



# KINETIC INVESTMENT MANAGEMENT, INC.

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## Firm Brochure Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Kinetic Investment Management, Inc. If you have any questions about the contents of this brochure, please contact us at (800) 711-4818 or by email at: [info@KineticInvestment.com](mailto:info@KineticInvestment.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 Kinetic Investment Management, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Kinetic Investment Management, Inc.'s CRD number is: 283034.*

*Kinetic Investment Management, Inc. is a registered investment adviser.  
Registration does not imply a certain level of skill or training.*

Revision Date: March 27, 2023

## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of Kinetic Investment Management, Inc. on 03/17/2023 are described below. Material changes relate to Kinetic Investment Management, Inc.'s policies, practices or conflicts of interests.

- Kinetic Investment Management, Inc. updated Item 9.B. to remove reference to a previous disciplinary disclosure.

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

Kinetic Investment Management, Inc. (hereinafter “Kinetic Investment Management”) is a corporation organized in the State of California. The firm was formed in January 2016, and the principal owner is Ali Hashemian.

### **B. Types of Advisory Services**

#### **Portfolio Management Services**

Kinetic Investment Management offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. Kinetic Investment Management creates an Investment Policy Statement for each client which outlines the client’s current situation (income and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client's specific situation. 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

Kinetic Investment Management evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Kinetic Investment Management 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.

Kinetic Investment Management seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of Kinetic Investment Management’s economic, investment, or other financial interests. To meet its fiduciary obligations, Kinetic Investment Management attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and, accordingly, Kinetic Investment Management’s policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another. It is Kinetic Investment Management’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.

Kinetic Investment Management may direct clients to third-party investment advisers. Before selecting other investment advisers for clients, Kinetic Investment Management will verify that all recommended advisers are properly licensed, notice filed or exempt in the states where Kinetic Investment Management is recommending the adviser to clients.

#### **Sub-Advisory Investment Management Services**

Kinetic Investment Management provides sub-advisory investment management services to unaffiliated registered investment advisers, RIA firms. Unaffiliated RIA firms may access third-party investment advisers through Kinetic Investment Management for investment management of some or all their

clients' assets. Kinetic Investment Management provides back-office services including but not limited to processing of investment management requests and processing of custodial relationship applications for the RIA firms in return for a fee deducted from the advisor fee noticed in the third-party advisers' platform statement of investment selection. Kinetic Investment Management is shown as the adviser / sub-adviser.

## **Financial Planning**

Financial plans may include but are not limited to: investment planning, tax planning, retirement planning, insurance planning, business consulting, and estate planning.

Investment planning includes but is not limited to: risk management, portfolio performance, asset allocation, and diversification. Tax planning includes but is not limited to: tax forecasting, tax efficiency, and tax-advantaged strategies. Retirement planning includes but is not limited to: income/distribution maximization, budgeting, inflation, and taxes. Insurance planning includes but is not limited to: life insurance, long-term care insurance, health insurance, car insurance, and homeowner's insurance. Estate planning includes but is not limited to: trust strategies, incorporation strategies, and charitable/gifting strategies.

Financial planning services are offered to all clients of Kinetic Investment Management, and it is anticipated that each of these services will take approximately 2-4 hours of planning. These services are based on hourly fees and the final fee structure is documented in Exhibit II of the Financial Planning Agreement.

## **Educational seminar/workshops**

Kinetic Investment Management may provide educational seminars/workshops/ presentations for free to ongoing or prospective clients. These services include presentations to individuals or groups about various aspects of wealth management. These seminars/workshops/presentations will be provided on an ad hoc basis. Kinetic Investment Management does not charge for these educational seminars/workshops/ presentations.

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

Kinetic Investment Management generally limits its investment advice to equity investments, fixed income investments, exchange traded fund (ETF) investments, real estate investments, commodities investments, international investments, and mutual fund investments. Kinetic Investment Management may use other securities as well to help diversify a portfolio when applicable.

## **Written Acknowledgement of Fiduciary Status**

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.
- Give you basic information about conflicts of interest.

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

Kinetic Investment Management will tailor a program for each individual client. This will include an interview session to get to know the client's specific needs and requirements as well as a plan that will be executed by Kinetic Investment Management on behalf of the client. Kinetic Investment Management may use "model portfolios" together with a specific set of recommendations for each client based on their personal restrictions, needs, and targets. In addition to risk tolerance, Kinetic Investment Management will use other quantitative factors such as investment goals, time horizon, lifestyle needs, retirement plans, and legacy concerns. Kinetic Investment Management will also look at the client's entire portfolio (even the parts not managed by Kinetic Investment Management) to align the client's risk tolerance in aggregate. 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 Kinetic Investment Management from properly servicing the client account or if the restrictions would require Kinetic Investment Management to deviate from its standard suite of services, Kinetic Investment Management reserves the right to terminate 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. Kinetic Investment Management may recommend various third-party money managers that manage a wrap fee program.

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

As of December 31, 2022, Kinetic Investment Management had \$249,308,919 in assets under management, of which \$213,335,110 in assets under management we manage on a discretionary basis, and \$35,973,809 in assets under management on a non-discretionary basis. Additionally, Kinetic Investment Management had \$32,367,894 in assets under administration. While we provide administrative services, we are not currently providing continuous investment management services regarding these assets under administration. Consequently, we have total assets of \$281,676,813.

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

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

## **A. Fee Schedule**

### **Portfolio Management Fees**

These fees are negotiable depending upon the needs of the client and complexity of the situation. The final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Lower fees for comparable services may be available from other sources.

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

Kinetic Investment Management may direct clients to third-party investment advisers. All fees are collected by the third-party investment advisers and are then shared with Kinetic Investment Management who receives its fee paid directly from the third-party adviser. The notice of termination requirement and payment of fees for third-party investment advisers will depend on the specific third-party advisers selected.

### **Sub-Advisory Fees**

Kinetic Investment Management receives pre-negotiated fees for providing back-office investment management services and access to third-party investment advisers. Fees are deducted from the advisor fee noticed in the third-party advisers' platform statement of investment selection.

### **Financial Planning Fees**

The negotiated fixed rate for creating a financial plan for a client is between \$1,000 and \$10,000. Fixed fees relate to financial plans and financial planning that may include without limitation: investment planning, tax planning, retirement planning, insurance planning, and/or estate planning.

### **Fixed Fees**

#### Tier one - \$1,000

##### Client Services

- Annual meetings
- Review performance of accounts held at Kinetic Investment Management
- Portfolio allocation change recommendations

##### Written Reports

- Progress report for accounts held at Kinetic Investment Management
- Quarterly account statements

#### Tier Two - \$3,000

##### Client Services



- Annual meetings
- Review performance of accounts held at Kinetic Investment Management
- Portfolio allocation change recommendations
- Information on new and different options available

#### Written Reports

- Progress report for accounts held at Kinetic Investment Management
- Quarterly account statements
- Asset allocation analysis and recommendations

#### Tier Three - \$5,000

##### Client Services

- Annual meetings
- Review performance of accounts held at Kinetic Investment Management
- Portfolio allocation change recommendations
- Information on new and different options available
- Insurance and protection planning analysis and recommendations

#### Written Reports

- Progress report for accounts held at Kinetic Investment Management
- Quarterly account statements
- Asset allocation analysis and recommendations
- Financial goals analysis and current strategy comparison

#### Tier Four - \$8,000

##### Client Services

- Quarterly meetings
- Review performance of all investment accounts
- Portfolio allocation change recommendations
- Information on new and different options available
- Insurance and protection planning analysis and recommendations
- Employer sponsored retirement plan review
- Unlimited access to advice via phone and email

#### Written Reports

- Progress report for all accounts
- Quarterly account statements
- Asset allocation analysis and recommendations
- Financial goals analysis and current strategy comparison
- Financial status including net worth and cash flow analysis

#### Tier Five - \$10,000

## Client Services

- Quarterly meetings
- Review performance of all investment accounts
- Portfolio allocation change recommendations
- Information on new and different products available
- Insurance and protection planning analysis and recommendations
- Employer sponsored retirement plan review
- Discuss economic and market conditions
- Tax planning analysis and recommendations
- Unlimited access to advice via phone and email

## Written Reports

- Progress report for all accounts
- Quarterly account statements
- Asset allocation analysis and recommendations
- Financial goals analysis and current strategy comparison
- Financial status including net worth and cash flow analysis
- Estate planning and analysis
- Charitable planning

It is anticipated that each financial planning service listed above will take approximately 2-4 hours of financial planning and therefore the time to complete a financial plan will depend on the services required by the client. For example, the financial plan for a client requiring investment planning, retirement planning, and insurance planning will usually require 6-12 hours.

The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Kinetic Investment Management and the client will ultimately determine the negotiated fixed fee depending on the specific financial planning services that the client requires, the need to take into account dependents or other individuals, the diversity of client assets to be addressed by the financial plan, and conversations with the client. Fixed fees will be offered to all clients.

Clients may terminate the agreement without penalty for full refund of Kinetic Investment Management's fees within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement upon written notice. The firm will not take an excess of \$1,200 per client or six months or more in advance (whichever is lower) with the remainder due upon presentation of the plan.

## Hourly Fees

The negotiated hourly fee for these services is between \$100 and \$500.

Clients may terminate the agreement without penalty for full refund of Kinetic Investment Management's fees within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement upon written notice. The firm will not take an excess of \$1,200 per client or six months or more in advance (whichever is lower) with the remainder due upon presentation of the plan.

## **B. Payment of Fees**

### **Payment of Portfolio Management Fees**

Advisory fees are paid quarterly in advance or monthly in arrears. Fees are normally withdrawn directly from the client's accounts with written authorization from the client but may instead be invoiced and billed directly at the client's election.

The timing, frequency and method of paying fees for election of third-party managers will depend on the specific third-party adviser selected and will be disclosed to the client prior to entering into a relationship with the third-party adviser.

For advisory fees that are paid quarterly in advance, Kinetic Investment Management uses the value of the account as of the last business day of the prior 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. For advisory fees that are paid monthly in arrears, Kinetic Investment Management uses the average daily value of the account for the billing period, after taking into account deposits and withdrawals, for the purpose of determining the market value of the assets upon which the advisory fee is based.

### **Payment of Sub-Advisory Fees**

Sub-Advisory fees are paid quarterly in advance or monthly in arrears. The timing, frequency, and method of paying fees for election of third-party managers will depend on the specific third-party adviser selected and will be disclosed to the client prior to entering into a relationship with the third-party adviser. All fees are collected by the third-party investment advisers and are then shared with Kinetic Investment Management who will receive its negotiated fee and will then pay the RIA firm the remainder of the advisory fee.

### **Payment of Financial Planning Fees**

Financial planning fees are paid via check.

Fixed financial planning fees are paid in advance and the firm will not take an excess of \$1,200 per client and six months or more in advance (whichever is lower) with the remainder due upon presentation of the plan. Hourly financial planning fees are paid in advance and the firm will not take an excess of \$1,200 per client and six months or more in advance (whichever is lower) with the remainder due upon presentation of the plan.

## **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 Kinetic Investment Management. Please see Item 12 of this brochure regarding broker-dealer/custodian.

## **D. Prepayment of Fees**

Kinetic Investment Management collects some fees in advance. 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 rate by 365.

Fixed fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination. Hourly fees that are collected in advance will be refunded based on the balance of the fees collected in advance minus the hourly rate times the number of hours of work that has been completed at the point of termination.

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

Supervised persons of Kinetic Investment Management receive commissions for the sale of insurance products to clients of Kinetic Investment Management via Kinetic Financial & Insurance Solutions, Inc. Commissions from insurance products are a significant source of compensation and are paid in addition to advisory fees. When determining the asset based advisory fees, the assets that are allocated into the insurance products are not subject to the advisory fee. Clients should be aware that receipt of commissions presents a conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser.

Kinetic Investment Management, Inc. always acts in the best interest of the client; including in the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of Kinetic Investment Management, Inc. in their capacity as a licensed insurance agent. Clients always have the option to purchase recommended products through other brokers or agents that are not affiliated with Kinetic Financial & Insurance Solutions, Inc. Please see additional disclosures about this conflict in Item 10C of this brochure.

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

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

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

Kinetic Investment Management generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit-Sharing Plans
- ❖ Business Entities

There is no account minimum for any of Kinetic Investment Management's services.

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

### A. Methods of Analysis and Investment Strategies

#### Methods of Analysis

Kinetic Investment Management's methods of analysis include but are not limited to: technical analysis, fundamental analysis, quantitative analysis, qualitative analysis, charting analysis, and cyclical analysis.

**Technical analysis** involves the analysis of past market data to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial data to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Quantitative analysis** involves the analysis of mathematical measurements and statistical modeling to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Qualitative analysis** involves the analysis of non-measurable data to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Charting analysis** involves the analysis of performance charts to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Cyclical analysis** involves the analysis of business cycles to search for patterns used to help predict favorable conditions for buying and/or selling a security.

#### Investment Strategies

Kinetic Investment Management may recommend unusually risky investments to clients, in that we consider any investment that has a high possibility (not probability) of losing some if not all principal as a "risky" investment. Typical examples of these risky investments are non-traded REITs and Oil & Gas Master Limited Partnerships. Depending on the client's overall portfolio of assets, there are times when a client will be invested in a risky investment for the potential of higher gains on a fraction of their assets. Kinetic Investment Management primarily uses long term trading.

**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

**Technical analysis** attempts to predict 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 account for new patterns that emerge over time.

**Fundamental analysis** concentrates on factors that determine a company's financial 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.

**Quantitative analysis** focuses on mathematic and statistical modeling. The risk involved in these models include the fact that performance may be different than expected due to 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.

**Qualitative analysis** implements the analysis of non-numeric information. The risk involved in using this type of analysis is the fact that there is no financial or mathematic data used, and, by nature, this type of analysis is more subjective.

**Charting analysis** involves using and comparing various charts to predict long and short- term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data.

**Cyclical analysis** assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two- fold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

## **Investment Strategies**

Long term trading 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, geopolitical risk, currency risk, and regulatory risk.

**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 are not guaranteed or insured by the FDIC or any government agency.

**Equity investments** generally refer to buying shares of company stock 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, the general economic environment, and other risks not mentioned here.

**Fixed income** investments generally refer to a loan in return for receiving a periodic income which is paid on regular intervals and at reasonably predictive levels. The value of fixed income securities may fluctuate in response to interest rates, credit/default risk, inflation, call risk, and other risks not mentioned here.

**Exchange Traded Fund (ETF)** investments generally refer to a marketable security that tracks an index or a basket of securities (equities, fixed income, commodities, etc.). The value of exchange traded funds

may fluctuate in response to market conditions, underlying holdings, the general economic environment, and other risks not mentioned here.

**Real estate** investments generally refer to assets tied to physical properties and/or land. The value of real estate investments may fluctuate in response to local property values, interest rates available on loans, natural disasters, socioeconomic conditions, and other risks not mentioned here.

**Commodities** investments generally refer to tangible assets used to manufacture and produce goods or services. The value of commodity prices may fluctuate in response to disease, storage capacity, supply/demand, delivery constraints, weather, and other risks not mentioned here.

**International** investments generally refer to allocations concentrated outside the United States of America. The value of international investments may fluctuate in response to exchange rates, government regulation, geopolitical risk, differences in accounting procedures, and other risks not mentioned here.

**Mutual Fund** investments generally refer to a marketable security of a pooled investment that includes various underlying holdings (equities, fixed income, real estate, commodities, international, etc.). The value of mutual funds may fluctuate in response to market conditions, underlying holdings, the general economic environment, and other risks not mentioned here.

**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.

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

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

Neither Kinetic Investment Management 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 Kinetic Investment Management 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**

Certain individuals of Kinetic Investment Management are also licensed insurance agents. From time to time, they will offer clients advice or products from this activity. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. Kinetic Investment Management, Inc. always acts in the best interest of the client; including in the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of Kinetic Investment Management, Inc. in their capacity as a licensed insurance agent.

Gary Joseph Preisser Jr is an accountant. From time to time, he will offer clients advice or products from this activity. Kinetic Investment Management, Inc. always acts in the best interest of the client. Clients are in no way required to utilize the services of any representative of Kinetic Investment Management, Inc. in their capacity as an accountant. Gary Joseph Preisser Jr also receives commissions as a loan officer at Gary Preisser, Inc, a bookkeeping and consulting firm.

Jason Allen Groth is an owner of an accounting firm. From time to time, he will offer clients advice or products from this activity. Kinetic Investment Management, Inc. always acts in the best interest of the client. Clients are in no way required to utilize the services of any representative of Kinetic Investment Management, Inc. in their capacity as an accountant.

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

Kinetic Investment Management may direct clients to third-party investment advisers. Clients will pay Kinetic Investment Management its standard fee in addition to the standard fee for the third-party investment advisers to which it directs those clients. Kinetic Investment Management will always act in the best interest of the client, including when determining which third-party investment adviser to recommend to clients. Kinetic Investment Management will verify that all recommended advisers are properly licensed, notice filed or exempt in the states where Kinetic Investment Management is recommending the adviser to clients.

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

## **A. Code of Ethics**

Kinetic Investment Management 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. Kinetic Investment Management's Code of Ethics is available free upon request to any client or prospective client.

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

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

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

Representatives of Kinetic Investment Management may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of Kinetic Investment Management 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. Kinetic Investment Management 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**

Representatives of Kinetic Investment Management may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of Kinetic Investment Management 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, Kinetic Investment Management will never engage in trading that operates to the client's disadvantage if representatives of Kinetic Investment Management 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 Kinetic Investment Management'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. Kinetic Investment Management 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 broker-dealer/custodian that may aid in Kinetic Investment Management's research efforts). Kinetic Investment Management will never charge a premium or commission on transactions beyond the actual cost imposed by the broker-dealer/custodian.

Kinetic Investment Management will recommend clients to use Fidelity Investments.

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

Kinetic Investment Management receives no research, product, or services other than execution from broker-dealers or custodians in connection with client securities transactions ("soft dollar benefits").

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

Kinetic Investment Management receives no referrals from a broker-dealer, custodian, or third-party in exchange for using that broker-dealer, custodian, or third-party.

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

Kinetic Investment Management will require clients to use a specific custodian to execute transactions. Not all advisers require clients to use a particular custodian.

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

Kinetic Investment Management does not aggregate or bunch the securities to be purchased or sold for multiple clients. This may result in less favorable prices (particularly for illiquid securities or during volatile market conditions).

## **Item 13: Review of Accounts**

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

All client accounts for Kinetic Investment Management's advisory services are managed by third-party advisers and are continually monitored on a macro basis. Kinetic Investment Management additionally reviews the client accounts individually at least annually in regard to clients' respective investment policies and risk tolerance levels.

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

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

With respect to financial plans, Kinetic Investment Management's services will generally conclude upon delivery of the financial plan.

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

Each client of Kinetic Investment Management's advisory services will receive a quarterly report detailing the client's account (including asset allocation, asset value, account registration, calculation of fees, and transaction history). This written report will come from the custodian.

Each financial planning client will receive the financial plan upon completion.

## **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)**

Kinetic Investment Management does not receive any economic benefit, directly or indirectly from any third-party for advice rendered to Kinetic Investment Management's clients.

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

Kinetic Investment Management does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

When advisory fees are deducted directly from client accounts at the client's custodian, Kinetic Investment Management will be deemed to have limited custody of client's assets and will:

- A. Possess written authorization from the client to deduct advisory fees from an account held by a qualified custodian.
- B. Send the qualified custodian written notice of the amount of the fee to be deducted from the client's account and verify that the qualified custodian sends invoices to the client.

Clients will receive all account statements directly from the custodian and urged to carefully review those statements for accuracy.

## **Item 16: Investment Discretion**

Kinetic Investment Management provides discretionary and non-discretionary investment advisory services to clients. The Investment Advisory Contract established with each client sets forth the discretionary authority for trading.

Where Kinetic Investment Management does not have discretionary authority to place trade orders, Kinetic Investment Management will secure client permission prior to effecting securities transactions for the client's account. Clients with discretionary accounts will execute a limited power of attorney to evidence discretionary authority. Where investment discretion has been granted, Kinetic Investment Management generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought/sold for the account, the total amount of the securities to be bought/sold, what securities to buy/sell, or the price per share. In some instances, Kinetic Investment Management's discretionary authority in making these determinations may be limited by conditions imposed by a client.

Kinetic Investment Management will also have discretionary authority to determine the custodian to be used for a purchase or sale of securities for a client's account.

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

Kinetic Investment Management 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**

Kinetic Investment Management neither requires nor solicits prepayment of more than \$1,200 in fees per client or 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 Kinetic Investment Management nor its management has any financial condition that is likely to reasonably impair Kinetic Investment Management's ability to meet contractual commitments to clients.

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

Kinetic Investment Management has not been the subject of a bankruptcy petition in the last ten years.