

ITEM 1  
COVER PAGE

# Keynote Financial Services, LLC

Registered Investment Advisor



7 Keynote Drive, Suite D

Vernon, CT 06066

(860) 875-5753

[keynotefinancial@gmail.com](mailto:keynotefinancial@gmail.com)

3-28-2023

**This brochure provides information about the qualifications and business practices of Keynote Financial Services, LLC. If you have any questions about the contents of this brochure, please contact us at (860) 875-5753 or [keynotefinancial@gmail.com](mailto:keynotefinancial@gmail.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State securities authority.**

**Additional Information about Keynote Financial Services, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our number is 130384.**

**Keynote Financial Services, LLC is a Registered Investment Advisor. Please note that registration does not imply a certain level of skill or training.**

ITEM 2  
MATERIAL CHANGES

Our last annual update to this firm brochure was on January 17, 2020. The only material change to report since that date is that we filed for registration with the U.S. Securities and Exchange Commission on August 22, 2022.

ITEM 3  
TABLE OF CONTENTS

<b>COVER PAGE .....</b>	<b>1</b>
<b>MATERIAL CHANGES.....</b>	<b>1</b>
<b>TABLE OF CONTENTS .....</b>	<b>2</b>
<b>ADVISORY BUSINESS .....</b>	<b>3</b>
<b>FEES &amp; COMPENSATION .....</b>	<b>4</b>
<b>PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....</b>	<b>5</b>
<b>TYPES OF CLIENTS.....</b>	<b>5</b>
<b>METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS</b>	<b>5</b>
<b>DISCIPLINARY INFORMATION .....</b>	<b>6</b>
<b>OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....</b>	<b>6</b>
<b>CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING .....</b>	<b>6</b>
<b>BROKERAGE PRACTICES .....</b>	<b>7</b>
<b>REVIEW OF ACCOUNTS.....</b>	<b>8</b>
<b>CLIENT REFERRALS AND OTHER COMPENSATION.....</b>	<b>8</b>
<b>CUSTODY .....</b>	<b>8</b>
<b>INVESTMENT DISCRETION .....</b>	<b>9</b>
<b>VOTING CLIENT SECURITIES.....</b>	<b>9</b>
<b>FINANCIAL INFORMATION .....</b>	<b>9</b>

ITEM 4  
**ADVISORY BUSINESS**

A. Description of our business Keynote Financial Services, LLC (“KFS”) registered as an investment adviser in Connecticut in 2004. In 2022, KFS switched its registration to the U.S. Securities and Exchange Commission. Kent D. Zahner owns it 100%. Both James M. Desrocher and Kent D. Zahner are its investment advisor representatives.

B. Description of advisory services we offer KFS is a small firm specializing in financial planning and investment management of client portfolios.

Financial planning includes tax planning, insurance planning, retirement planning and estate planning. Financial planning services may include consultations and/or written financial plans, which analyze your financial situation and makes appropriate recommendations for strategies and methods of implementation of the strategies.

When managing client portfolios, we take under consideration our clients’ personal financial situation, which includes employment status, cash reserves, investment account values, retirement account values, age, anticipated retirement date, other sources of income and their personal tolerance for risk and volatility. With this information, we then assist clients with implementing an appropriate investment strategy. We will monitor and adjust the client portfolios in accordance with the investment strategy.

When we manage your accounts, we use general securities (exchange listed stocks, over-the-counter stocks, pink sheet stocks, foreign issued stocks and bonds), mutual funds (including exchange traded funds or ETFs), government securities and options. If you want to invest in what are being called “alternative investments” such as managed futures, private equity, currency or hedge funds, we will help you select and monitor other money managers investing in alternative investments.

C. If, or how we tailor our advisory services to your individual needs All of our clients are different, so we tailor our services to meet your needs by consultations to discover your individual hopes, goals, and dreams. Then we analyze your current investments and make suggestions on how to meet your objectives. Of course, you may impose restrictions on investing in certain securities or types of securities. It is your portfolio, after all. (Please refer to Item 16.)

D. Wrap fee programs KFS does not participate in wrap-fee programs.

E. Amount of assets we manage As of March 16, 2023, KFS managed approximately \$134,423,294 on a discretionary basis and \$0 on a non-discretionary basis.

ITEM 5  
**FEES & COMPENSATION**

A. How we are compensated. The negotiable hourly fee for financial planning is up to \$200/hour and is paid after the consultations.

If we manage your money, the annual negotiable fee for doing so ranges from ½ of 1% to 2%, depending on the size and complexity of your account(s). The fees you will pay for services will be a percentage of the market value of the assets in your account on the last trading day of each calendar quarter. The fee is paid quarterly, after the *end* of each quarter.

Management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee.

B. How our fees are paid You may have your custodian withdraw our fees for managing your account(s) shortly after the end of each quarter. This will only be permitted when the client authorizes the agreement in writing; KFS sends the invoice to both the client and custodian at the same time; the bill shows the amount of the fee, how it was calculated and the value of the assets upon which the invoice is based. Or you may choose to have us bill you at the end of each quarter. Hourly fees are billed shortly after the consultations.

C. Other types of fees Our fees do not include transaction fees, brokerage commissions and other related costs and expenses, which you will pay. You may also pay fees charged by your custodian, mutual funds and other money managers, including: management fees, custodial fees, mutual fund fees, taxes and transfer fees. We do not receive a portion of any of these fees. Simply put, they are a necessary part of doing business in the securities industry. And please remember that by not charging securities sales commissions, we are keeping your out-of-pocket expenses as low as we possibly can. (Please refer to item 12.)

D. Do we charge in advance We do not charge fees in advance.

E. Do we get compensated (*commissions*) for the sales of securities No one at KFS accepts commissions or any other form of compensation for *selling* you securities or other investment products.

F. Retirement Rollover Conflicts of Interest

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts of interest with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interests ahead of yours.

ITEM 6  
**PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

KFS 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) or provide side by side management.

ITEM 7  
**TYPES OF CLIENTS**

Most of our clients are individuals; many are high net worth individuals. We also have business & corporations, charities, trusts, estates and corporate pension and profit-sharing plan clients.

The Firm does not impose any requirements on the minimum account size for opening or maintaining an account.

ITEM 8  
**METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

A. Our analysis & strategies Dynamic asset allocation, fundamental and technical market analysis are used to pursue client objectives. Our main strategy of investing is the core-and-satellite style. The core strategy remains founded on long-term asset allocation and a buy-and-hold strategy. Within the core, there should be varying exposure to stocks (our primary focus is on, but not limited to, “blue-chip” stocks), mutual funds, exchange traded funds and fixed income and cash. The allocation among these principal asset classes forges a strong foundation for your investment portfolio. The satellite portion is more technical in nature and is designed to increase growth to the portfolio without exposing the investor to a significantly increased element of risk. The goal is to select investments where our skill provides an opportunity to earn greater growth and/or value than those achieved by the core portion of the portfolio. Here, the core portfolio is supplemented strategically taking advantage of opportunities the markets present. Macro-economic developments, short-term valuation dislocations, and even political forces are examples of events that may lead to opportunities that we seek to profit from.

We primarily read financial newspapers and magazines (including “The Wall Street Journal”, “Money” and “Forbes”).

We also study corporate rating services such as “Morningstar”, “Standard & Poors” and “Value Line”.

***YOU SHOULD BE AWARE THAT INVESTING IN SECURITIES INVOLVES RISK OF LOSS THAT YOU SHOULD BE PREPARED TO BEAR. THE FIRST DECADE OF THE 21<sup>ST</sup> CENTURY SHOULD HAVE PROVEN THAT.***

B. Material risks involved in our analysis or strategies We believe that our investment strategy is fairly conservative and we don't believe it involves significant or unusual risks. For example, we do not engage in frequent trading of securities as that can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

C. Do we recommend primarily a particular type of security As mentioned earlier, we place client accounts in general securities (exchange listed stocks, over-the-counter stocks, pink sheet stocks, foreign issued stocks and bonds), mutual funds, government securities and options, none of which in the aggregate are customarily considered to involve significant or unusual risk. But, as noted above, investing in securities ALWAYS INVOLVES RISKS.

#### ITEM 9 DISCIPLINARY INFORMATION

A. Criminal or civil actions None

B. Administrative proceeding before The SEC or any other government agency None

C. Any self-regulatory organization (SRO) proceedings None

#### ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Are we registered representatives of a securities broker/dealer No one at KFS is or will ever be a securities broker/dealer or a securities registered representative.

B. Are we a futures commission merchant, commodity pool operator or a commodity trading advisor No one at KFS is or ever will be futures commission merchant, a commodity pool operator or a commodity trading advisor or an associated person of the above-mentioned 3 entities.

C. Do we have any other financial relationships or arrangements that are material to our business No. Kent D. Zahner is a CPA but as of 12/31/2022 he will no longer actively provide accounting services.

D. Do we recommend other registered investment advisors and receive compensation No

#### ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN *CLIENT* TRANSACTIONS AND PERSONAL TRADING

A. Describe our Code Of Ethics Our Code of Ethics establishes ideals for ethical conduct based upon fundamental principles of openness, integrity, honesty & trust. It ensures that we always put your interests first. We hold ourselves to high standards and diligence.

Taken as a whole, our Code of Ethics is our promise to work hard in your interests, with complete confidentiality and honesty.

B. Do we have any material financial interests in investments we recommend We will not recommend an investment to you in which we have a material financial interest. We do not act as a principal and buy securities from or sell securities to clients. We are not general partners in a partnership so we will not solicit your investments for such. We are not investment advisors to any investment company, so we will not solicit your investments for such.

C. Do we invest in securities we recommend to you On occasion, we may buy or sell securities we recommend to you. We have found over the years that clients like to invest in the same investments we do. That makes sense. If we like it for ourselves, why shouldn't our clients like it too, always depending on their investment goals, objectives and time frame. (As an aside, we've seen that some salespeople tell clients that they own the same thing they are recommending, but it's often a minimal amount. We find that to be very deceptive.) We feel that there is no conflict of interest in owning the same securities as we recommend to you because the securities we recommend are widely held and publicly traded and we are too small advisors/investors to affect the market in widely held and publicly traded securities.

D. Do we buy or sell securities about the same time as you Yes, however, we do not allow "front running" (buying or selling before you).

## ITEM 12 BROKERAGE PRACTICES

A. Describe the factors we used in selecting a custodian for you We have selected a custodian based on its:

- Costs
- Technology
- Reputation
- Dependability
- Customer Service
- Financial Strength/Safety

1. Soft dollars We don't do "soft dollars". It is difficult to define, but a good example would be if a custodian offered us research or other benefits to place our clients with them.

2. Brokerage for client referrals We don't do "brokerage for client referrals". By that we mean we haven't selected our custodian on the basis that it will send us other client referrals in exchange for your custodial business.

3. Directed brokerage We don't do "directed brokerage". That means we don't recommend, request or require that you direct us to execute transactions through a

specified broker/dealer. If we did it, we may be unable to achieve favorable execution of trades and it would cost you money.

B. Aggregating client accounts On occasion, we will “aggregate” the purchase or sale of securities for you so as to get the “best execution” price available.

### ITEM 13 REVIEW OF ACCOUNTS

A. Frequency & nature of reviews We review the holdings in managed accounts at least monthly. We review financial planning accounts annually. All accounts are reviewed by Kent D. Zahner and/or James M. Desrocher.

B. Reviews on an other than periodic basis On occasions, such as a dramatic market move (in either direction), retirement or any catastrophe, we review client accounts to ascertain if we need to make appropriate repositioning moves for you.

C. Client reports We do not prepare client *reports*. Your custodian sends your account statements, transaction confirmations, all applicable tax documents, required minimum distributions from any qualified plans, and proxy documents, including ballots and any communication from public companies (unless opted out). In addition, you also receive statements from any mutual funds you may own and other money managers you may utilize.

### ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

A. Do we get economic benefits from a non-client for providing certain advice to you No. In addition, we do not accept sales awards or other prizes, such as trips.

B. Do we pay for client referrals We do not *pay* for client referrals.

### ITEM 15 CUSTODY

All your funds, securities and accounts are held at a qualified custodian. KFS does not take possession of your securities. However, you will be asked to authorize KFS with the ability to instruct the custodian to deduct KFS’s management fee from your account. This authorization will apply to KFS’s management fee only. This is considered a limited form of custody. You may terminate this authorization at any time. You will receive at least quarterly account statements from the custodian that holds and maintains your assets. KFS urges you to carefully review these account statements.

ITEM 16  
**INVESTMENT DISCRETION**

We manage your accounts on a discretionary basis, although some clients prefer non-discretionary accounts. That is your choice. We are a firm built on *relationships* not *transactions*. As a small RIA we don't trade your accounts very often, so it is not difficult to check with you before we make any buys or sells in non-discretionary accounts.

If you do authorize us to use discretion on your account, you may tell us any limitations you'd want on your account. For example, several clients prefer that we not invest in gambling, tobacco or alcohol-based securities. We will abide with your wishes.

In order for you to have an account with us, we must first have you authorize it with a Limited Power of Attorney, which your custodian provides to you. Before executing the power of attorney, the custodian ensures that your signed contract with us authorizes us to have certain privileges and these are then initialed on your new account form. You may authorize us to open the account, authorize us to manage your account with discretion or not, authorize us to receive duplicate confirmations & statements and authorize the custodian to deduct our fees from your account.

ITEM 17  
**VOTING CLIENT SECURITIES**

- A. Do we accept authority to vote client securities We do not vote client securities.
- B. If we do not have that authority, disclose that fact We do not have the authority to vote client securities. You will receive your proxies or other solicitations directly from your custodian and we encourage you to discuss them with your legal representatives as we are not in a position to answer any of your questions regarding proxies.

ITEM 18  
**FINANCIAL INFORMATION**

- A. Do we require prepayment of fees of more than \$1200 or more than 6 months in advance No, we never charge more than \$1200 more than 6 months in advance.
- B. If we require such prepayment, or have custody or discretion, is there any impairment for us to make a refund, if necessary Since we may have discretionary authority (but not custody) of your funds and/or securities, we are required to provide you with certain financial information or disclosures about KFS's financial condition. KFS has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients.
- C. Bankruptcy Neither Kent D. Zahner, nor James M. Desrocher nor KFS has ever filed for bankruptcy.