

**Part 2A Appendix of Form ADV: Wrap Fee Program Brochure  
Atlas Program and Anchor Program**

**Item 1 – Cover Page**

**DMKC Advisory Services, LLC**

3900 Ingersoll Avenue, Suite 300

Des Moines, IA 50312

515-221-1133

<http://www.dmkc.com>

Date of Brochure: March 9, 2021

---

This **Wrap Fee Program Brochure** provides information about the qualifications and business practices of DMKC Advisory Services, LLC. If you have any questions about the contents of this brochure, please contact Kathleen C. Halliwell at 515-221-1133. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about DMKC Advisory Services, LLC is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for our name DMKC Advisory Services, LLC or our firm CRD number **145112**.

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

## **Item 2 – Material Changes**

There have been no material changes to this disclosure brochure since issuing our last Wrap Fee Program Brochure update March 24, 2020.

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

### Item 3 – Table of Contents

Item 2 – Material Changes.....	2
Item 3 – Table of Contents .....	3
Item 4 – Services, Fees and Compensation .....	4
Description of Advisory Services .....	4
Comparison of Atlas and Anchor Programs.....	5
Atlas Program .....	5
Anchor Program.....	6
FundSource <sup>SM</sup> Foundations .....	6
Limits Advice to Certain Types of Investments .....	6
Tailor Advisory Services to Individual Needs of Clients.....	7
Client Assets Managed by DMKC Advisory Services, LLC .....	7
Brokerage, Clearing and Custody.....	7
Atlas Program Accounts .....	8
Anchor Program Accounts .....	9
FundSource <sup>SM</sup> Foundations Accounts .....	11
Disclosure specific to Client Directed Brokerage Arrangements .....	12
Block Trading Policy .....	12
Custody.....	13
Fees for Atlas Wrap Fee Program .....	13
Fees for Anchor Wrap Fee Program.....	15
Fees for FundSource <sup>SM</sup> Foundations Program .....	17
Clients enrolling in the FundSource <sup>SM</sup> Foundations program will receive Wells Fargo Advisors' Wrap Fee Brochure for Mutual Fund Advisory Program: Custom Choice FundSource <sup>SM</sup> .....	18
Item 5 – Account Requirements and Types of Clients.....	18
Account Minimums.....	18
Item 6 – Portfolio Manager Selection and Evaluation.....	18
Performance-Based Fees and Side-By-Side Management.....	18
Methods of Analysis.....	18
Fundamental -.....	18
Investment Strategies .....	19
Risk of Loss .....	19
Voting Client Securities.....	20
Item 7 – Client Information Provided to Portfolio Managers .....	21
Item 8 – Client Contact with Portfolio Managers.....	21
Item 9 – Additional Information .....	21
Disciplinary Information.....	21
Other Financial Industry Activities and Affiliations .....	21
Bond Pricing.....	22
Code of Ethics Summary .....	23
Affiliate and Employee Personal Securities Transactions Disclosure.....	23
Account Reviews and Reviewers .....	24
Statements and Reports .....	24
Client Referrals and Other Compensation.....	24
Financial Information .....	24
Summary of Business Continuity Plan.....	25

#### **Item 4 – Services, Fees and Compensation**

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

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

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

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

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

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

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

We will be granted trading authorization on the client’s account. Trading authority allows us the ability to make trades in the client’s account. Such authorization may be provided on a discretionary or non-discretionary basis depending on the individual needs and request of each client for Atlas Accounts. All Anchor accounts will allow discretionary authority. Discretionary authority provides the ability to make trades in the client’s account without contacting the client prior to each trade. When non-discretionary trading authorization is granted, DMKC Advisory Services, LLC must get the client’s approval prior to

making any changes in the client's account. Discretionary and non-discretionary trading authorization must be granted by each client, in writing, in our agreement for services.

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

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

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

Our portfolio management services are provided through two internally managed platforms, our DMKC Advisory Services, LLC Atlas Wrap-Fee Program and Anchor Asset Management Wrap-Fee Programs. Wells Fargo Advisors' FundSource<sup>SM</sup> Foundations program is also available from DMKC Advisory Services, LLC that is managed independently of our firm.

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

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

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

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

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

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

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

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

### ***Anchor Program***

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

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

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

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

FundSource<sup>SM</sup> Foundations is a wrap-fee, discretionary advisory program, designed by WFA to help clients meet their investment objectives and goals.

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

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

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

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

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

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

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

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

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

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

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

The amount of clients' assets managed by DMKC Advisory Services, LLC totaled approximately \$435,650,049 as of December 31, 2020. Approximately \$357,737,107 is managed on a discretionary basis and \$77,912,942 is managed on a non-discretionary basis.

#### **Brokerage, Clearing and Custody**

If clients wish to have DMKC Advisory Services, LLC's advisor representatives implement the advice in their capacity as registered securities agents or through the Atlas, Anchor, or FundSource<sup>SM</sup> Foundations Programs then DMKC Advisory Services, LLC's affiliated broker/dealer, D.M. Kelly & Company, must be used. Advisor representatives of DMKC Advisory Services, LLC may be registered representatives of D.M. Kelly & Company and are required to use the services of D.M. Kelly & Company and its approved clearing broker/dealer when acting in their capacity as registered securities agents. D.M. Kelly & Company serves as the introducing broker/dealer. All accounts established through D.M. Kelly &

Company will be cleared and held at Wells Fargo Clearing Services member FINRA/SIPC which acts as the qualified custodian.

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

### **Atlas Program Accounts**

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

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

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



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

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

- Being able to rely on the internal staff of D.M. Kelly & Company to provide operations, trading, and other services.
- Wells Fargo Clearing Services is able to provide numerous specialized service groups including designated support staff dedicated to servicing D.M. Kelly & Company and Atlas Program accounts and a training/educational department that provides online, telephone and on-site training of Wells Fargo Clearing Services products, tools and offerings.
- Wells Fargo Clearing Services' back-office system generates exception reports designed to monitor all aspects of brokerage accounts, including trading, money movement, transfers, and client account data. Client paperwork is processed through a secure electronic workflow and storage system. Wells Fargo Clearing Services' electronic trading platform provides a real-time order matching system, the ability to "block" client trades, Atlas Program investment models, automated rebalancing, and account balance and position information. Clients may access their account information over the internet, including balances, transactions, positions, statements, confirmations, and tax documents. Advisory fees can be calculated on aggregated account balances and are debited directly from client accounts.

Through the relationship with Wells Fargo Clearing Services, D.M. Kelly & Company and DMKC receive economic and non-economic benefits. These benefits include but are not necessarily limited to: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk; access to block trading which provides the ability to aggregate securities transactions and allocate the appropriate shares to client accounts; the ability to have investment advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information.

### **Anchor Program Accounts**

Clients should understand that not all investment advisors require the use of a particular broker/dealer or the use of a broker/dealer that is affiliated with the investment advisor. Our decision to require the use of D.M. Kelly & Company for the Anchor Program is based on DMKC Advisory Services, LLC's decision that DMKC Advisory Services, LLC can provide efficient and cost-effective services through its affiliated broker/dealer. However, the use of an affiliated broker/dealer is an inherent conflict of interest between DMKC Advisory Services, LLC and its clients because requiring DMKC Advisory Services, LLC clients to

use D.M. Kelly & Company as the broker/dealer allows D.M. Kelly & Company to retain brokerage revenue that would otherwise be retained by an unaffiliated broker/dealer. For example, D.M. Kelly & Company will retain a percentage of the overall management fee charged to clients through the Anchor Program for brokerage services performed.

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

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

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

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

- Being able to rely on the internal staff of D.M. Kelly & Company to provide operations, trading, and other services.
- Wells Fargo Clearing Services is able to provide numerous specialized service groups including designated support staff dedicated to servicing D.M. Kelly & Company and Anchor Program accounts and a training/educational department that provides online, telephone and on-site training of Wells Fargo Clearing Services products, tools and offerings.
- Wells Fargo Clearing Services' back-office system generates exception reports designed to monitor all aspects of brokerage accounts, including trading, money movement, transfers, and client account data. Client paperwork is processed through a secure electronic workflow and storage system. Wells Fargo Clearing Services' electronic trading platform provides a real-time order matching system, the ability to "block" client trades, Anchor Program investment models, automated rebalancing, and account balance and position information. Clients may access their account information over the internet, including balances, transactions, positions, statements, confirmations, and tax documents. Advisory fees can be calculated on aggregated account balances and are debited directly from client accounts.

Through the relationship with Wells Fargo Clearing Services, D.M. Kelly & Company and DMKC receive economic and non-economic benefits. These benefits include but are not necessarily limited to: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk; access to block trading which provides the ability to aggregate securities transactions and allocate the appropriate shares to client accounts; the ability to have investment advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information.

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

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

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

Over time, as changes occur in the financial markets and/or client's investment objectives and circumstances, the DMKC Advisory Services IAR may recommend that the client rebalance the portfolio or help the client choose a different portfolio model. In making these recommendations, the DMKC Advisory Services IAR will take the updated information into account. Clients should recognize that investments in mutual funds may have tax consequences that should be discussed with their tax advisor.

The DMKC Advisory Services will provide all updates related to the client situation and portfolio selection to WFA. WFA is then responsible for managing the client's account(s).

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

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

### **Disclosure specific to Client Directed Brokerage Arrangements**

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

### **Block Trading Policy**

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

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

### **Custody**

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

Based on the SEC's definition, DMKC Advisory Services, LLC and D.M. Kelly & Company are deemed to have custody over accounts managed by DMKC Advisory Services, LLC through the Atlas and Anchor Programs along with FundSource<sup>SM</sup> Foundations. For these accounts, DMKC Advisory Services, LLC and D.M. Kelly & Company have established the following procedures to comply with the SEC's Custody Rule.

- All client funds and securities are held at Wells Fargo Clearing Services, which serves as the qualified custodian, in a separate account for each client under that client's name.
- Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained.
- Account statements are delivered directly from Wells Fargo Clearing Services to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from DMKC Advisory Services, LLC. When clients have questions about their account statements, they should contact DMKC Advisory Services, LLC or the qualified custodian preparing the statement.
- In accordance with SEC regulations DMKC Advisory Services, LLC is subject to an annual surprise verification examination.
- DMKC Advisory Services, LLC must engage an independent, third-party accounting firm to perform an annual, surprise examination verifying the location of client funds and securities. When completed, the accounting firm's report will be available through the SEC's Investment Adviser Public Disclosure page at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our information on this website by searching for "DMKC Advisory Services, LLC". You can also search using the firm's CRD number. The CRD number for the firm is 145112.

### **Fees for Atlas Wrap Fee Program**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Fees for Anchor Wrap Fee Program**

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

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

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

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

The actual fee charged to each client shall be determined prior to establishing an Anchor Program account and stated in the client agreement or addendum to the agreement. The exact client fee shall be determined (and in some cases negotiated with the client) based on the client's amount of assets under management, overall investment objective (asset allocation), discretionary trading authorization, and the complexity of the client's overall financial situation.

Fees are calculated by multiplying the assets under management by the relevant tier percentages and then multiplying by the day count convention (the actual number of days in the calendar quarter divided by 365). Accounts opened mid-quarter will be assessed at a pro-rated management fee using the same

actual/365 day count convention. Fees are payable quarterly, in advance and such fees may be deducted from client's designated account(s) quarterly, within 30 days following the end of the quarter for which said fees are incurred. Fees for the initial quarter will be adjusted pro-rata based on the number of calendar days in the calendar quarter in which the Agreement goes into effect.

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

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

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

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

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

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

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



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

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

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

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

Accounts are billed quarterly in advance by WFA. The standard FundSource<sup>SM</sup> Foundations fee schedule is based on program eligible mutual funds. The advisory fee is negotiated based on the complexity of the investment strategy and the account size of the securities portfolio. Clients may pay additional fees such as custodian fees and mutual fund fees. Please see the fund's prospectus for a description of fund fees. Clients may exclude from accounts certain securities that are considered "unmanaged." Unmanaged assets will be excluded from billing and performance reports. For accounts with balances between \$10,000 to \$20,000, clients will be charged a monthly platform fee of \$4 per month by WFA. The platform fee is charged and retained by WFA.

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

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

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

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

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

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

## **Item 5 – Account Requirements and Types of Clients**

### **Account Minimums**

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

### **Types of Clients**

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

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

## **Item 6 – Portfolio Manager Selection and Evaluation**

The Atlas and Anchor Programs do not allow investment advisor representatives or clients to utilize portfolio managers that are not associated with DMKC Advisory Services, LLC. In other words, the only portfolio managers selected for managing client assets in the Atlas or Anchor Programs are investment advisor representatives of DMKC Advisory Services, LLC. Therefore, conflicts of interest present in other wrap-fee programs that make available both affiliated and unaffiliated portfolio managers are not present in the Atlas or Anchor Programs. Because the Atlas and Anchor Programs do not provide for a multitude of outside portfolio managers, DMKC Advisory Services, LLC does not have procedures designed to select outside portfolio managers. Most of the items required by this item of the Wrap Fee Program Brochure instructions do not apply to DMKC Advisory Services, LLC. Items that do apply are answered below.

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

DMKC Advisory Services, LLC does not charge or accept performance-based fees. Performance-based fees are fees based on a share of capital gains or capital appreciation of the assets held within a client's account.

### **Methods of Analysis**

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

Fundamental - A method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic

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

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

### **Investment Strategies**

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

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

Specifically, the Anchor Program utilizes the following model strategies:

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

### **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different

types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

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

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- ETF and Mutual Fund Risk – When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

### **Voting Client Securities**

DMKC Advisory Services, LLC will not vote proxies on behalf of your account. While there are some investment advisors that will vote proxies and other corporate decisions on behalf of their clients, we have

determined that taking on the responsibility for voting client securities does not add enough value to the services provided to clients to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in accounts managed by our firm.

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

#### **Item 7 – Client Information Provided to Portfolio Managers**

Because only investment advisor representatives of DMKC Advisory Services, LLC serve as portfolio managers, investment advisor representatives or their assistants are responsible for gathering all information provided by clients. Investment advisor representatives will interview and work with clients to gather all information needed relative to their investment objectives and needs in order to provide management services through the Atlas or Anchor Programs. Clients need to contact their investment advisor representative whenever there are changes to their financial situation that will impact or materially influence the way DMKC Advisory Services, LLC and/or WFA manages accounts.

#### **Item 8 – Client Contact with Portfolio Managers**

Because only investment advisor representatives of DMKC Advisory Services, LLC serve as portfolio managers for the Atlas and Anchor programs, there are no restrictions placed on clients' ability to contact and consult with their portfolio managers. It is the policy of DMKC Advisory Services, LLC to provide an "open channel" of communication between investment advisor representatives and their clients. Clients are encouraged to contact their investment advisor representative whenever they have questions about the management of their account.

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

#### **Item 9 – Additional Information**

##### **Disciplinary Information**

This item is not applicable to the brochure because there are no legal or disciplinary events listed at Item 9 of the Form ADV Part 2A instructions that are material to a client's or prospective client's evaluation of our firm's business or the integrity of management.

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

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

DMKC Advisory Services, LLC is **not** and does **not** have a related company that is a (1) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company,

unit investment trust, private investment company or “hedge fund,” and offshore fund), (2) other investment advisor or financial planner, (3) futures commission merchant, commodity pool operator, or commodity trading advisor, (4) banking or thrift institution, (5) accountant or accounting firm, (6) lawyer or law firm, (7) insurance company or agency, (8) pension consultant, (9) real estate broker or dealer, or (10) sponsor or syndicator of limited partnerships.

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

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

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

Prior to settlement of any order implemented on a principal basis, D.M. Kelly & Company must receive the client’s consent to the principal transaction. This will be accomplished by emailing the principal trade disclosure form to the client. In instances where the client does not use email, the form will be sent via USPS with delivery confirmation or via UPS overnight with a tracking number.

### **Bond Pricing**

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

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

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

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

### **Code of Ethics Summary**

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

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

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

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

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

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

We maintain a securities watch list for our advisory business. Before an employee can complete an equity trade, they must complete a pre-approval request form. The watch list is consulted after this request is

made before the trade is executed. We will allow a trade within these securities (those mentioned on the watch list) if it is determined that the advisor is not front-running the trade or acting in a malicious fashion.

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

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

#### **Account Reviews and Reviewers**

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

#### **Statements and Reports**

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

#### **Client Referrals and Other Compensation**

##### **Client Referrals**

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

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

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

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

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

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

#### **Financial Information**

This item is not applicable to this brochure. DMKC Advisory Services, LLC does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not



required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, DMKC Advisory Services, LLC has not been the subject of a bankruptcy petition at any time.

### **Customer Privacy Policy Notice**

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

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

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

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

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

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

**Our Business Continuity Plan** – We plan to quickly recover and resume business operations after a significant business disruption and respond by safe-guarding our employees and property, making a financial and operational assessment, protecting the firm's books and records and allowing our customers to transact business. In short, our business continuity plan is designed to permit the firm to resume operations as quickly as possible given the scope and severity of the business disruption.

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

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

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

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