal situation, KAM will typically provide an estimate for the total cost at the start of the advisory relationship. 50% of the estimated fee will be due upon the signing of the advisory agreement and the remaining 50% will be due within 60 days from the beginning of the engagement.

Advance payment will never exceed \$1,200 for work that will not be completed within six months.

### **Next Generation Financial Planning Services**

\$1,500 initial set-up fee due immediately; afterward a subscription fee of \$125/month billed monthly in advance. There is a one-year minimum contract requirement with a

ninety (90) day cancellation notice after first year. Fees will automatically increase 5% annually, as stated in the signed financial planning subscription service agreement.

Clients must have between \$100,000 and \$500,000 of investable assets, and a net worth of at least \$350,000. Clients will be required to contribute at least \$12,000 of additional assets annually. Additionally, minimum annual household income is \$200,000.

### **Employee Benefit Retirement Plan Services:**

The annual fee for pension plan services will be charged as a percentage of assets within the plan.

<b>Assets under Advisement</b>	<b>Annual Fee (%)</b>
On the first \$1.0 million	0.70%
On the next \$3.0 million	0.55%
On the next \$6.0 million	0.45%
On Amounts Greater than \$10.0 million	0.35%

Please note: Buckingham Retirement Solutions charges a separate fee for Retirement plan clients engaging both KAM and Buckingham Retirement Solutions.

In 2016 and prior years KAM followed a separate fee schedule, which remains in effect with clients who signed agreements with KAM during such period and who have not agreed to an amended advisory fee schedule.

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

KAM does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). All fees are calculated as described above and are not charged on the basis of income or capital gains or capital appreciation of the funds or any portion of the funds of an advisory client.

## **Item 7 – Types of Clients**

KAM manages investment portfolios for individuals, trusts, retirement plans, family limited partnerships, corporations, estates and small businesses.

As provided above, KAM requires a minimum account size or client relationship of \$1,000,000 for investment management services. This account size may be negotiable under certain circumstances. A minimum account size of \$500,000 is generally required for fixed income portfolio management services.

Please refer to Item 5 of this brochure for complete details regarding the minimum requirements for our various offerings.

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

### *Methods of Analysis and Investment Strategy*

KAM's services are based on long-term investment strategies incorporating the principles of Modern Portfolio Theory. KAM's investment approach is firmly rooted in the belief that markets are "efficient" over periods of time and that investors' long-term returns are determined principally by asset allocation decisions, rather than market timing or stock picking. KAM recommends diversified portfolios, principally through the use of evidence-based, asset class mutual funds. KAM selects or recommends to clients portfolios of securities, principally broadly-traded open end mutual funds or conservative fixed income securities to implement this investment strategy.

Although all investments involve risk, KAM's investment advice seeks to limit risk through broad diversification among asset classes and, as appropriate for particular clients, the investment directly in conservative fixed income securities to represent the fixed income class. KAM's investment philosophy is designed for investors who desire a buy and hold strategy. Frequent trading of securities increases brokerage and other transaction costs that KAM's strategy seeks to minimize. KAM may also utilize Exchange Traded Funds (ETFs) to represent an asset class.

Clients may hold or retain other types of assets as well, and KAM may offer advice regarding those various assets as part of its services. Advice regarding such assets will generally not involve asset management services but may help to more generally assist the client.

KAM's strategies do not utilize securities that we believe would be classified as having any unusual risks, and we do not recommend frequent trading, which can increase brokerage and other costs and taxes.

KAM receives supporting research from Buckingham Strategic Partners and from other consultants, including economists affiliated with Dimensional Fund Advisors (“DFA”). KAM utilizes DFA mutual funds in client portfolios. DFA mutual funds follow an evidence-based, asset class investment philosophy with generally low holdings turnover. DFA provides historical market analysis, risk/return analysis, and continuing education to KAM.

### *Analysis of a Client’s Financial Situation*

In the development of investment plans for clients, including the recommendation of an appropriate asset allocation, KAM relies on an analysis of the client’s financial objectives, current and estimated future resources, and tolerance for risk. To derive a recommended asset allocation, KAM may use a Monte Carlo simulation, a standard statistical approach for dealing with uncertainty. As with any other methods used to make projections into the future, there are several risks associated with this method, which may result in the client not being able to achieve their financial goals. They include:

- The risk that expected future cash flows will not match those used in the analysis
- The risk that future rates of return will fall short of the estimates used in the simulation
- The risk that inflation will exceed the estimates used in the simulation
- For taxable clients, the risk that tax rates will be higher than was assumed in the analysis

### *Risk of Loss*

#### **Investing in securities involves risk of loss that clients should be prepared to bear.**

All investments present the risk of loss of principal – the risk that the value of securities (mutual funds, ETFs and individual bonds), when sold or otherwise disposed of, may be less than the price paid for the securities. Even when the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment.

The mutual funds and ETFs utilized by KAM may include funds invested in domestic and international equities, including real estate investment trusts (REITs), corporate and government fixed income securities and commodities. Equity securities may include large capitalization, medium capitalization and small capitalization stocks. Mutual funds and ETF shares invested in fixed income securities are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings.

Among the riskiest mutual funds used in KAM's investment strategies funds are the U.S. and International small capitalization and small capitalization value funds, emerging markets funds, and commodity futures funds. Conservative fixed income securities have lower risk of loss of principal, but most bonds (with the exception of Treasury Inflation Protected Securities, or TIPS) present the risk of loss of purchasing power through lower expected return. This risk is greatest for longer-term bonds.

Certain funds utilized by KAM may contain international securities. Investing outside the United States involves additional risks, such as currency fluctuations, periods of illiquidity and price volatility. These risks may be greater with investments in developing countries.

Where appropriate, KAM may utilize certain funds structured as non-diversified, closed-end management investment companies, registered under the Investment Company Act of 1940 ("interval fund"). Investments in an interval fund involve additional risk, including lack of liquidity and restrictions on withdrawals. During time periods outside of the specified repurchase offer window(s), investors will be unable to sell their shares of the interval fund. There is no assurance that an investor will be able to tender shares when or in the amount desired, and the fund can suspend or postpone repurchases. Additionally, in limited circumstances, an interval fund may have a limited amount of capacity and may not be able to fulfill all purchase orders. While an interval fund periodically offers to repurchase a portion of its securities, there is no guarantee that investors may sell their shares at any given time or in the desired amount. The closed-end interval funds utilized by KAM impose liquidity gates for each repurchase offer and in the event the offer is oversubscribed, the requested redemption amount may be reduced.

As interval funds may expose investors to liquidity risk, investors should consider interval fund shares to be an illiquid investment. Typically, the interval funds are not listed on any securities exchange and are not publicly traded. Thus, there is no secondary market for the fund's shares.

Clients should carefully review the fund's prospectus and most recent shareholder report to more fully understand the interval fund structure and be knowledgeable to the unique risks associated with interval funds, including the illiquidity risks. Because these types of investments involve certain additional risk, these funds will only be utilized when consistent with a client's investment objectives, individual situation, suitability, tolerance for risk and liquidity needs. Investment should be avoided where an investor has a short-term investing horizon and/or cannot bear the loss of some or all of the investment.

More information about the risks of any particular market sector can be reviewed in representative mutual fund prospectuses with respect to the assets managed within each applicable sector.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of KAM or the integrity of KAM's management. KAM has no information applicable to this Item.

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

### Affiliated Accounting Firm

Some officers and affiliated persons of KAM are members of the accounting firm KraftCPAs, which may recommend KAM to accounting clients in need of investment advisory services. KAM may also recommend KraftCPAs to advisory clients in need of accounting and administrative services. Services provided by KraftCPAs are separate and distinct from the advisory services of KAM and are provided for separate and typical compensation. No KAM client is obligated to use KraftCPAs for any accounting services. KraftCPAs also provides third-party administrative services to pension and profit-sharing plans.

### Affiliated Insurance Firm

Some KAM officers are also officers of Kraft Financial Services, LLC (KFS), a wholly owned subsidiary of KAM. KFS offers life, disability and long-term care insurance products. Associated persons of KAM are separately licensed as insurance agents for KFS and may recommend insurance products to KAM clients. In their capacities as insurance agents, these individuals are able to implement recommended insurance transactions for advisory clients for separate and typical commission compensation. While these individuals endeavor at all times to put the interest of the clients first, clients should be aware that the receipt of additional compensation itself creates a conflict of interest.

Certain employees of KAM, in their individual capacities are licensed for variable life insurance and are registered representatives of BrightChoice Financial, LLC, a FINRA member broker dealer and affiliate of KAM (see below). These employees will be able to receive separate, yet customary commission resulting from implementing product transactions on behalf of advisory clients through BrightChoice Financial, LLC. Clients,

however, are not obligated to engage these employees when considering implementation of advisory recommendations.

KAM is wholly owned by KraftCPAs PLLC. KraftCPAs PLLC wholly or partially owns a number of other companies as listed below:

- Kraft Enterprise Systems, LLC
- Kraft Technology Group, LLC
- 2nd Generation Capital, LLC, with its subsidiary BrightChoice Financial, LLC
- Kraft Analytics, LLC
- Kraft Healthcare Consulting, LLC

These entities offer various business, technology and operational consulting services. Business valuation and expert witness services relating to accounting matters and practices are also available.

2nd Generation Capital, LLC is referred to as a “private merchant banking firm.” This business provides consulting services covering placement of debt and/or equity, mergers/acquisitions/divestitures, transaction structuring and negotiation, and business succession. 2nd Generation Capital, LLC is not a regulated banking institution.

Finally, BrightChoice Financial, LLC is a subsidiary of 2nd Generation Capital, LLC, and a FINRA member broker dealer. BrightChoice Financial may receive commission compensation for private placement offerings and merger and acquisition business. This commission compensation is related to the business negotiations of 2nd Generation Capital, LLC. BrightChoice Financial, LLC will not be selected or recommended as broker dealer for any transactions within KAM advisory accounts.

#### Buckingham Strategic Partners

As described above in Item 4, KAM may exercise discretionary authority provided by a client to select an independent third-party investment manager for the management of portfolios of individual fixed income securities. KAM selects Buckingham Strategic Partners for such fixed income management. KAM also contracts with Buckingham Strategic Partners for back office services and assistance with portfolio modeling. KAM has a fiduciary duty to select qualified and appropriate managers in the client’s best interest and believes that Buckingham Strategic Partners effectively provides both the back-office services that assist with its overall investment advisory practice and fixed income portfolio management services. The management of KAM continuously makes this assessment. While KAM has a contract with Buckingham Strategic Partners governing a time period for



back office services, KAM has no such fixed commitment to the selection of Buckingham Strategic Partners for fixed income management services and may select another investment manager for clients upon reasonable notice to Buckingham Strategic Partners.

#### Parametric Portfolio Associates LLC

KAM will periodically recommend Parametric Portfolio Associates LLC to clients for investment management services involving other investment strategies. KAM does not receive compensation for the selection of Parametric Portfolio Associates LLC as another investment adviser for clients.

### **Item 11 – Code of Ethics**

KAM has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. KAM's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients and sets forth KAM's practice of supervising the personal securities transactions of employees with access to client information. Individuals associated with KAM may buy or sell securities for their personal accounts identical to or different than those recommended to clients. It is the expressed policy of KAM that no person employed by the firm shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on investment decisions of advisory clients.

To supervise compliance with its Code of Ethics, KAM requires that anyone associated with this advisory practice with access to advisory recommendations provide annual securities holding reports and quarterly transaction reports to the firm's Chief Compliance Officer (CCO). KAM also requires such access persons to receive approval from the CCO prior to investing in any IPO's or private placements (limited offerings).

KAM's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information and protecting the confidentiality of client information. KAM requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to discipline.

KAM will provide a complete copy of its Code of Ethics to any client upon request.

## Item 12 – Brokerage Practices

KAM arranges for the execution of securities transactions with the assistance of Buckingham Strategic Partners. Through Buckingham Strategic Partners, KAM may participate in the Schwab Advisors Services (SAS) program offered to independent investment advisers by Charles Schwab & Company, Inc., and the Fidelity Institutional Wealth Services (FIWS) program, sponsored by Fidelity Brokerage Services, LLC ("Fidelity"). Schwab and Fidelity are FINRA member registered broker dealers.

Additionally, through Buckingham Strategic Partners, KAM has access to mutual funds and interval funds created and managed by Stone Ridge Securities LLC ("Stone Ridge") at reduced firm-wide minimums, for client investment. Stone Ridge is an independent broker-dealer registered with the Securities and Exchange Commission and a member of FINRA.

As part of this relationship, KAM also has access to other resources and services offered by Stone Ridge, including research and a cash management aggregator: Flourish Cash. Flourish Cash allows clients to open and maintain their own brokerage accounts with Stone Ridge for the purpose of earning a competitive interest rate on cash and greater FDIC insurance than a single bank account, with the applicable disclosures provided separately prior to opening. Stone Ridge's account minimums create an incentive for KAM to recommend Stone Ridge funds and Flourish Cash.

With respect to retirement plans and after-tax annuities, KAM may recommend only non-commission annuities that offer access to low-cost, evidence-based funds.

The Schwab and Fidelity brokerage programs will generally be recommended to advisory clients for the execution of mutual fund and equity securities transactions. KAM regularly reviews these programs to ensure that its recommendations are consistent with its fiduciary duty. These trading platforms are essential to KAM's service arrangements and capabilities, and KAM may not accept clients who direct the use of other brokers. As part of these programs, KAM receives benefits that it would not receive if it did not offer investment advice. (See the disclosure under Item 14).

As KAM will not request the discretionary authority to determine the broker dealer to be used or the commission rates to be paid in these situations, clients must direct KAM as to the broker dealer to be used. In directing the use of a particular broker or dealer, it should be understood that KAM will not have authority to negotiate commissions among various brokers or obtain volume discounts, and best execution may not be achieved. Not all investment advisers require clients to direct the use of specific brokers.

For HSA portfolios, trades will be executed with the health savings custodian directly.

KAM will not exercise authority to arrange client transactions in fixed income securities. Clients with fixed income portfolios will provide this authority to a fixed income manager retained by KAM on client's behalf by designating the portfolio manager with trading authority over client's brokerage account. Clients will be provided with the Disclosure Brochure (Form ADV Part 2) of the portfolio manager(s).

Clients provide Parametric Portfolio Associates LLC with discretion to select brokers and dealers on their behalf to achieve best execution.

SAS and Fidelity do not generally charge clients a custody fee and are compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through the broker or that settle into the clients' accounts at the brokers. Trading client accounts through other brokers may result in fees (including mark-ups and mark-downs) being charged by the custodial broker and an additional broker. While KAM will not arrange transactions through other brokers, the authority of the fixed income portfolio manager includes the ability to trade client fixed income assets through other brokers.

KAM does not have any arrangements to compensate any broker dealer for client referrals.

When trading client accounts, errors may periodically occur. KAM's policy is for clients to be made whole should any error caused by KAM occur. KAM's policy is meant to ensure clients are placed in the position intended absent any error.

KAM generally does not aggregate any client transactions in mutual fund or other securities. Client accounts are individually reviewed and managed, and transaction costs are not saved by aggregating orders in almost all circumstances in which KAM arranges transactions. Buckingham Strategic Partners, in the management of fixed income portfolios, will aggregate certain transactions among client accounts that it manages, in which case KAM client's orders may be aggregated with an order for another client of Buckingham Strategic Partners who is not a KAM client. See Buckingham Strategic Partners Form ADV Part 2, which would be provided to you if you are receiving fixed income services from Buckingham Strategic Partners.

### **Financial Planning Services**

KAM's financial planning practice, due to the nature of its business and client needs, does not include blocking trades, negotiating commissions with broker dealers or obtaining

volume discounts, nor necessarily obtaining the best price. Clients will be required to select their own broker dealers and insurance companies for the implementation of financial planning recommendations. KAM may recommend any one of several brokers. KAM clients must independently evaluate these brokers before opening an account. The factors considered by KAM when making this recommendation are the broker's ability to provide professional services, KAM's experience with the broker, the broker's reputation, and the broker's financial strength, among other factors. KAM's financial planning clients may use any broker or dealer of their choice.

### **Employee Benefit Retirement Plan Services**

KAM does not generally arrange for the execution of securities transactions as a part of this service for accounts serviced by plan administrators. KAM may, however, arrange for execution of securities transactions for certain plans custodied with Schwab or Fidelity.

## **Item 13 – Review of Accounts**

### **Reviews:**

#### **Investment Management Services**

Account assets are supervised continuously and formally reviewed quarterly. An advisory representative is assigned to each account. The review process contains each of the following elements:

- a. assessing client goals and objectives;
- b. evaluating the employed strategy(ies);
- c. monitoring the portfolio(s); and
- d. addressing the need to rebalance.

Additional account reviews may be triggered by any of the following events:

- a. a specific client request;
- b. a change in client goals and objectives;
- c. an imbalance in a portfolio asset allocation;
- d. economic/market conditions, and
- e. realizing tax losses in an account.

For fixed income portfolios, certain account review responsibilities are delegated to a third-party investment manager as described above in Item 4.

## **Financial Planning Services**

Financial Planning accounts will be reviewed as contracted for at the inception of the advisory relationship.

## **Employee Benefit Retirement Plan Services**

Plan assets are reviewed as necessary, and according to the standards and situations described above for investment management accounts.

### **Reports:**

All clients other than those utilizing employee benefit retirement plan services will receive quarterly performance reports, prepared by Buckingham Retirement Solutions and reviewed by KAM, that summarize the client's account and asset allocation. Clients should also receive at least quarterly statements from their account custodians.

Clients utilizing KAM's employee benefit retirement plan services receive reporting services through their respective plan administrator. KAM may, however, provide reporting services for certain plans custodied with Schwab or Fidelity.

## **Financial Planning Services**

Financial Planning clients will receive reports as contracted for at the inception of the advisory relationship.

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

As indicated under the disclosure for Item 12, the SAS and FIWS programs provide KAM with access to services, which are not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis at no charge to them. Through this combination of services, KAM receives direct access to real-time client accounts, electronic download of trades, balances and positions, and the ability to directly debit client fees. Similar benefits are also available on the retirement plan platforms. KAM receives software and services from these program sponsors.

These services benefit KAM but may not benefit its clients' accounts. Many of the products and services assist KAM in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing

information and other market data, facilitate payment of KAM's fees from its clients' accounts, and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of KAM's accounts. Recommended brokers also make available to KAM other services intended to help KAM manage and further develop its business enterprise. These services include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. KAM does not, however, enter into any commitments with the brokers for transaction levels in exchange for any services or products from brokers. While as a fiduciary, KAM endeavors to act in its clients' best interests, KAM's requirement that clients maintain their assets in accounts at Schwab or Fidelity may be based in part on the benefit to KAM of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the brokers, which may create a potential conflict of interest.

KAM also receives software from DFA, which KAM utilizes in forming asset allocation strategies and producing performance reports. DFA also provides continuing education for KAM personnel. These services are designed to assist KAM with planning and designing its services for business growth.

KAM may from time to time compensate, either directly or indirectly, any person (defined as a natural person or a company) for client referrals. KAM is aware of the special considerations promulgated under Section 206(4)-3 of the Investment Advisers Act of 1940. As such, appropriate disclosure shall be made, all written instruments will be maintained by KAM and all applicable Federal and/or State laws will be observed.

Members and other employees of the accounting firm KraftCPAs and its affiliates may refer clients to KAM for advisory services. KAM is a wholly owned subsidiary of KraftCPAs, and, therefore, any Members and other employees of KraftCPAs or its affiliates may receive compensation if a client chooses to use KAM's advisory services. This compensation will generally be equal to a percentage of the total fee received by KAM for the client's advisory account.

## **Item 15 – Custody**

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. KAM urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial

statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 – Investment Discretion**

KAM requests that it be provided with written authority to determine which securities and the amounts of securities that are bought or sold. Any limitations on this discretionary authority shall be included in the written advisory agreement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.

For fixed income securities, this authority will include the discretion to retain a third-party money manager for fixed income accounts exceeding \$500,000.

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

As a matter of firm policy and practice, KAM does not accept the authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients will receive applicable proxies directly from the issuer of securities held in clients' investment portfolios. KAM, however, may provide advice to clients regarding the clients' voting of proxies.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about KAM's financial condition. KAM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.