

# edmonds|duncan

## REGISTERED INVESTMENT ADVISORS

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March 22, 2023

### Part 2A Brochure

This brochure provides information about the qualifications and business practices of Edmonds Duncan Registered Investment Advisors, LLC (“hereinafter “Edmonds Duncan” or the “Firm”) If you have any questions about the contents of this brochure, please contact us at 785-856-2222. 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. Edmonds Duncan is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Additional information about Edmonds Duncan 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 IARD number. The IARD number for Edmonds Duncan is 168246.

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## ITEM 2 – MATERIAL CHANGES

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### Summary of Material Changes

This section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

There have been the following material changes since our last annual update on February 28, 2022.

Item 10. Other Financial Industry Activities and Affiliations. An affiliated entity, Edmonds Duncan Insurance Agency, LLC is a licensed insurance agency with the State of Kansas. As such, IARs of Edmonds Duncan may act as agents appointed with various life, disability or other insurance companies, receive commissions, trails, or other compensation from the respective product sponsors and/or as a result of effecting insurance transactions for clients.

If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact our Chief Compliance Officer, Don Duncan at 785-856-2222 or [don@edmondsduncan.com](mailto:don@edmondsduncan.com).

We encourage you to read this document in its entirety.

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## ITEM 4 – ADVISORY BUSINESS

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Edmonds Duncan provides its services in an effort to improve clients' overall financial wellbeing. To that end, the Firm will analyze client information to assess their current situation, define their goals and determine what should be done in order to meet those goals. Depending on what services the Firm is engaged to provide, this could entail analyzing client assets, liabilities and cash flow, current insurance coverage, investments, tax strategies and other less tangible concerns. The Firm believes an approach that carefully monitors client portfolios is integral in achieving client objectives. The Firm seeks to select efficient, liquid and low-cost investments while implementing a process that aims to adapt portfolio allocation to an ever-changing economic environment in order to manage portfolio risk.

Edmonds Duncan has been in business since June 2013 and is wholly owned by Donald D. Duncan and Jason Stephen Edmonds. As of December 31, 2022, Edmonds Duncan had \$369,079,344 in assets under management, \$303,324,379 of which were managed on a discretionary basis and \$36,907,344 of which were managed on a non-discretionary basis.

While this brochure generally describes the business of Edmonds Duncan, certain sections also discuss the activities of its *Supervised Persons*, which refer to the Firm's officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on Edmonds Duncan's behalf and is subject to the Firm's supervision or control.

### **Financial Planning and Consulting Services**

Edmonds Duncan offers clients a range of financial planning and consulting services, which may include any or all of the following functions:

- Business Planning
- Cash Flow Forecasting
- Retirement Planning
- Estate Planning
- Financial Reporting
- Insurance Needs Analysis
- Charitable Giving
- Risk Management

While each of these services is available on a stand-alone basis, certain of them may also be rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement (described below). In performing these services, Edmonds Duncan is not required to verify any information received from the client

or from the client's other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information.

Edmonds Duncan may recommend the services of itself, its Supervised Persons in their individual capacities as insurance agents or registered representatives of a broker-dealer and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if clients engage Edmonds Duncan to provide additional fee-based services. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by Edmonds Duncan under a financial planning or consulting engagement or to engage the services of any such recommended professionals, including Edmonds Duncan itself. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Edmonds Duncan's previous recommendations and/or services.

#### **Retirement Plan Consulting Services**

Edmonds Duncan provides various consulting services to qualified employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans. Each engagement is individually negotiated and customized, and may include any or all of the following services:

- Plan Design and Strategy
- Plan Review and Evaluation
- Executive Planning and Benefits
- Investment Management and Review
- Plan Fee and Cost Analysis
- Retirement Plan Committee Consultation
- Fiduciary and Compliance
- Legacy Plan Services

As disclosed in the Agreement, certain of the foregoing services are provided by Edmonds Duncan as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In accordance with ERISA Section 408(b)(2), each plan sponsor is provided with a written description of Edmonds Duncan's fiduciary status, the specific services to be rendered and all direct and indirect compensation the Firm reasonably expects under the engagement.

#### **Investment Management and Wealth Management Services**

Edmonds Duncan manages client investment portfolios on a discretionary basis. In addition, Edmonds Duncan may provide clients with wealth management services which

may include a broad range of comprehensive financial planning and consulting services as well as discretionary and/or non-discretionary management of investment portfolios.

Edmonds Duncan primarily allocates client assets among index exchange-traded funds (“ETFs”), and may allocate client assets among various mutual funds, individual debt, equity securities and cash in accordance with the investment objectives of its individual clients. All of which are considered asset allocation categories for the client’s investment strategy. Where appropriate, the Firm may also provide advice about any type of legacy position or other investment held in client portfolios.

Clients may also engage Edmonds Duncan to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Edmonds Duncan directs or recommends the allocation of client assets among the various investment options available with the product. These assets are maintained at the underwriting insurance company or the custodian designated by the product’s provider.

Edmonds Duncan tailors its advisory services to meet the needs of its individual clients and continuously seeks to ensure that client portfolios are managed in a manner consistent with their specific investment profiles. Edmonds Duncan consults with clients on an initial and ongoing basis to determine their specific risk tolerance, time horizon, liquidity constraints and other qualitative factors relevant to the management of their portfolios. Clients are advised to promptly notify Edmonds Duncan if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Edmonds Duncan determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm’s management efforts.

#### **Sponsor / Manager of Wrap Program**

Edmonds Duncan is the sponsor and manager of the Edmonds Duncan Registered Investment Advisors Wrap Program (the “Program”), a wrap fee program (i.e., an arrangement where brokerage commissions and transaction costs are absorbed by the Firm). The fee covers transaction costs or commissions resulting from the management of your accounts, however, most investments trade without transaction fees today, so our payment of these and other incidental custodial related expenses should not be considered a significant factor in determining the relative value of our wrap program. Participants in the Program may pay a higher aggregate fee than if brokerage services are purchased separately. Additional information about the Program is available in Edmonds Duncan’s Wrap Brochure, which appears as Part 2A Appendix 1 of the Firm’s Form ADV.

### **Disclosure Regarding Rollover Recommendations**

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also 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. We have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests.

A client or prospect leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) rollover to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). Our Firm may recommend an investor roll over plan assets to an IRA for which our Firm provides investment advisory services. As a result, our Firm and its representatives may earn an asset-based fee. In contrast, a recommendation that a client or prospective client leave their plan assets with their previous employer or roll over the assets to a plan sponsored by a new employer will generally result in no compensation to our Firm. Our Firm therefore has an economic incentive to encourage a client to roll plan assets into an IRA that our Firm will manage, which presents a conflict of interest. To mitigate the conflict of interest, there are various factors that our Firm will consider before recommending a rollover, including but not limited to: (i) the investment options available in the plan versus the investment options available in an IRA, (ii) fees and expenses in the plan versus the fees and expenses in an IRA, (iii) the services and responsiveness of the plan's investment professionals versus those of our Firm, (iv) protection of assets from creditors and legal judgments, (v) required minimum distributions and age considerations, and (vi) employer stock tax consequences, if any. Our Firm's Chief Compliance Officer remains available to address any questions that a client or prospective client has regarding the oversight.

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### **ITEM 5 - FEES AND COMPENSATION**

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Edmonds Duncan offers its services on a fee basis, which include hourly and/or fixed fees, as well as fees based upon assets under management or advisement. Additionally, certain of Edmonds Duncan's *Supervised Persons*, in their individual capacities, offer securities brokerage services and insurance products under a separate commission arrangement.

### **Financial Planning and Consulting Fees**

Edmonds Duncan charges either a negotiable hourly and/or fixed fee to provide clients with stand-alone financial planning or consulting services. These fees are largely

determined by the scope and complexity of the agreed upon services and range from \$200 to \$400 on an hourly basis and \$2,500 to \$10,000 on a fixed fee basis.

The specific terms and fee structure are negotiated in advance and set forth in the Agreement with Edmonds Duncan. Generally, Edmonds Duncan requires one-half of the financial planning or consulting fee payable upon execution of the Agreement and the balance due at the time the financial plan is delivered, or the underlying services are rendered to completion. If the client engages Edmonds Duncan for additional investment advisory services, Edmonds Duncan may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

### **Investment Management and Wealth Management Fees**

Edmonds Duncan provides investment management services for an annual fee based on the amount of assets under the Firm's management. The fee varies between 65 and 125 basis points (0.65% – 1.25%), depending upon the size of a client's portfolio and the type of services rendered. The fees for the Mid Cap Portfolio are a flat 1.5%. This fee can be negotiated for institutional clients. Cash and cash equivalents and any margin debt balances are included in the calculation of advisory fees, unless otherwise noted and agreed to in the executed Agreement.

The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by Edmonds Duncan on the last day of the previous billing period.

If assets in excess of \$20,000 of the existing portfolio value are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the change in portfolio value. For the initial period of an engagement, the fee is calculated on a pro rata basis. In the event the Agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the unearned portion is refunded to the client, as appropriate.

Clients may also engage Edmonds Duncan to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts, and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Edmonds Duncan directs or recommends the allocation of client assets among the various investment options available with the product. Client assets are maintained at the underwriting insurance company or the custodian designated by the product's provider.

### **Retirement Plan Consulting Fees**

Edmonds Duncan generally charges a fixed project-based fee to provide clients with retirement plan consulting services. Each engagement is individually negotiated and



tailored to accommodate the needs of the individual plan sponsor, as memorialized in the Agreement. These fees vary, based on the scope of the services to be rendered and the complexity involved. Typically, where Edmonds Duncan has agreed to manage a plan's assets, the Firm charges an annual asset-based fee, based on the factors mentioned above and the amount of assets to be managed.

#### **Fee Discretion**

Edmonds Duncan, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention and pro bono activities.

#### **Additional Fees and Expenses**

In addition to the advisory fees paid to Edmonds Duncan, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), 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. The Firm's brokerage practices are described at length in Item 12, below.

#### **Fee Debit**

Clients provide Edmonds Duncan with the authority to directly debit their accounts for payment of the Firm's investment advisory fees. The Financial Institutions that act as qualified custodian for client accounts have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Edmonds Duncan.

#### **Account Additions and Withdrawals**

Clients may make additions to and withdrawals from their account at any time, subject to Edmonds Duncan's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to Edmonds Duncan, subject to the usual and customary securities settlement procedures. However, Edmonds Duncan designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Edmonds Duncan may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e., contingent deferred sales charge) and/or tax ramifications.

### **Commissions or Sales Charges for Recommendations of Securities**

Clients can engage certain persons associated with Edmonds Duncan (but not Edmonds Duncan) to render securities brokerage services under a separate commission-based arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with Edmonds Duncan.

Under this arrangement, the Firm's Supervised Persons, in their individual capacities as registered representatives of Purshe Kaplan Sterling Investments, Inc. ("PKS"), provide securities brokerage services and implement securities transactions under a separate commission-based arrangement. Supervised Persons may be entitled to a portion of the brokerage commissions paid to PKS, as well as a share of any ongoing distribution or service (trail) fees from the sale of mutual funds and/or variable annuities. Edmonds Duncan may also recommend no-load or load-waived funds, where no sales charges are assessed. Prior to effecting any transactions, clients are required to enter into a separate account agreement with PKS. Edmonds Duncan does not receive any portion of the commissions or transactional fees charged by PKS.

A conflict of interest exists to the extent that Edmonds Duncan recommends the purchase of securities where Edmonds Duncan's Supervised Persons receive commissions or other additional compensation as a result of Edmonds Duncan's recommendations. Edmonds Duncan has procedures in place to ensure that any recommendations made by such Supervised Persons are in the best interest of clients. For certain accounts covered by the Employee Retirement Income Security Act ("ERISA") and such others that Edmonds Duncan, in its sole discretion, deems appropriate, Edmonds Duncan may provide its investment advisory services on a fee-offset basis. In this scenario, Edmonds Duncan will offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by Edmonds Duncan's Supervised Persons in their individual capacities as registered representatives of PKS.

### **Administrative Services Provided by Black Diamond Performance Reporting, LLC**

We have contracted with Black Diamond Performance Reporting, LLC (referred to as “Black Diamond”) to utilize its technology platforms to support data reconciliation, performance reporting, fee calculation and billing, research, client database maintenance, quarterly performance evaluations, payable reports, web site administration, models, trading platforms, and other functions related to the administrative tasks of managing client accounts. Due to this arrangement, Black Diamond will have access to client accounts, but Black Diamond will not serve as an investment advisor to our clients. Edmonds Duncan and Black Diamond are non-affiliated companies. Black Diamond charges our firm an annual fee for each account administered by Black Diamond. The annual fee is paid from the portion of the management fee retained by us.

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

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We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance-based fees) nor engage in side by side management.

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**ITEM 7 - TYPES OF CLIENTS**

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We provide investment advice to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

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

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**Methods of Analysis**

Edmonds Duncan may utilize a combination of technical and cyclical methods of analysis.

Technical analysis involves the examination of past market data rather than specific issuer information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that Edmonds Duncan will be able to accurately predict such a reoccurrence.

Cyclical analysis is similar to technical analysis in that it involves the assessment of market conditions at a macro (entire market or economy) or micro (company specific) level, rather than focusing on the overall fundamental analysis of the health of the particular company that Edmonds Duncan is recommending. The risks with cyclical analysis are similar to those of technical analysis.

### **Investment Strategies**

For the majority of Edmonds Duncan clients, the Firm manages model portfolios which are broadly diversified and allocated based on a global approach to macroeconomic analysis. The model is chosen pursuant to the individual client's specific investment objectives and risk tolerance. Edmonds Duncan gathers research from a wide range of sources, including but not limited to investment firm strategists, industry publications and economists. We use this data to synthesize and guide our models. We invest the portfolios primarily in index ETFs but may also utilize individual stocks and mutual funds. Our objective is to select the most efficient, liquid and low-cost vehicle available to fulfill each segment of our allocation.

### **Concentrated Domestic Mid Cap Growth Equity Portfolio.**

This portfolio seeks to own concentrated positions in companies exhibiting strong business momentum (often evident in accelerating sales and earnings along with rising margins) and strong price momentum (the greatest emphasis will be on 12-month price momentum, but shorter-term price momentum will also be a factor). New positions will be mid cap stocks as defined by Lipper (currently this is approximately \$3 billion - \$18 billion). Stocks which are above the high end of the market cap range or below the low end of the market cap range by more than 20% at two consecutive quarters ends will be sold. The portfolio will focus heavily on the sectors with the greatest business and price momentum at any point in time. As a result, those sectors will be significantly overweight versus the benchmark while some sectors will not be owned at all. Energy companies whose main business is the exploration and production of fossil fuels will not be owned. Hence, generally, the energy sector will not be owned (renewable energy is a very small percentage of the energy sector). In most economic conditions the following sectors will be the largest sectors in the portfolio—consumer discretionary, technology, health care, financials, and industrials. Telecom, real estate, utilities, and materials are likely to be sectors with little representation in the portfolio. The portfolio will follow socially responsible guidelines defined as the following—it will seek to avoid companies whose main business are the sale of tobacco products, firearms and ammunition, weapons, or fossil fuels. It will also seek to avoid companies whose main business involves predatory lending practices such as payday loans and pawn shop services and other high cost financial services provided primarily to individuals lacking access to traditional banks.

### **Risk of Loss**

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities involves risk of loss. Further, depending on the different types of investments there will be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, Edmonds Duncan 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.

Investors should be aware that accounts are subject to the following risks:

*Market Risk* — Even a long-term investment approach cannot guarantee a profit. Economic, political and issuer-specific events will cause the value of securities to rise or fall. Because the value of investment portfolios will fluctuate, there is the risk that you will lose money and your investment may be worth more or less upon liquidation.

*Foreign Securities and Currency Risk* — Investments in international and emerging-market securities include exposure to risks such as currency fluctuations, foreign taxes and regulations, and the potential for illiquid markets and political instability.

*Capitalization Risk* — Small-cap and mid-cap companies may be hindered as a result of limited resources or less diverse products or services, and their stocks have historically been more volatile than the stocks of larger, more established companies.

*Interest Rate Risk* — In a rising rate environment, the value of fixed-income securities generally declines and the value of equity securities may be adversely effected.

*Credit Risk* — Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may effect a security's value and, thus, impact the fund's performance.

*Securities Lending Risk* — Securities lending involves the risk that the fund loses money because the borrower fails to return the securities in a timely manner or at all. The fund could also lose money if the value of the collateral provided for loaned securities, or the value of the investments made with the cash collateral, falls. These events could also trigger adverse tax consequences for the fund.

*Derivative Risk* — Derivatives are securities, such as futures contracts, whose value is derived from that of other securities or indices. Derivatives can be used for hedging (attempting to reduce risk by offsetting one investment position with another) or non-hedging purposes. Hedging with derivatives may increase

expenses, and there is no guarantee that a hedging strategy will achieve the desired results.

*Mutual Funds and ETFs* — An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event, they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

*Management Through Similarly Managed "Portfolio" Accounts*—Edmonds Duncan manages certain accounts through the use of similarly managed portfolios, whereby the Firm allocates all or a portion of its clients' assets among various mutual funds and/or securities on a discretionary basis using one or more of its proprietary investment strategies. In managing assets through the use of these portfolios, the Firm remains in compliance with the safe harbor provisions of Rule 3a-4 of the Investment Company Act of 1940.

*Cybersecurity Risk* - In addition to the Material Risks listed above, investing involves various operational and "cybersecurity" risks. These risks include both intentional

and unintentional events at Edmonds Duncan or one of its third-party counterparties or service providers, that may result in a loss or corruption of data, result in the unauthorized release or other misuse of confidential information, and generally compromise our Firm's ability to conduct its business. A cybersecurity breach may also result in a third-party obtaining unauthorized access to our clients' information, including social security numbers, home addresses, account numbers, account balances, and account holdings. Our Firm has established business continuity plans and risk management systems designed to reduce the risks associated with cybersecurity breaches. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because our Firm does not directly control the cybersecurity systems of our third-party service providers. There is also a risk that cybersecurity breaches may not be detected.

The Firm seeks to ensure that clients' assets are managed in a manner consistent with their individual financial situations and investment objectives, securities transactions effected pursuant to a model investment strategy are usually done without regard to a client's individual tax ramifications. Clients should contact Edmonds Duncan if they experience a change in their financial situation or if they want to impose reasonable restrictions on the management of their accounts.

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#### **ITEM 9 - DISCIPLINARY INFORMATION**

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Edmonds Duncan has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

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

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##### **Edmonds Duncan Insurance Agency, LLC**

An affiliated entity, Edmonds Duncan Insurance Agency, LLC is a licensed insurance agency with the State of Kansas. As such, IARs of Edmonds Duncan may act as agents appointed with various life, disability or other insurance companies, receive commissions, trails, or other compensation from the respective product sponsors and/or as a result of effecting insurance transactions for clients. This creates a conflict of interest. We recognize the fiduciary responsibility to place your interests first and have established policies in this regard to avoid any conflicts of interest.

Edmonds Duncan does not own, nor is it affiliated with any insurance company or insurance provider. When a recommendation is made to a Client about the purchase, redemption or exchange of an insurance policy, Clients are not obligated in any way to execute the

recommendations made through Edmonds Duncan Insurance Agency, LLC and/or any insurance agent affiliated with Edmonds Duncan and/or any insurance agency that its advisors may be licensed

Further, insurance product recommendations may not be subject to the same fiduciary standard as investment advisers are subject. Certain advisors of Edmonds Duncan may be compensated for participating in the risk management services are provided to clients and a sale of an insurance product through Edmonds Duncan Insurance Agency, LLC is made. A portion of Edmonds Duncan advisor time is spent in connection with these activities.

#### **Broker Dealer**

Certain of Edmonds Duncan's Supervised Persons, in their individual capacities, are also licensed insurance agents. When appropriate, these Supervised Persons, in their individual capacities, recommend the purchase of certain insurance products to advisory clients on a fully-disclosed commission basis. A conflict of interest exists to the extent that Edmonds Duncan recommends the purchase of insurance products where its Supervised Persons receive insurance commissions or other additional compensation. As a result, Edmonds Duncan has procedures in place to ensure that any recommendations made by such Supervised Persons are in the best interest of its clients.

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

Edmonds Duncan has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. Edmonds Duncan's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of Edmonds Duncan's personnel (called "Access Persons") to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, Edmonds Duncan Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a manner consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by Access Persons to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Access Person may knowingly effect for themselves or for their immediate family



(i.e., spouse, minor children and adults living in the same household as the Access Person) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Access Person is completed as part of a batch trade (as defined below in Item 12) with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Edmonds Duncan to request a copy of its Code of Ethics.

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## **ITEM 12 - BROKERAGE PRACTICES**

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Edmonds Duncan recommends that clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services ("Fidelity") and TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC, collectively "custodians". Custodians and TD Ameritrade are an independent and unaffiliated SEC-registered broker-dealer.

Factors which Edmonds Duncan considers in recommending custodians or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Our custodians may enable the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by our Custodians may be higher or lower than those charged by other Financial Institutions.

The fees paid by Edmonds Duncan's clients to our custodians comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Edmonds Duncan determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability,

commission rates and responsiveness. Edmonds Duncan seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker/dealers in return for investment research products and/or services which assist Edmonds Duncan in its investment decision-making process. Such research generally will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Edmonds Duncan does not have to produce or pay for the products or services.

Edmonds Duncan periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

#### **Software and Support Provided by Financial Institutions**

Edmonds Duncan may receive without cost from our custodian's computer software and related systems support, which allow Edmonds Duncan to better monitor client accounts maintained at our custodians. Edmonds Duncan may receive the software and related support without cost because the Firm renders investment management services to clients that maintain assets at our custodians. The software and support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The software and related systems support may benefit Edmonds Duncan, but not its clients directly. In fulfilling its duties to its clients, Edmonds Duncan endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Edmonds Duncan's receipt of economic benefits from a broker/dealer creates a conflict of interest since these benefits may influence the Firm's choice of broker/dealer over another that does not furnish similar software, systems support or services.

Specifically, Edmonds Duncan may receive the following benefits from our custodians:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services its institutional traders;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts;
- Access to an electronic communication network for client order entry and account information; and
- Transition support from our custodians which may include costs and legal fees associated with the startup of the Firm. Clients should be aware, however, that the receipt of economic benefits by Edmonds Duncan or its related persons in and of itself creates a potential conflict of interest and may indirectly influence

Edmonds Duncan's recommendation of our custodians for custody and brokerage services.

### **Trade Aggregation**

Transactions for each client will be effected independently, unless Edmonds Duncan decides to purchase or sell the same securities for several clients at approximately the same time. Edmonds Duncan may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm's client's differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and allocated among Edmonds Duncan's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which Edmonds Duncan's Supervised Persons may invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Edmonds Duncan does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

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## **ITEM 13 - REVIEW OF ACCOUNTS**

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### **Account Reviews**

For those clients to whom Edmonds Duncan provides investment management services, Edmonds Duncan monitors model portfolios weekly, as part of an ongoing process while

regular account reviews are conducted on at least a biannual basis. For those clients to whom Edmonds Duncan provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of Edmonds Duncan’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Edmonds Duncan and to keep Edmonds Duncan informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

#### **Account Statements and Reports**

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time to time or as otherwise requested, clients may also receive written or electronic reports from Edmonds Duncan and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with those they receive from Edmonds Duncan or an outside service provider.

Those clients to whom Edmonds Duncan provides financial planning and/or consulting services will receive reports from Edmonds Duncan summarizing its analysis and conclusions as requested by the client or as otherwise agreed to in writing by Edmonds Duncan.

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### **ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

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Edmonds Duncan does not pay referral fees or receive compensation for referrals.

#### **Other Economic Benefits**

In addition, Edmonds Duncan is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

#### **Non-cash referral arrangements**

Our Firm may be asked to recommend a financial professional, such as an attorney, accountant, or mortgage broker. In such cases, our Firm does not receive any direct compensation in return for any referrals made to individuals or firms in our professional network. Clients must independently evaluate these firms or individuals before engaging in business with them and clients have the right to choose any financial professional to conduct business. Individuals and firms in our financial professional network may refer

clients to our Firm. Again, our Firm does not pay any direct compensation in return for any referrals made to our Firm. Our Firm does recognize the fiduciary responsibility to place your interests first and have established policies in this regard to mitigate any conflicts of interest.

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**ITEM 15 - CUSTODY**

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Custody, as it applies to investment advisors, has been defined by regulators 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 has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.

Edmonds Duncan is deemed to have custody of client funds and securities whenever Edmonds Duncan is given the authority to have fees deducted directly from client accounts. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which Edmonds Duncan has the authority to have fees deducted directly from client accounts, the firm has established procedures to ensure all client funds and securities are held at a 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. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from Edmonds Duncan. When you have questions about your account statements, you should contact Edmonds Duncan or the qualified custodian preparing the statement.

Clients will provide written authorization permitting the fees to be paid directly from their account held by the qualified custodian. When fees are deducted from an account, Edmonds Duncan is responsible for calculating the fee and delivering instructions to the custodian.

Edmonds Duncan is also deemed to have custody of clients' funds or securities when clients have standing authorizations with their custodian to move money from a client's account to a third-party ("SLOA") and, under that SLOA, it authorizes us to designate the amount or timing of transfers with the custodian. The SEC has set forth a set of standards intended to protect client assets in such situations, which we follow. We do not have a beneficial interest on any of the accounts we are deemed to have Custody where SLOAs are on file. In addition, account statements reflecting all activity on the account(s), are

delivered directly from the qualified custodian to each client or the client's independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from us. When you have questions about your account statements, you should contact us, your Advisor or the qualified custodian preparing the statement.

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#### **ITEM 16 - INVESTMENT DISCRETION**

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For discretionary accounts, prior to engaging Edmonds Duncan to provide investment advisory services, you will enter a written Agreement with us granting the firm the authority to supervise and direct, on an on-going basis, investments in accordance with the client's investment objective and guidelines. In addition, you will need to execute additional documents required by the Custodian to authorize and enable Edmonds Duncan, in its sole discretion, without prior consultation with or ratification by you, to purchase, sell or exchange securities in and for your accounts. We are authorized, in our discretion and without prior consultation with you to: (1) buy, sell, exchange and trade any investment company registered under the Investment Company Act of 1940 and (2) determine the amount of securities to be bought or sold and (3) place orders with the custodian. Any limitations to such authority will be communicated by you to us in writing.

The limitations on investment and brokerage discretion held by Edmonds Duncan for you are:

1. For investment management clients, we require that we be provided with authority to determine which securities and the amounts of securities to be bought or sold.
2. Any limitations on this discretionary authority shall be in writing included in the Investment Advisory Agreement. You may change/amend these limitations in writing as required.

Research products and services received by us from custodians will be used to provide services to all our clients.

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#### **ITEM 17 - VOTING CLIENT SECURITIES**

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We will vote proxies related to client securities owned by those clients who provide specific designation of authority to Edmonds Duncan through proper documentation to their respective custodian. To facilitate our proxy responsibilities (assuming the client has designated that to Edmonds Duncan), we have contracted with Broadridge to assist with voting all proxies on your behalf. Prior to any proxy vote, such recommendations are reviewed by one of our Investment Advisor Representatives, with the reasons for any votes that are contrary to Broadridge recommendations being documented. As a matter of policy and as a fiduciary to our clients, we seek to vote all proxies consistent with the best economic interests of our clients. We will provide our proxy voting policy to any existing or prospective client upon request and will provide clients with voting records related to his

or her specific account(s) upon request during regular business hours in writing or over the telephone at 785-856-2222. Clients may revoke Edmonds Duncan's authority to vote proxies on their behalf at any time with appropriate documentation.

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**ITEM 18 - FINANCIAL INFORMATION**

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This item is not applicable to this brochure. We do 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, we have not been the subject of a bankruptcy petition at any time.