

# Kastel Capital Advisors, LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Kastel Capital Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (508) 479-0632 or by email at: [drasko.kovrlja@gmail.com](mailto:drasko.kovrlja@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 Kastel Capital Advisors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Kastel Capital Advisors, LLC's CRD number is: 226520.*

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*Registration does not imply a certain level of skill or training.*

Version Date: 03/09/2023

## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of Kastel Capital Advisors, LLC on February 14, 2022 are described below. Material changes relate to Kastel Capital Advisors, LLC's policies, practices or conflicts of interests.

- This firm has a description of a relationship it has with a promoter in Item 14.

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

Kastel Capital Advisors, LLC (hereinafter "KCAL") is a Limited Liability Company organized in the State of Massachusetts.

The firm was formed in April 2015 and is owned by Drasko Kovrlija and Matthew V. Pierce.

### B. Types of Advisory Services

#### ***Portfolio Assessment Services***

Includes a review of a prospective client's existing portfolio. The review would center on cost, performance and suitability issues of current portfolio and possible considerations for improvement.

#### ***Investment Policy Statement Services***

Includes the creation of a comprehensive investment plan involving identification of a prospective client's goals, objectives, risk tolerance, investment horizon, and a strategic portfolio allocation as well as a tactical implementation plan.

#### ***Wealth Management Services***

KCAL wealth management services consist of: a) Portfolio Management Services; and b) Financial Planning Services as defined below.

#### Portfolio Management Services

KCAL ongoing portfolio management services are based on the individual goals, objectives, time horizon, and risk tolerance of each client. KCAL creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels). Portfolio management services include, but are not limited to, the following:

- |                       |                                |
|-----------------------|--------------------------------|
| • Investment strategy | • Personal investment policy   |
| • Asset allocation    | • Asset selection              |
| • Risk tolerance      | • Regular portfolio monitoring |

KCAL evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. KCAL will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

KCAL seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of KCAL's economic, investment or other financial interests. To meet its fiduciary obligations, KCAL attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, KCAL's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is KCAL's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

#### Financial Planning Services

KCAL ongoing financial planning services are tailored to a specific client situation. The services may include, but are not limited to: retirement, estate, tax, and college planning. As part of this service, KCAL will typically create a financial plan for the client and update the plan on an on-going basis.

#### ***Institutional Asset Management Services***

KCAL offers ongoing portfolio management services for institutions such as endowments, foundations, and pensions. KCAL works with the client organization to create the appropriate policy documents (investment, spending, etc.), then we create, implement, and manage the appropriate investment portfolio.

#### ***Insurance Consulting***

KCAL has a relationship with DPL Financial Partners, LLC ("DPL"). By working with DPL, KCAL may provide insurance reviews/analyses, education, and insurance solutions in a manner that minimizes conflicts.

DPL is a third-party provider of a platform of insurance consultancy services to SEC-registered investment advisers ("RIAs") that have clients with a current or future need for insurance products. DPL offers RIAs memberships to its platform for a fixed annual fee and, through its licensed insurance agents who are also registered representatives of The Leaders Group, Inc. ("The Leaders Group"), an unaffiliated SEC-registered broker-dealer and FINRA member, offers members a variety of services relating to fee-based insurance products. These services include, among others, providing members with analyses of their current methodology for evaluating client insurance needs, educating and acting as a resource to members regarding insurance products generally and specific insurance products owned by their clients or that their clients are considering purchasing, and providing members access to and product marketing support regarding fee-based products that insurers have agreed to offer to members' clients through DPL's platform. For providing platform services to RIAs, DPL receives service fees from the insurers that offer their fee-based products through the platform. These service fees are based on the insurance premiums received by the insurers. DPL is licensed as an insurance producer in Kentucky and other jurisdictions where required to perform the platform services. Its representatives are also licensed as insurance producers, appointed as insurance agents

of the insurers offering their products through the platform, and registered representatives of The Leaders Group.

Through DPL's platform, KCAL may provide advice to a client on the investment options available in a client's variable annuity. In this case, KCAL will charge an asset-based fee to the client and will include the value of the annuity contract in the client's portfolio when determining KCAL's advisory fee. KCAL charges no other fees to its clients related to the DPL platform.

### ***Services Limited to Specific Types of Investments***

KCAL generally limits its investment advice to mutual funds, fixed income securities, real estate funds (including REITs), equities, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds and non-U.S. securities. KCAL may use other securities as well to help diversify a portfolio when applicable.

### ***Retirement Plan Advisory Services***

KCAL offers advisory services to business retirement plans (e.g. 401(k), 403(b), etc.). In particular, KCAL provides non-discretionary 3(21) investment advice about investment options including qualified default investment alternative and assists clients in creating investment policy statements for their plan. Additionally, KCAL can also assist in plan participant education, group enrollment meetings, and ongoing monitoring of investment performance and suitability.

### ***Fiduciary Disclosure***

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 with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.



### **C. Client Tailored Services and Client Imposed Restrictions**

KCAL offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels). Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent KCAL from properly servicing the client account, or if the restrictions would require KCAL to deviate from its standard suite of services, KCAL reserves the right to end the relationship.

### **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. KCAL does not participate in any wrap fee programs.

### **E. Assets Under Management**

KCAL has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$82373735	30,007,988	12/31/2022

## **Item 5: Fees and Compensation**

### **A. Fee Schedule**

#### ***Fees for One-Time Services (Portfolio Assessment, Financial Planning, or Investment Policy Statements)***

The hourly fee for one-time services is \$295 per hour with a \$4,000 maximum. The fees are negotiable, and the final fee schedule will be attached as Exhibit II of the Investment Advisory Contract.

Should a client decide to retain KCAL for ongoing portfolio management services any hourly fees will be credited to the client and replaced by portfolio management fees.

### ***Asset-Based Fees for Wealth Management Services***

Total Assets Under Management	Annual Fee
Less than \$500,000	0.95%
\$500,001 – \$1,000,000	0.90%
\$1,000,001 – \$2,000,000	0.80%
\$2,000,001 – \$3,000,000	0.75%
\$3,000,000+	0.65%

Lower fees for comparable services may be available from other sources.

### ***Negotiable Fixed Fee Option for Portfolio Management Services***

If a client portfolio size is large such that charging asset-based fees would result in fees that are disproportionately high, KCAL will offer such clients the option of negotiating a fixed annual fee.

Clients may terminate the agreement without penalty for a full refund of KCAL's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 10 days' written notice.

### ***Tiered Asset-Based Fees for Institutional Asset Management***

Total Assets Under Management	Annual Fee
First \$5,000,000	0.50%
\$5,000,001 – \$10,000,000	0.40%
\$10,000,001 – \$20,000,000	0.30%
\$20,000,001 – \$100,000,000	0.20%
\$100,000,001+	0.10%

KCAL uses the value of the account as of the last business day of the billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based.

KCAL will not be compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of Client.

## **B. Payment of Fees**

### ***Payment of Portfolio Assessment, Investment Policy Statement, and Financial Planning Service***

Hourly Portfolio Assessment/Review fees are paid by check upon completion.

### ***Payment of Asset-Based Portfolio Management and Institutional Asset Management Fees***

Asset-based management fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis or may be invoiced and billed directly to the client on a quarterly basis. Clients may select the method in which they are billed. Fees may be paid in arrears or in advance and will be indicated in the Investment Advisory Contract.

### ***Payment of Asset-Based Retirement Plan Advisory Fees***

Asset-based retirement plan advisory fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis or may be invoiced and billed directly to the client on a quarterly basis. Clients may select the method in which they are billed. Fees are paid in arrears.

## **C. Client Responsibility For Third Party Fees**

Clients are responsible for the payment of all third-party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by KCAL. Please see Item 12 of this brochure regarding broker-dealer/custodian.

## **D. Prepayment of Fees**

Refunds for fees paid in advance will be returned within fourteen days to the client via check or return deposit back into the client's account.

For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee by 365.)

## **E. Outside Compensation For the Sale of Securities to Clients**

Neither KCAL nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

KCAL does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

KCAL generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Charitable organizations
- ❖ Business Retirement Plans

### ***Minimum Account Size for Portfolio Management***

There is an account minimum of \$250,000, which may be waived by KCAL in its discretion.

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

### **A. Methods of Analysis and Investment Strategies**

#### ***Methods of Analysis***

KCAL's methods of analysis include charting analysis, fundamental analysis, technical analysis and quantitative analysis.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

### ***Investment Strategies***

KCAL primarily uses long-term investing with selective short-term trading under certain conditions. KCAL typically does not employ short sales, margin transactions and options trading (including covered options, uncovered options, or spreading strategies).

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **B. Material Risks Involved**

### ***Methods of Analysis***

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

**Quantitative Model Risk:** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

### ***Investment Strategies***

Clients should be aware that there is a material risk of loss using any investing or trading strategies.

**Long-term investing** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Short-term trading** risks include liquidity, economic stability, and inflation, in addition to the long-term investing risks listed above. Frequent trading can affect investment

performance, particularly through increased brokerage and other transaction costs and taxes.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best-known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

**Real Estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Non-U.S. securities** present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

Please note that disciplinary history of KCAL and its representatives can be obtained from the Massachusetts Securities Division | (617) 727-3548 | [www.sec.state.ma.us/sct](http://www.sec.state.ma.us/sct)

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither KCAL nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

#### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither KCAL nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

#### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Neither KCAL nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

#### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

KCAL does not utilize nor select third-party investment advisers. All assets are managed by KCAL management.

### **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

#### **A. Code of Ethics**

KCAL has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. KCAL's Code of Ethics is available free upon request to any client or prospective client.

#### **B. Recommendations Involving Material Financial Interests**

KCAL does not recommend that clients buy or sell any security in which a related person to KCAL or KCAL has a material financial interest.



### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of KCAL may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of KCAL to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. KCAL will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of KCAL may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of KCAL to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, KCAL will never engage in trading that operates to the client's disadvantage if representatives of KCAL buy or sell securities at or around the same time as clients.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on KCAL's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and KCAL may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in KCAL's research efforts. KCAL will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

For clients on whose behalf KCAL manages long-term diversified portfolios KCAL recommends Vanguard Group as a custodian and broker/dealer.

For clients on whose behalf KCAL manages a short-term discretionary trading strategy KCAL recommends Fidelity Brokerage Services LLC (CRD# 7784) as a custodian and broker/dealer.

### ***1. Research and Other Soft-Dollar Benefits***

While KCAL does not receive soft dollar benefits in connection with client transactions from any broker-dealer, KCAL does receive economic benefits from the broker-dealer it recommends to clients. The broker-dealer provides our firm with economic benefits which are typically not available to retail investors. These benefits generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as the adviser maintains a minimum amount of its clients' assets in accounts at the broker-dealer. These benefits include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

### ***2. Brokerage for Client Referrals***

KCAL receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

KCAL may permit clients to direct it to execute transactions through a specified broker-dealer. If a client directs brokerage, then the client will be required to acknowledge in writing that the client's direction with respect to the use of brokers supersedes any authority granted to KCAL to select brokers; this direction may result in higher commissions, which may result in a disparity between free and directed accounts; and trades for the client and other directed accounts may be executed after trades for free accounts, which may result in less favorable prices, particularly for illiquid securities or during volatile market conditions. Not all investment advisers allow their clients to direct brokerage.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

If KCAL buys or sells the same securities on behalf of more than one client, it might, but would be under no obligation to, aggregate or bunch, to the extent permitted by applicable law and regulations, the securities to be purchased or sold for multiple Clients in order to seek more favorable prices, lower brokerage commissions or more efficient execution. In such case, KCAL would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. KCAL would determine the appropriate number of shares to place with brokers and will select the appropriate brokers consistent with KCAL's duty to seek best execution, except for those accounts with specific brokerage direction (if any).

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All client accounts for KCAL's advisory services provided on an ongoing basis are reviewed at least annually by a designated investment advisory representative with regard to clients' respective investment policies and risk tolerance levels.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of KCAL's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

Other than the economic benefits described in Item 12A, KCAL does not receive any economic benefit, directly or indirectly from any third party for advice rendered to KCAL's clients.

### **B. Compensation to Non – Advisory Personnel for Client Referrals**

*The Advisor may receive client referrals from Zoe Financial, Inc through its participation in Zoe Advisor Network (ZAN). Zoe Financial, Inc is independent of and unaffiliated with the Advisor and there is no employee relationship between them. Zoe Financial established the Zoe Advisor Network as a means of referring individuals and other investors seeking fiduciary personal investment management services or financial planning services to independent investment advisors. Zoe Financial does not supervise the Advisor and has no responsibility for the Advisor's management of client portfolios or the Advisor's other*

*advice or services. The Advisor pays Zoe Financial an on-going fee for each successful client referral. This fee is usually a percentage of the advisory fee that the client pays to the Advisor. The Advisor will not charge clients referred through Zoe Advisor Network any fees or costs higher than its standard fee schedule offered to its clients. For information regarding additional or other fees paid directly or indirectly to Zoe Financial Inc, please refer to the Zoe Financial Disclosure and Acknowledgement Form.*

### **Item 15: Custody**

When it deducts fees directly from client accounts at a selected custodian, KCAL will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

### **Item 16: Investment Discretion**

KCAL provides discretionary investment advisory services to individual, high-net-worth, and institutional clients and non-discretionary 3(21) advisory services to retirement plan clients. The Investment Advisory Contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, KCAL generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share.

### **Item 17: Voting Client Securities (Proxy Voting)**

KCAL will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

### **Item 18: Financial Information**

### **A. Balance Sheet**

KCAL neither requires nor solicits prepayment of more than \$500 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither KCAL nor its management has any financial condition that is likely to reasonably impair KCAL's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

KCAL has not been the subject of a bankruptcy petition in the last ten years.