



KCD Financial, Inc.
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Member FINRA & SIPC

March 25, 2022

This Brochure provides information about the qualifications and business practices of KCD FINANCIAL, INC. ("KCD"). If you have any questions about the contents of this Brochure, please contact us at 920-347-3400 or dave@kcdfinancial.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

KCD FINANCIAL, INC. 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 about which you determine to hire or retain an Adviser.

Additional information about KCD FINANCIAL, INC., CRD #127473, also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This Brochure dated March 25, 2022, is a document prepared according to the SEC's requirements and rules. This Item will discuss only specific material changes that are made to the Brochure since the last annual update, and provides Clients with a summary of such changes.

You will be provided with this Form ADV Part 2 A initially upon becoming a client with us. Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

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

Since our last filing on October 15, 2021, we have had material changes as we have added Envestnet to our Advisory Program platform.

Currently, our Brochure may be requested by contacting KCD at 920-347-3400. Our Brochure is also available on our web site www.kcdfinancial.com also free of charge.

Additional information about KCD FINANCIAL, INC. is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with KCD who are registered, or are required to be registered, as investment adviser representatives.

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Item 4 – Advisory Business

KCD Financial, Inc. (KCD), through Investment Advisory Representatives provides a variety of investment advisory services to individuals and entities (Clients).

KCD has been in business since 2003 and the majority shareholder of KCD Financial, Inc. is Freedom Securities, Inc. Joel R. Blumenschein is a shareholder of Freedom Securities, Inc. owning a 47% share. For additional information on the ownership structure of the firm please go to adviserinfo.sec.gov.

As part of its advisory business KCD offers Asset Management Programs, Financial Planning and Portfolio Appraisal Services, and Third Party Management Programs. Each of these service offerings is described in more detail below. KCD Registered Investment Advisory is associated with KCD brokerage as we are a dually registered independent introducing registered broker dealer and Registered Investment Advisor. See Item 12 Brokerage.

Asset Management Programs

Programs include management of various forms of investments including but not limited to common and preferred stocks, bonds, municipal securities, mutual funds, annuity sub-accounts, and variable life insurance. Investment Advisory Representatives may have discretionary authority over accounts only if specified by client at account opening.

KCD does not provide advice or act for the client in legal proceedings, including class actions or bankruptcies, involving securities purchased for or held in the client's account. KCD had no obligation to provide legal services as the decision of whether to participate in the recovery or opt-out may be a legal one that KCD is not qualified to make for the client.

Financial Planning and Appraisal Services

KCD provides financial planning services including an analysis and plan relating to a Client's objectives. Services generally require one or two visits with the adviser and no on-going management. The fees will depend on the experience of the investment adviser representative and the client's portfolio size and complexity similar to the examples described below.

Appraisal services are offered for Clients seeking an analysis of particular investment(s) or financial situation(s). Services include, but are not limited to, an analysis of a Client's existing assets, objectives, insurance, investments, cash flows, risk management, retirement projections, estate or business plans, savings, and education plans.

Third Party Management Programs

KCD may recommend and implement investments with an KCD Investment Advisor Representative ("IAR") on a non-discretionary basis with non-affiliated money managers or investment management firms wherein KCD is paid a fee for assets under management as described in Part 2 of the ADV form. The Client agrees that KCD, in providing the services called for under this agreement, may recommend hereafter ("the sub-adviser"), an investment adviser registered under applicable securities laws, as a sub-adviser to manage all or a portion of the managed assets in the Client's account on a discretionary basis, established pursuant to this agreement. KCD acknowledges that it will be responsible for the continuing supervision of

the Client's account, and the actions of the sub-adviser in connection with the Client's account and the managed assets. All sub advisors have gone through the KCD due diligence process.

Advisory services offered through all of KCD's platforms take into consideration a Client's overall financial situation including: risk tolerance, goals, suitability as well as other criteria. Advice and services are tailored to each individual Client's situation based upon information provided to KCD. Throughout this process a Client is able to impose restrictions on both the types of securities as well as restrict specific securities from being held in their account. Any limits of asset types by Client may restrict the Client from reaching their goals and objections. Not all investments types are available through KCD.

As of December 31, 2021, Client regulatory assets under management totaling \$129.2M are managed by KCD on a non-discretionary basis while Client assets totaling \$1.2M are managed by third party management programs.

Item 5 – Fees and Compensation

No registered investment adviser or its Investment Advisory Representative shall charge or receive compensation in connection with the giving of investment advice unless such compensation is fair and reasonable and is determined on an equitable basis, adequately disclosed to each Client in writing, and principal approved.

Each client will enter into an agreement which outlines the specific fees they shall pay. The following is the general outline of the fee schedules for each program

Asset Management Programs

Fees: May be a percent of assets under management for the specified account(s). This percentage could range from .5% up to 3% as agreed upon by the Adviser and Client. Fees in excess of 3% may be considered excessive according to the Investment Advisors Act of 1940 and are not allowed. In instances of a fee exceeding 2%, it is understood the fee is higher than that normally charged in the industry and that other investment advisers may provide the same or similar services at a lower rate.

Factors to consider in determining if a fee is reasonable include (1) the customary fee charged by other advisers for comparable services, (2) whether the same services could be obtained by the Client directly without the adviser's assistance and cost, (3) whether the adviser has a reasonable belief that his services would generate gains in excess of the fee charged, and (4) how the particular services differ from those generally provided by other advisers. Client is made aware there may be alternative fee methods (straight commissions, etc.) and/or other advisers who use a fee schedule that could result in charges greater or less than the agreed upon advisory fee. Generally, the smaller the portfolio, the larger the fee, and conversely.

Guidelines: Up to \$100,000 portfolio 2-3%; \$100,000 to \$500,000 portfolio 1-2%; \$500,000 to \$1,000,000 portfolio .5%-1%, above \$1,000,000 portfolio .5% or any variation the portfolio may dictate and is agreed in writing by Client and Investment Advisory Representative. The Client and adviser will discuss the extent of the advisory services to be provided, and the agreed upon specific fee structure for each advisory account which will be detailed in the Investment Advisory

Services Agreement, which will be signed by the Client and the Adviser and approved by the designated supervisor prior to KCD accepting and processing any advisory fees.

In general, fees for the Asset Management Program range from .50 to less than 3% annually on assets under management, including accrued interest, as agreed upon in your written agreement, calculated in advance or in arrears, as a flat fee or tiered, based on the average daily balance or the balance on the last business day of each quarter, payable quarterly. We do not charge performance fees.

Financial Planning and Appraisal Services

Fees: Fees for financial planning and appraisal services may be based on an hourly charge or on a fixed fee basis. Hourly and fixed rates will vary between Investment Advisory Representatives but may not exceed minimum and maximum requirements set by KCD. The Client may terminate the Financial Plan or Appraisal agreement without penalty within five days of execution. The Financial Planning and Appraisal Agreements terminate upon delivery of the written financial plan or analysis. Fees may be due in advance if all parties agree, however, KCD will not collect more than \$1,200 in fees per Client six months or more in advance. If paid in advance and Client cancels agreement before completion of plan, a portion of fee will be refunded based on amount of time Investment Advisory Representative has spent on plan. No refunds will be made after completion of the plan. If the Client chooses to implement the financial plan prepared by an Investment Advisory Representative of KCD, the fee structure for the initial financial plan may be waived.

Hourly fees may range from \$50.00 - \$150.00, and fixed fees may range from \$150/plan to \$1,000/plan, as agreed upon by the adviser and Client. Fees may vary depending on Investment Advisory Representative's experience, disclosed to Client by Investment Advisory Representatives, and the size and complexity of the individual Client's portfolio.

Guidelines: 2-4 years experience \$50.-\$100./hr; >4 years experience \$150./hr. Client portfolio of \$5,000 - \$50,000 low complexity \$50./hr; Client portfolio >\$1,000,000 - \$150./hr. These are Guidelines only and final plan fee shall be determined by Client and Investment Advisory Representative and principal approved for each individual agreement. Generally, fees for appraisal services will be lower than fees for services including complete financial plans.

Third Party Management Programs

Fees: Agreements with Third Party Management programs will include a proprietary fee schedule and will supersede any fee schedule offered through KCD. The services and fees will operate in accordance with the individual programs as detailed in each third party's ADV Part 2A and individual Client applications, which will be provided to each Client. Client fees are payable quarterly, in advance or arrears, based on the fee schedule of the third party. KCD receives a portion of these fees, as detailed and fully disclosed to each Client in each company's documents mentioned above. The portion of fees received by KCD from Third Party Management Programs will range from 0-1.5% of the assets managed. Fees paid to KCD by third party managers may vary from company to company which may create a conflict of interest if an adviser recommends services of a third party money manager who pays a larger portion of its advisory fees over another manager. The compensation arrangements with each money manager will be disclosed to the Client. Also, in instances where the services of the third party

money manager may be obtained directly by the Client, disclosure shall be made to the Client that fees for such programs may be higher or lower than obtaining services through the adviser. Clients may terminate these accounts at any time and receive a pro-rated refund of any unearned fees if billed in advance.

Advisory Programs Using Envestnet

KCD Financial Inc. entered into an agreement with its Custodian, Hilltop Securities, Inc. ("Hilltop") that has made available to KCD Financial Inc., a third-party platform operated by Hilltop's co-adviser Envestnet Asset Management, Inc. ("Envestnet"). The Envestnet platform provides various programs and investment advisory services to Hilltop's correspondents, such as KCD Financial Inc. Hilltop offers this program through its platform, which includes services provided by Envestnet, a registered investment adviser. Hilltop's registered investment adviser is independent and not affiliated with KCD Financial Inc. and will provide limited co-advisory services to KCD Financial Inc. clients who participate in the Envestnet platform. As part of this advisory program, Hilltop has contracted with Envestnet to provide platform services for Hilltop's investment advisory programs that are made available to KCD Financial Inc. As part of the platform services, KCD Financial Inc. and its clients will be allowed to avail themselves of various investment advisory services that are available through Envestnet.

Among the programs being offered through Envestnet are the ability to have access to (i) separately managed accounts managed by a selection of separate account managers, approved by Envestnet ("Envestnet Managers") or allowed by Envestnet to be on the Envestnet platform ("Available Managers", who typically invest in a portfolio of individual equity and/or fixed income securities depending upon the manager's stated strategy (referred to hereinafter for the purposes of this firm brochure as the "SMA Program"); (ii) a selection of Exchange Traded Funds ("ETFs") and mutual fund portfolios that are managed by third-party strategist, approved by Envestnet, with each strategist offering a selection of portfolios that range from conservative to aggressive, allowing the client to select the best portfolio for the client's risk tolerance (hereinafter, for the purposes of this firm brochure as the "Fund Strategist Portfolio Program" or the "FSP Program"); (iii) a combination of the programs listed in (i) or (ii) above in one account under a Unified Managed Account (referred to hereinafter for the purposes of this firm brochure as the "UMA Program"); (iv) the KCD Financial Inc. IAR as the Portfolio Manager for the account (referred to hereinafter for the purposes of this firm brochure as the "APM Program"); and (v) a more generalized advisory program that has Fee-based Clearing, Advisory Fee Billing, and Performance Reporting Services.

In each of these programs, it is contemplated that KCD Financial Inc. will be the investment adviser and will utilize the services of Hilltop to gain access to Envestnet, as a platform provider and the various service providers to Envestnet as an investment manager, third-party strategist, or a portfolio manager (which could also include KCD Financial Inc. IARs) or a combination of multiple investment managers or portfolio managers and avail itself of services offered by the Platform Manager. As presently contemplated, each of these platform providers, investment managers and portfolio managers will charge KCD Financial Inc. a fee for their services, but it is contemplated that all these fees of the outside service providers will be included in the KCD Financial Inc. fee to the clients as one unified fee.

In the SMA Program, the Advisor will have access to a selection of separate account managers who typically invest in a portfolio of individual equity and/or fixed income securities depending upon that manager's stated strategy.

In the FSP Program, the Advisor will have access to a selection of ETF and Mutual Fund portfolios that are managed by third-party strategists ("FSP Strategists"). Each strategist typically offers a selection of portfolios that range from conservative to aggressive, allowing the client and representative to select the best portfolio for the Client's risk tolerance.

The APM Program is offered as a discretionary or a non-discretionary program. The nondiscretionary program allows the KCD Financial Inc. IAR to create and apply an asset allocation model to an account then trade that account individually through the platform and monitor drift and other investment policies (subject to certain tolerance levels established by the IAR) and compare the account's performance to the target established by the IAR and the Client. The discretionary version of the tool allows the IAR to create and apply specific model portfolios, attach Clients to those models, trade the model and all the accounts attached to the model and manage one or more accounts by administering the model and monitor drift and other investment policies (subject to certain tolerance levels established by the IAR) versus the target established by the IAR and the Client.

The UMA Program allows for the combination of two or more SMA Managers or FSP Strategists to manage an allocated portion of the assets (each allocation is a "sleeve") within a single account. If the account provides KCD Financial Inc. and its IAR to use discretion, the IAR may also serve as portfolio manager for one or more sleeves within the UMA.

The Turnkey Advisor Model program may be offered for discretionary and/or non-discretionary accounts, depending upon Advisor's policies and approvals. The program allows the Advisor to select a predefined asset allocation model and allocate approved mutual funds and ETFs across the model. Trading is handled automatically through the platform.

Finally, the Fee-based Clearing, Advisory Fee Billing, and Performance Reporting Services is like the APM program, but it eliminates the mandatory use of a model portfolio or target allocation. This program is best suited for the IAR who desires to personally monitor the investment policies and prefers a more open, flexible architecture over the structure of the APM Program.

General Information on Fees

Asset Management fees are generally billed quarterly. Advanced fees may be billed for a period not to exceed one quarter. Advisory agreements may be terminated in writing by either party. If agreement is terminated, Client will receive a refund of fees paid in advance, pro-rated by the number of prepaid months or days, if applicable, divided by the months or days that have passed.

Fees for assets under management may be waived for the first year succeeding a sale generating a broker/dealer commission. Occasionally, fees may be waived or refunded in instances where substantial repositioning of Client's portfolio has generated a broker/dealer commission. KCD retains the ability to offset, waive, or set aside its rights to the collection of any fee in whole or in part, to which it would otherwise be entitled. Investment Advisory

Representative is required to obtain approval from KCD in the event such waiver is enacted. Annual advisory fees will not exceed 3% of assets under management.

Generally, Clients will not incur more than one type of fee during a given time, as only one type of advisory agreement will be in effect at any given time for a given set of assets. Investment Advisory Representatives who are also registered representatives may be involved in a situation wherein a Client has entered into an agreement for advisory services regarding a particular, identified group of assets and at the same time agrees to other transactions that may involve a commissionable transaction of assets not under management.

Fees, outside of Third Party Management arrangements, are negotiable (within the range of fee limitations listed herewith) between the Investment Advisory Representative and the individual Client. Written disclosure of a Client's individual advisory plan, fee structure, signed by the Client, Investment Advisory Representative, and Designated Registered Investment Adviser Supervisor, and a copy of KCD's ADV Part 2A are provided to Client prior to commencement of the advisory arrangement.

In addition to the account fees, Clients may also incur certain charges imposed by third parties which may include, but are not limited to, the following: mutual fund or money market 12b-1 and sub transfer fees, fund or money market management fees and administrative expenses, mutual fund transaction fees, certain retirement plan fees, clearing firm ticket and processing fees, and other charges required by law. KCD and its Investment Advisory Representatives may receive a portion of these fees.

We seek to mitigate any conflict of interest by utilizing the risk profiles, and questionnaires to act in the best interest of the client.

The fees charged will never be on the basis of capital gains upon or capital appreciation of the funds or any portion of the funds of the Client as contained in Section 205(a)(1) of the Advisers Act.

Fees may be withdrawn directly from Clients' brokerage accounts if this arrangement has been included, and the accounts specified, in the written advisory agreement. Although KCD maintains fee deduction authority over these types of accounts, KCD has custody of these assets solely as a consequence of its fee deduction authority. KCD does not have direct custody of any Client securities or funds. Clients will receive statements from an independent qualified custodian no less frequent than quarterly showing all fees deducted from advisory accounts.

Fees may be higher or lower than for comparable services obtainable elsewhere and are subject to negotiation.

KCD's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the Client. KCD may in certain cases choose to pay transaction fees to the custodian on behalf of the Client. This presents a potential conflict of interest because it would give KCD an incentive not to trade in the account. KCD has a fiduciary duty to act in the best interest of the Client and to trade appropriately in the Clients' accounts according to each Client's financial goals and investment objectives. Clients may incur certain charges imposed by custodians, brokers, third party investment, 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. Such charges, fees and commissions are exclusive of and in addition to KCD's fee, and KCD may receive a portion of these commissions, fees, and costs. Item 12 further describes the factors that KCD considers in selecting or recommending broker/dealers for Client transactions and determining the reasonableness of their compensation (e.g., commissions).

KCD and its supervised persons may accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. This practice presents a conflict of interest and gives KCD and its supervised persons an incentive to recommend investment products based on the compensation received, rather than on a Client's needs. In instances that a conflict exists, the conflict is disclosed to the Client prior to advice being rendered.

KCD discloses that Clients have the option to purchase investment products recommended through other brokers or agents that are not affiliated with KCD. Additionally, in appropriate instances, KCD will recommend "no-load" funds in lieu of "loaded" funds to avoid the conflict of interest.

To further limit the impact of conflicts of interest, from time to time KCD will reduce or waive advisory fees to offset commissions or markups generated from the sale of investment products. Less than 50% of KCD's advisory Client revenue results from commissions or other investment product sales-related compensation.

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

KCD 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).

Item 7 – Types of Clients

KCD provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans and charitable organizations. Generally individual advisors need to have a \$25,000 minimum account requirement that may be waived.

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

KCD utilizes a variety of analysis methods and investment strategies for portfolio management to include charting, cyclical, fundamental analysis, and technical analysis. Charts may be used to analyze price data over a period of time and attempt to forecast future price movements of a stock. Cycle analysis uses analysis of specific events that occur at regular intervals which can be forecasted in the future, such as earnings cycles and growth or recessions cycles. Fundamental analysis evaluates a security by trying to measure its value, looking at everything that can affect its performance and value, such as earnings, dividends, balance sheet, management, and competitors. The goal is to determine if the security is underpriced or overpriced. Technical analysis involves choosing assets based on prior trading patterns to predict future value and patterns in the stock market. This analysis is based on the thinking that stocks are influenced by patterns of investors which may be predictable over a period of time.

The main sources of information KCD uses to analyze and develop its investment strategies include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, and filings with the Securities and Exchange Commission. Investing in securities involves risk of loss that Clients should be prepared to bear. These risks may include market risk, liquidity risk, concentration risk, credit risk, reinvestment risk, inflation risk, time horizon risk, and foreign investment risk, credit risk and conflicts of interest.

Investment strategies used by KCD to implement advice given to Clients depend upon a Client's overall financial situation including: risk tolerance, goals, suitability as well as other criteria. Based upon that information KCD may utilize strategies to include: long term purchases (securities held at least a year), short term purchases (securities sold within a year), trading (securities sold within 30 days), short sales, margin transactions, option writing, including covered options, and uncovered options or spreading strategies. It is possible that an adviser would determine that an individual strategy or a combination of strategies is appropriate for one Client at different times.

In advising Clients of KCD who are utilizing third party management firms, KCD may use sources of information provided by the third-party management firm(s) in addition to using public sources of information. Third party management firms may use model portfolios of mutual funds, exchange traded funds (ETF's), and variable annuity sub accounts provided by a number of institutional investment strategists and based on the information, research, asset allocation methodology, and investment strategies of these institutional strategists. KCD does conduct due diligence on all the third-party management firms to access how they will work for the best interest of the client. The Form ADV Part I and 2A of third-party firms are also incorporated when applicable.

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 KCD or the integrity of KCD's management. The Following is listing of material disciplinary events that occurred with KCD Financials Broker Dealer division.

Financial Industry Regulatory Authority ("FINRA"), Case #2011025851501, (November 14, 2013)

Regarding count III of the action, the firm (KCD Financial, Inc) entered into an AWC regarding firms email review system prior to September 2011. The firm paid a fine in the amount of \$5,000 on 12-29-2014.

The firm allowed its registered representatives to utilize personal email accounts for business purposes but requiring them to blind carbon copy ('BCC') the designated principal or designated email address for review on all outgoing communications and requiring them to forward all incoming correspondence to the designated principal. However, the firm had no system in place to prevent or detect noncompliance. Thus, the firm's email retention and review process was inadequate because it was not reasonably designed to supervise each registered representative.

Count I of the allegations against the firm was reversed by the National Adjudicatory Council ("NAC") during the appeals process.

The firm was found in violation of advertising rules by the FINRA hearing panel with regards to CD ad rates. Ad's were run as part of an approved outside business activity and therefore, did not require the approval or supervision of the firm.

Count II of the allegations against the firm was upheld by the SEC during the appeals process and the \$73,000 fine was upheld.

The firm was found in violation of general solicitation of a private placement due to an article being published in a local Dallas newspaper and on the website of the sponsor of the program which the firm had no control over.

Financial Industry Regulatory Authority ("FINRA"), Case #2017052418701, (July 19, 2018)

Without admitting or denying guilt, the firm settled the above matter in the amount of \$10,000 paid in full on August 3, 2018.

The allegations state that the Firm failed to inspect branch and non-branch office in accordance with FINRA rules and the Firm's written supervisory procedures.

For further information please go to:

<https://brokercheck.finra.org/firm/summary/127473#disclosuresSection>

Item 10 – Other Financial Industry Activities and Affiliations

KCD is actively engaged in a business other than giving investment advice. The principal business of KCD and its executives is that of a securities broker/dealer (CRD #127473). The principals do not conduct securities business. They are not producing managers. KCD's current business mix is as follows: 40% Mutual Funds, 15% Variable insurance products, 3% Equities/Bonds, and 42% REITS and Private Placements. From time to time we will offer Clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. KCD Financial, Inc. always acts in the best interest of the Client, including the sale of commissionable products to advisory Clients. Clients are in no way required to implement the plan through any representative of KCD Financial, Inc., in their capacity as a registered representative. KCD's Code of Ethics and client questionnaires and risk profiles are reviewed by the firm's CCO to help ensure the recommendations made to the clients are in the client's best interest.

In addition, KCD is also a licensed insurance agency and works with various insurance companies for variable insurance products. Approximately 90% of business activity is spent on broker/dealer activities and 10% on advisory activities. KCD may receive normal commissions through the sale of these insurance products which create a similar potential conflict of interest

as in the previous paragraph. Clients are not obligated to purchase any insurance products recommended by KCD from their Investment Adviser.

KCD registered Investment Advisors may recommend or select other third party money managers for their Clients.

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

KCD has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its Clients. The Code of Ethics includes provisions relating to the confidentiality of Client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at KCD must acknowledge the terms of the Code of Ethics annually, or as amended.

KCD Investment Advisory Representatives shall always conduct himself/herself in a manner that is always beneficial for the Client and adheres to the highest standards of ethical practices. Investment Advisory Representatives will not engage in any conduct which would be unlawful under the provisions described in any rule or regulation. Investment Advisory Representatives will be sensitive to conduct such as non-disclosures, incomplete disclosures, or deceptive practices and know such conduct is unethical. Complete details of KCD's Code of Ethics shall be provided to Clients upon request.

The following practices are regarded by KCD Financial, Inc. as improper and will be met with appropriate disciplinary action:

- Accepting orders or checks from a third party for a customer's account or opening an account from a third party;
- Preparing written research reports or recommendations on a security for general dissemination without prior supervisory review and approval;
- Entering into an advisory agreement at another firm without prior review and approval;
- Giving lectures or seminars without prior supervisory approval;
- Reproducing and giving to Clients or others research material marked "broker/dealer use only";
- Giving specific tax or legal advice to customers, unless appropriately qualified;
- Passing on to Clients or acting on inside information;
- Establishing fictitious accounts or otherwise engage in prohibited transactions;
- Executing transactions in any account on a discretionary basis unless client specifically allows discretion at account opening;
- Unauthorized use or borrowings of customer funds or securities;

- Establishing “side” businesses, partnerships or ventures and enticing customers to invest without disclosure to the Company;
- Recommending the purchase of securities of a character or amount which are inconsistent with the customer’s stated objectives or financial ability;
- Splitting with or rebating, directly or indirectly, any commission or fee with a person not licensed with the Company;
- Sharing directly or indirectly in the profits or losses of any account without customer authorization;
- Presenting the merits of any proposed investment in an exaggerated, hyperbolic fashion with no balanced discussion of risk;
- Concealing material adverse information about a proposed investment;
- Entering into a relationship with a financial institution (such as a wholesaler for a fund or insurance Company) whereby advertising, trips, and other benefits are paid for without full discussion and clearance by the Company;
- Providing excessive gifts or gratuities to a customer; and
- Guaranteeing a customer a profit or a return on an investment.

In the event an Investment Advisory Representative would choose to buy or sell a security for himself and also recommend the same security for his Clients, the Investment Advisory Representative should be aware and sensitive to the price of such security and how his buying or selling would affect the Client’s price. In most cases the Investment Advisory Representative should not trade ahead of the Client to avoid a conflict of price interest.

KCD’s employees and persons associated with KCD are required to follow KCD’s Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of KCD and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for KCD’s Clients.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of KCD will not interfere with:

- (i) making decisions in the best interest of advisory Clients and
- (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of KCD’s Clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to Client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as Clients, there is a possibility that employees might benefit from market activity by a Client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between KCD and its Clients.

It is KCD's policy that the firm will not affect any principal or agency cross securities transactions for Client accounts. KCD will also not cross trades between Client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory Client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another Client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory Client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker/dealer or has an affiliated broker/dealer.

KCD's Clients or prospective Clients may request a copy of the firm's Code of Ethics by contacting KCD at 920-347-3400.

Item 12 – Brokerage Practices

In addition to be a registered investment adviser, KCD Financial, Inc. is also an introducing broker dealer that maintains a clearing relationship with Hilltop Securities. In order to provide Asset Management Programs, KCD utilizes its relationship with Hilltop Securities to maintain Client accounts for its Asset Management Programs. Due to this relationship, KCD is limited by Hilltop Securities' costs for trading, reporting, and maintaining customer accounts. The fees and commissions of Hilltop Securities may be more costly than similar fees charged by online discount brokers. KCD utilizes this relationship to maintain the ability to monitor the suitability and appropriateness of investments transacted. Although these activities may not always be consistent with best execution, the nature of this relationship is fully disclosed to Clients prior to rendering any advice. KCD does not aggregate the purchase or sale of securities in advisory accounts, which may cost the Client more. KCD does not allow the client to direct an order to another broker.

KCD also utilizes its relationship with Trade PMR to maintain Client accounts for its Asset Management Programs. Due to this relationship, KCD is limited by Trade PMR's costs for trading, reporting, and maintaining customer accounts. The fees of Trade PMR may be more costly than similar fees charged by online discount brokers. KCD utilizes this relationship to maintain the ability to monitor the suitability and appropriateness of investments transacted. Although these activities may not always be consistent with best execution, the nature of this relationship is fully disclosed to Clients prior to rendering any advice. KCD does not aggregate the purchase or sale of securities in advisory accounts, which may cost the Client more. KCD does not allow the client to direct an order to another broker.

KCD does not take any independent discretionary authority over Client accounts unless specifically authorized by client upon account opening. KCD does contract with other third party management firms that may or may not use discretionary authority within their management programs. Refer to the third-party managers' individual ADV Part 2A documents for detailed information.

When working with third party managers/brokers, KCD, or its Investment Advisory Representatives, assists the Client in selecting the initial third-party choices that best suit the Client's objectives. The Client then specifically directs the account to be invested in accordance

with the needs analysis and options available. The portfolio may be automatically adjusted as detailed in individual third party management agreements. The Client receives confirmation of all transactions in the account and is free to terminate their participation in the program and retain or dispose of any assets in the account at any time. KCD has no authority to cause any purchase or sale of securities in any Client account, or change any portfolios or to direct the account to be invested in any manner unless authorized by the Client.

KCD utilizes data generally available to the public regarding investment alternatives and does not produce our own research product nor do we charge separate fees for any type of research. Clients may be offered product information from other brokerages that support investment advisers such as Asset Mark (formerly Genworth Financial Wealth Management, Inc.), Atlas Capital Management, CLS Investments, LLC, Fund Choice LLC, Sorwell (formerly Heritage Capital Management), Q3 Asset Management, Redhawk Wealth Advisors, Inc., SEI Investment Corp., Hilltop Investment Group and 3D Asset Management. Generally, when working with third party managers, any product information supplied by them would only be used within their management platforms. When referring Clients to other dealers, KCD will only refer Clients to dealers registered in the state where the Client resides and with whom KCD has entered into an agreement to conduct business. All fees are disclosed to Clients for the various types of services available through the options offered through KCD.

Before entering into a selling agreement with any third party money manager, KCD conducts thorough due diligence on the company's history, management, services available to advisers and Clients, and fee structures. Fee structures are compared to other available third party money managers to ensure they are within the industry standards. KCD only contracts with registered third party managers whose ADV documents (including fee structures) have been approved and considered appropriate by KCD's Principal Executive Officers and Management Personnel in the states where they do business. Clients are provided the Form ADV Part 2A for each third party money management firm recommended and confirm their receipt of this document for any firms they utilize within KCD's individual Investment Advisory Services Agreement which is obtained for each investment.

KCD does not direct Clients to a particular third party manager/brokerage in return for any product or research services they may provide to KCD. KCD does not receive any soft dollar benefits from Hilltop Securities or any third party managers.

Item 13 – Review of Accounts

Accounts are reviewed prior to initial implementation and no less frequently than annually thereafter. A Principal of KCD (see Item 19) shall review accounts periodically including a review of account transactions and related paperwork. Client account reports for Asset Management Programs are generated by the custodian and delivered to clients at least quarterly.

Advisory services provided by the adviser will consist of a review and analysis of all relevant data supplied by the Client. A written report(s) may be generated for a personal needs analysis, a financial plan, or asset based management services detailing planning strategies based on all or some of the following: current resources, level of income, present and deferred employee benefits, self-employed income and benefits, tax situation, insurance programs, & estate planning. The Investment Advisory Representative normally will not generate a written report

when requested to review specific or generic products or to discuss planning or investment strategies in general.

In addition to quarterly statements, some third party management companies may provide additional monthly / periodic statements to Clients. Occasionally an Investment Advisory Representative, in preparation for a meeting, may create a consolidated statement. There may be minor differences in values due to pricing services, accounting methodologies and other reasons. Clients are urged to review their reports and compare to the Custodian Statement. See individual ADV Part 2A documents for each third-party management firm. See item 15, Custody.

Item 14 – Client Referrals and Other Compensation

On an annual basis, KCD hosts a conference for its Investment Advisor Representatives. The conference is paid for by sponsorship payments from third party vendors. This creates a potential conflict of interest because KCD may have an incentive to recommend a product to Clients based on sponsorship, rather than other product companies that do not participate. KCD has a fiduciary duty to act in the best interest of the Client. KCD's Code of Ethics and client questionnaires and risk profiles are reviewed by the firm's CCO to help ensure the recommendations made to the clients are in the client's best interest.

Item 15 – Custody

KCD does not maintain physical custody of client funds and/or securities. However, by having the ability to automatically deduct fees from client accounts with written authorization, we are considered to have limited 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. KCD 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

KCD does not take any independent discretionary authority over Client accounts unless specifically authorized by client at account opening by signatory authorization on the account opening documentation, the authority granted is disclosed in the Advisory Services Agreement. KCD does contract with other third party management firms that may or may not use discretionary authority within their management programs. Refer to the third party managers' individual ADV Part 2A documents for detailed information.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, KCD does not have any authority to and does not vote proxies on behalf of advisory Clients. Proxy notifications are sent from the transfer agent or the custodian to the Client. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in Client portfolios. Clients may contact KCD at 920-347-3400 or email dave@kcdfinancial.com to seek advice 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 KCD's financial condition. KCD 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. In addition, KCD does not require or solicit the prepayment of \$1,200 or more, six or more months in advance.

Item 19 – Requirements for State-Registered Advisers

Principal Executive Officers and Management Personnel have no relationship with any issuer or State. (None of the following principals are considered producing managers.) For additional information on the Investment Adviser Representatives please see the Supplement to this Brochure, Form ADV Part 2 B.

Joel R. Blumenschein, President/CEO - CA,FL,IL,TX,WA,WI

DOB: 07/1963

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| Education: | Finance Degree - University of Wisconsin-Milwaukee, 2005 | |
| Business | 04/2010 – Present: | President, KCD Financial, Inc. (FINRA/SIPC) |
| Experience: | 09/2002 – 12/2020: | President/Principal, Freedom Investors Corp. (RIA) |
| | 10/2002 – Present: | VP/Secretary, Freedom Securities, Inc. |
| | 08/2000 – 08/2012: | President/Principal/Branch Manager, EZ Stocks, Inc. (FINRA/SIPC) |
| Other Business: | Freedom Securities Inc. | President & Director, 5 hours per week |
| | Freedom Ins. Solutions | President & Director, 2 hours per month |
| | Freedom Investors Corp. | President |

David S. Wilson, Principal/Chief Compliance Officer – CA,FL, IL, TX, WI

DOB: 02/1954

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|-----------------|---|--|
| Education: | Psychology & Theology, California Christian College-attended but did not graduate | |
| Business | 12/2012 – Present: | Compliance Officer, KCD Financial, Inc. (FINRA/SIPC) |
| Experience: | 02/2012 – 12/2012: | Managing Associate, Mass Mutual (FINRA/SIPC) |
| | 11/2011 – 01/2012: | Unemployed |
| | 08/2011 – 10/2011: | Assoc. Financial Advisor, Ameriprise Financial (FINRA/SIPC) |
| | 04/2011 – 07/2011: | Unemployed |
| | 01/2007 – 04/2011: | Regional Vice President, Riversource Distributors (FINRA/SIPC) |
| Other Business: | Band member | 4 Hours per month |

Robert L Rivera, Principal/Compliance Officer, /Inv. Adv. Rep Supervisor - WI

DOB: 03/1962

Education: Bachelor of Science, Geology, State University of New York, (SUNY Fredonia), Fredonia NY, 1986
Master of Business Administration, Coursework completed, Silver Lake College, Manitowoc, WI
US Army Engineer Officer Basic; Nuclear, Biological, Chemical Course; Maintenance Course,
Active Service 1987

Business Experience: 02/2019 – Present: Compliance Officer, KCD Financial, Inc. (FINRA/SIPC)
08/2018 - 02/2019: Registered Rep/Investment Advisor Rep, Cetera Advisors (FINRA/SIPC)
01/2018 - 02/2019: Insurance Agent, Central Financial States
05/2008 – 04/2009: Insurance Agent, Principal Life Insurance
05/2008 – 04/2009: Registered Representative, Princor Financial Services (FINRA/SIPC)
10/2006 – 05/2008: Registered Rep/Investment Advisor Rep, Thrivent (FINRA/SIPC)

Other Business: Fixed insurance sales Agent 4 hours per month
Knights of Columbus 4 hours per month
Church Council Member 4 hours per month
