

**FORM ADV PART 2A  
DISCLOSURE BROCHURE**

December 13, 2023

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This brochure provides information about the qualifications and business practices of Kelleher Financial Advisors, LLC. If you have any questions about the contents of this brochure, contact us at 212-709-9400. 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 Kelleher Financial Advisors, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Kelleher Financial Advisors, LLC 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.

## Item 2 Summary of Material Changes

The following are material changes made to our Brochure since our last annual update dated March 31, 2023.

### *Item 4 Advisory Business*

We amended our service descriptions to provide additional details about the discretionary investment management services provided by each of our Divisions: KFA, Starboard Advisors, and Battery Park Capital. We have also added a description of Family Office Consulting Services now offered by Starboard Advisors.

### *Item 5 Fees and Compensation*

We amended this Item to describe separately the typical fees and payment terms of each of our three Divisions. We added further information describing our practice of charging fees on the value of all investments in investment management accounts, including investments over which Clients have restricted our full discretionary authority. We also included a description of the hourly and fixed fees charged by Starboard Advisors for Family Office Consulting Services.

### *Item 7 Types of Clients*

We amended this Item to describe separately the minimum account and relationship sizes of each of our three Divisions.

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

We amended this Item to improve our disclosures about our Methods of Analysis and Investment Strategies. We also amended this Item to re-order information including to make disclosure about the Risk of Loss more prominent.

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

We amended this Item to describe KFA's recommendation of Persing Advisor Services and Pershing LLC (collectively "Pershing") as introducing broker and qualified custodian for Clients. We further provide information that KFA has a conflict of interest in the recommendation of Pershing because of our affiliated broker dealer, Wall Street Access', long-standing relationship with Pershing. Pershing is the clearing firm for Wall Street Access brokerage services.

We also amended this Item to describe that a third party money manager selected by Starboard Advisors for Client investment management accounts is a customer of our affiliated broker dealer, Wall Street Access, and arranges securities transactions through Wall Street Access. Starboard Advisors' research and selection of third party money managers does not take into consideration whether a third party money manager is a customer of Wall Street Access.

### *Item 12 Brokerage Practices*

We amended this Item to describe that we require Clients to direct us to execute their securities transactions through the custodian of each investment management account. We do not request discretion to arrange securities transactions at other broker dealers and therefore may not receive best execution of each transaction. We review the execution quality of all custodians periodically to review that our recommendations of custodians are in the best interests of clients. Amendments further reflect the transition of Battery Park Capital accounts from TD Ameritrade to Charles Schwab & Co. Inc. as a part of the latter's acquisition of the former.

### *Item 15 Review of Accounts*

We have amended this Item to describe the reporting provided as part of Family Office Consulting Services.

### *Item 17 Voting Client Securities*

We amended this Item to correct that Battery Park Capital exercises proxy voting authority for Clients.

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## Item 4 Advisory Business

**Kelleher Financial Advisors, LLC** (“Kelleher”, the “Firm”, “we”) is a registered investment adviser that has been in business since 1995. The Firm also conducts business under the names **Starboard Advisors** and **Battery Park Capital**. The Firm offers individualized investment advice and asset management services to individuals, trusts, institutions, corporations, and pension plans. The Firm is principally owned by Wall Street Access NY Corporation, of which Sean Kelleher is the principal owner.

If you have questions about the information in this Brochure, you can reach us at the applicable information on the Cover Page of this Brochure. You can reach our Chief Compliance Officer at the telephone number and street address shown for the New York office on the Cover of this Brochure.

### Account Management Services

We offer discretionary investment management services. Our investment advice is tailored to meet our Clients' needs and investment objectives.

The Firm's discretionary investment management services include: (1) evaluating a Client's financial circumstances for allocation of assets and investment strategies for the Client's selection; (2) making recommendations for specific investments and/or general asset allocations; (3) evaluating independent money managers for direct investment management; (4) investing Clients' accounts in accordance with their investment goals and objectives; (5) monitoring Clients' accounts and reporting to Clients on a periodic basis; and (6) monitoring investment activities of any independent money managers and reporting on such activities to Clients.

Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without obtaining your approval prior to each transaction. Discretionary authority is typically granted to us in an investment advisory agreement.

You may limit our discretionary authority by providing our firm with your restrictions and guidelines in writing. For example, you may limit the types of securities that can be purchased or sold for your account or restrict the purchase or sale of any particular investments.

The Firm offers advice and invests in a wide-range of products and services, including, but not limited to, individual stocks, bonds (including US Treasuries, corporate and municipal debt instruments), mutual funds, exchange-traded funds (ETFs), insurance products, stock options, warrants, certificates of deposit, annuities, and alternative investments (both publicly traded and private). We also provide advice on IRA rollovers, 529 plans, estate plans, trusts, retirement accounts and various other types of accounts to help you meet your investment objectives. We may advise you on various types of investments based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

Since our investment strategies and advice are based on each Client's specific financial situation, the investment advice we provide to Clients may be different or conflicting with the advice we give to other Clients regarding the same security or investment. In addition, each Division makes independent investment decisions and the investment advice each Division provides to Clients may be different or conflicting with the advice we give to other Clients regarding the same security or investment.

The Firm operates in three separate Divisions.

Our **Kelleher Financial Advisor Division** ("KFA") primarily manages long-term equity accounts with tactical cash positions on a discretionary basis. Managed accounts typically consist of stocks, mutual funds, exchange traded funds, US Treasuries, and cash and cash equivalents. Each portfolio is based on each Clients' individual needs and circumstances. KFA provides further advice to clients regarding a wide range of investments including stocks, mutual funds, exchange traded funds, US Treasuries, corporate debt, limited partnerships, cash and cash equivalents, and state or local bonds. On a non-discretionary basis, KFA assists Clients with estate planning, retirement planning, charitable planning, tax planning, education planning, cash flow management, insurance needs and family governance.

Our **Starboard Advisors Division** ("Starboard Advisors") seeks to build balanced portfolios for Clients considering each Client's individual needs and circumstances. On a discretionary basis, Starboard Advisors manages portfolios that consist of stocks, mutual funds, exchange traded funds, US Treasuries, and cash and cash equivalents. For additional exposure to separately managed accounts of individual equity and fixed income investments, Starboard Advisors also selects independent third party money managers ("TPMMs") for management of Client assets. Factors that we take into consideration when selecting TPMMs include, but are not limited to the TPMM's performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We monitor the performance of each TPMM to ensure its management and investment style remains aligned with your investment goals and objectives. TPMM's are provided discretionary investment authority over your account. We will assume discretionary authority to hire and fire TPMMs and/or reallocate your assets to other TPMMs when we deem such action appropriate.

Starboard Advisors also provides additional Family Office Consulting Services to its investment management clients and their families, and further provides Family Office Consulting Services as separate stand-alone services.

#### Family Office Consulting Services

- Wealth Planning
  - Comprehensive review of assets and ownership structures
  - Identify and align financial goals and objectives
  - Ongoing coordination of estate, trust, philanthropic, tax, and insurance analysis
- Governance + Education
  - Development of multi-generational educational plans
  - Explore Board structure and construction of committees for long-term governance
  - Ensure proper alignment with family values and goals
- Trust Services
  - Advise on setting up and managing trusts for wealth preservation and distribution
- Reporting and Oversight
  - Regular updates on the performance of your portfolio and financial health

All Family Office Consulting Services are nondiscretionary and consultative only and include investment advisory and non-investment advisory services. We provide current situation analysis, identify areas that may need improvement, and tailor our services to each family's needs. We further coordinate information and decision-making with other third party advisors of each family. Recommendations outside of investment management accounts must be implemented by Clients at their discretion.

Our **Battery Park Capital Division** (“BPC”) manages investments in individual stocks, bonds, and exchange traded funds using a value-orientated approach to investing across all market capitalizations, sectors, and geographic regions. Portfolios are relatively concentrated with holdings ranging from approximately 15 to approximately 40 securities, depending on individual Client risk tolerances and investment objectives. Portfolios are typically comprised of 25 or 33 holdings. Stock selections seek to acquire securities of companies with a discount to their intrinsic value. Fundamental research is the foundation of this process, with a focus on restructuring, corporate events, and special situations. There is a potential of significant volatility and potential loss of principal associated with concentrated positions. Cash and cash equivalents are used based on risk tolerances, and option strategies may be used to reduce portfolio volatility.

### **Assets Under Management**

As of December 31, 2022, we provide continuous management services for \$470,718,229 in Client assets on a discretionary basis. We do not currently provide continuous management services on a nondiscretionary basis, but we provide nondiscretionary recommendations as a part of our assistance with Clients on consultative planning regarding assets outside of investment management accounts.

## **Item 5 Fees and Compensation**

**KFA** charges an annual fee for investment management services that ranges from 0.50% to 1.50% of assets under management. Fees will vary depending upon the market value of your assets under our management, the type and complexity of the asset management services provided, as well as the level of administration requested either directly or assumed by the Client. KFA’s annual investment management fee is billed and payable quarterly in arrears based on the balance of the assets under management at end of the billing period.

**Starboard Advisors** charges an annual fee for investment management services according to the following fee schedule:

First \$2Million of value: 0.75% (0.1875% quarterly)

Value Over \$2Million: 0.50% (0.125% quarterly)

Starboard Advisors’ annual investment management fee is billed and payable quarterly in advance based on the balance of the assets under management at end of the prior billing period.

Starboard Advisors also charges hourly or fixed fees for Family Office Consulting Services. Any hourly fee charged will be specified in an advisory agreement and could be as high as \$600/hour depending on the complexity of your financial situation. Hourly fees will be invoiced periodically on a monthly or quarterly basis.

Any fixed fees will also be specified in an advisory agreement. Fixed fees may be for one-time consultative projects, or for ongoing services. For one-time consultative projects, a deposit of up to 50% of the fee is due upon execution of the agreement with the balance due upon completion of the agreed upon services. For ongoing Family Office Services, we typically quote a fixed annual fee for agreed upon services and bill the fee in quarterly payments in advance at the beginning of each calendar quarter.

**Battery Park Capital** charges an annual fee for investment management services that ranges from 0.50% to 1.50% of assets under management. Fees will vary based on the size of the account and the client's investment objectives. For example, use of strategies that employ options will range higher while accounts with significant fixed income objectives will range lower. Battery Park Capital's annual investment management fee is billed and payable quarterly in arrears based on the balance of the assets under management at end of the billing period.

### **Additional Fee Information**

**All advisory fees are negotiable, depending on individual Client circumstances.**

The details of each Client's fees will be specified in an Investment Advisory or Asset Management Agreement (together "Advisory Agreement"). If an Advisory Agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a Client.

Discretionary account management services fees are typically based on a client's total account value, which may include certain securities that Client has restricted in such a manner that sales of such securities require client approval before placement. These latter restricted assets may be individually considered nondiscretionary; however, we provide ongoing monitoring and management of any such assets as a part of our managed accounts; we make recommendations for sales; we consider tax implications; and report on such assets as a part of the total account and wealth management services provided. We report on such restricted assets as discretionary assets under management at the end of Item 4 consistent with Form ADV reporting instructions.

You may terminate an Advisory Agreement upon written notice to our Firm. You will incur a pro rata charge for services rendered prior to the termination of the account management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a Client. If you have prepaid fees that we have not yet earned, you will receive a prorated refund of those fees. If fees are payable in arrears, you will be responsible for fees based on services performed prior to termination of the agreement, including pro rate investment management fees.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values will increase the asset total, which may result in you paying a reduced advisory fee.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities when you have given our firm written authorization permitting the fees to be paid directly from your account. We request this authorization in investment management service agreements. You may elect to pay your advisory fee by check provided that we are authorized to deduct the advisory fee from your Account if any invoice is not paid by you within ten days of the beginning of each calendar quarter. Your qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account including advisory fees paid. You should review all statements for accuracy.



## **Additional Fees and Expenses**

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the Client. Clients may incur charges imposed by custodians, brokers, and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on custody and brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. In situations where we select third party money managers for portfolio management of your account(s), Clients will separately incur fees charged by the TPMM's. All such charges, fees and commissions are exclusive of and in addition to KFA's fees. Neither we nor our affiliated company, Wall Street Access, will receive any portion of the additional fees and costs charged to Client accounts, subject to the next paragraph. Any fees we inadvertently receive are returned or forwarded to the Client.

## **Compensation for the Sale of Securities or Other Investment Products**

In existing Client accounts for which KFA's affiliated broker-dealer Wall Street Access is the acting broker-dealer, Wall Street Access receives sales and marketing fees from mutual funds purchased for Clients. This presents a conflict of interest because the fees provide an incentive to select investment products based on the compensation received rather than based on a Client's needs. Wall Street Access, however, will remit any sales and marketing fees received from mutual funds to Clients. These sales and marketing fees are commonly called 12b-1 fees. Our refund procedures eliminate this conflict of interest from our investment decision making process.

We no longer recommend that Clients open accounts at Wall Street Access, and we have recommended to existing Clients that these accounts be closed, and new accounts opened with Pershing Advisor Solutions. See Items 10 and 12 below. Neither we nor Wall Street Access will receive any compensation from third parties for accounts opened with Pershing Advisor Solutions.

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

We do not have any Client fee arrangements in which we receive performance-based fees. Our fees are calculated as described in the *Fees and Compensation* section above and are not charged based on a share of capital gains upon, or capital appreciation of, the funds in your advisory account. We do not therefore manage performance-based fee accounts and non performance-based fee accounts side-by-side, which would create an incentive to favor accounts that pay a performance-based fee.

## **Item 7 Types of Clients**

We offer investment advisory services to individuals and families, including high net worth individuals and families, pension and profit sharing plans, trusts, estates, or charitable organizations as well as corporations or other businesses not listed above.

In general, KFA Clients must meet a minimum initial account size requirement of \$25,000.

Starboard Advisors typically requires Investment Management Services Clients to have minimum investable assets of \$1,000,000. Family Office Consulting Clients typically must have a minimum net worth of \$10,000,000.

BPC typically requires a \$500,000 minimum account for services.

Accounts will not be terminated if they fall below a minimum initial account size, and the Firm may waive some of these requirements on a case-by-case basis at our discretion. Any exceptions may be subject to a higher fee than described in Item 5 above.

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

### Risk of Loss

**Investing in securities involves risk of loss that you should be prepared to bear.** We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate Clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

Our investment strategies and advice vary depending upon each Client's specific financial situation. As such, we decide investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial information, liquidity needs and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio. **It is important that you let us know immediately with respect to any material changes to your financial circumstances, including for example, a change in your current or expected income level, tax circumstances, or employment status.**

### Our Methods of Analysis and Investment Strategies

We manage long-term strategies driven by fundamental research. We execute strategies using long term purchases (securities held over one year), short term purchases (securities sold within one year), trading (securities sold within 30 days), and margin transactions. BPC also engages in option writing, including covered options. Our Firm's strategies do not involve frequent trading of accounts, which could affect performance, particularly through increased brokerage and other transaction costs and taxes.

**Fundamental Analysis** - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Long-Term Purchases** - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year. Using a long-term purchase strategy generally assumes the financial markets will go up in the long term, which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better used in the short-term in other investments.

### Cash Management

We manage cash balances in your account based on the yield, and the financial soundness of the money markets and other short term instruments.

## **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional about the investing of your assets.

Custodians and broker-dealers must report the cost basis of equities bought in Client accounts. Your custodian will default to the First-In First-Out ("FIFO") accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more helpful, provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

## **Other Risk Considerations**

When evaluating risk, financial loss may be viewed differently by each Client and may depend on many different risks, each of which may affect the probability and magnitude of any potential losses. The following risks may not be all-inclusive but should be considered carefully by a prospective Client before retaining our services.

**Liquidity Risk:** The risk of being unable to sell your investment at a fair price at a given time due to high volatility or lack of active liquid markets. You may receive a lower price, or it may not be possible to sell the investment at all.

**Credit Risk:** Credit risk typically applies to debt investments such as corporate, municipal, and sovereign fixed income or bonds. A bond issuing entity can experience a credit event that could impair or erase the value of an issuer's securities held by a Client.

**Inflation and Interest Rate Risk:** Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of a Client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed income investments to decline.

**Horizon and Longevity Risk:** The risk that your investment horizon is shortened because of an unforeseen event, for example, the loss of your job. This may force you to sell investments that you were expecting to hold for the long term. If you must sell at a time that the markets are down, you may lose money. Longevity Risk is the risk of outliving your savings. This risk is particularly relevant for people who are retired or are nearing retirement.

## **Recommendation of Particular Types of Securities**

We recommend various types of securities and we do not primarily recommend one type of security over another since each Client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment. A description of the types of securities we may recommend to you and some of their inherent risks are provided below.

**Mutual Funds and Exchange Traded Funds:** Mutual funds and exchange traded funds ("ETF") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stocks and their price can fluctuate throughout the day. The returns on mutual funds and ETFs are reduced by the costs of managing the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of its Underlying Index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their underlying indices or benchmarks daily, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all the securities included in its Underlying Index, or its weighting of investment exposure to such securities may vary from that of the Underlying Index. Some ETFs may invest in securities or financial instruments that are not included in the Underlying Index, but which are expected to yield similar performance.

**Stocks:** There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

**Money Market Funds:** A money market fund is technically a security. The fund managers attempt to keep the share price constant at \$1/share. However, there is no guarantee that the share price will stay at \$1/share. If the share price goes down, you can lose some or all your principal. The U.S. Securities and Exchange Commission ("SEC") notes that "While investor losses in money market funds have been rare, they are possible." In return for this risk, you should earn a greater return on your cash than you would expect from a Federal Deposit Insurance Corporation ("FDIC") insured savings account (money market funds are not FDIC insured). Also, money market fund rates are variable. In other words, you do not know how much you will earn from your investment next month. The rate could go up or go down. If it goes up, that may result in a positive outcome. However, if it goes down and you earn less than you expected to earn, you may end up needing more cash. The final risk you are taking with money market funds has to do with inflation. Because money market funds are considered to be safer than other investments like stocks, long-term average returns on money market funds tend to be less than long term average returns on riskier investments. Over long periods of time, inflation can eat away at your returns.

**US Treasuries:** US Treasuries are considered safe investments, issued by the full faith and credit of the United States. As interest rates change, however, the value of a US Treasury investment may increase or decrease.

**Derivatives, including Options:** A derivative is a financial instrument, the value of which is derived from an underlying asset's value. Rather than trade or exchange the asset itself, an agreement is entered into to exchange money, assets or some other value at some future date based on the underlying asset. A premium may also be payable to acquire the derivative instrument. There are many types of derivatives, but options, futures and swaps are among the most common. An investor in derivatives often assumes a high level of risk. Derivative markets are highly volatile. It may not be possible to initiate a transaction or liquidate a position at an advantageous price. Entering transactions in derivatives assumes additional obligations, including contingent liabilities, additional to the cost of acquiring such derivatives, meaning it is possible to lose substantial sums of money beyond the initial investment amount.

**Municipal Securities:** Municipal securities, while generally thought of as safe, can have significant risks associated with them including, but not limited to the following: the credit worthiness of the governmental entity that issues the bond; the stability of the revenue stream that is used to pay the interest to the bondholders; when the bond is due to mature; and, whether the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same amount of interest or yield to maturity.

**Bonds:** Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether the bond can be "called" prior to maturity. It may not be possible to replace a called bond with an equal bond paying the same rate of return.

## Item 9 Disciplinary Information

We are required to disclose the facts of any legal or disciplinary events that are material to a Client's evaluation of our advisory business or the integrity of our management. Neither KFA nor its management persons have been named in legal or disciplinary events. However, Wall Street Access, an affiliated broker dealer discussed further below in Item 10, has disclosable disciplinary events. We do not consider Wall Street Access' disciplinary events material to your evaluation of our advisory business or the integrity of our management, but the disciplinary events may be viewed at <https://brokercheck.finra.org/> by searching for "Wall Street Access" under "Firm".

## Item 10 Other Financial Industry Activities and Affiliations

Kelleher's parent company, Wall Street Access NY Corporation, also owns Wall Street Access ("WSA"), a registered broker-dealer and member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corp. (SIPC). Kelleher and Wall Street Access are affiliates under common control and ownership. Kelleher and Wall Street Access also share an office and employees.

KFA manages investment accounts that are Wall Street Access brokerage accounts custodied at Pershing, LLC. This creates a conflict of interest because Wall Street Access could receive commissions and other fees based on securities transactions in investment management accounts. Wall Street Access, however, will not accept any commissions or other fees for securities transactions or account handling activities related to investment management account activities. Any commissions or fees inadvertently received by Wall Street Access are returned.

Further, as described in Item 4 above, mutual funds may pay sales and marketing fees (12b-1 fees) to the broker of record on mutual fund investments. A conflict of interest exists because Wall Street Access could receive sales and marketing fees of varying levels based on which mutual funds are selected or recommended for Clients' investments in advisory accounts. Although Wall Street Access cannot forego these fees, any such fees received will be remitted directly to the Client holding the mutual fund that makes such payments thereby eliminating any conflict related to the receipt of 12b-1 fees.

KFA has recommended that Clients open new accounts at the introducing broker Pershing Advisor Solutions, which also custodies accounts at Pershing, LLC and is under common control and affiliated with Pershing, LLC. KFA's recommendation of Pershing Advisor Solutions and Pershing, LCC is a conflict of interest because Wall Street Access and Pershing, LLC have a pre-existing established business relationship. Pershing, LLC is the full service clearing firm for Wall Street Access. Although Kelleher receives no tangible or monetary benefits because of Wall Street Access' relationship with Pershing, LLC, we have a long standing working relationship with Pershing, LLC because of Wall Street Access' business with Pershing, LLC. KFA regularly reviews the services and fees of Pershing Advisor Solutions and Pershing, LCC to determine that its recommendation is consistent with KFA's fiduciary duty without regard to the Wall Street Access relationship with Pershing.

Kelleher management personnel, including Colleen Kelleher, and staff of the Firm are also registered representatives of Wall Street Access. The personnel receive compensation for effecting securities transactions when acting as registered representatives of Wall Street Access. As registered representatives of Wall Street Access and as previously described in this Item, however, these personnel will not accept or receive compensation for securities transactions arranged in Clients' investment management accounts. If a Client elects to implement transactions outside of investment management accounts, these personnel and Wall Street Access will act as broker-dealer, only if chosen by Client to do so. Wall Street Access is an execution only broker dealer, which means Wall Street Access and personnel acting in the role of registered representative of Wall Street Access do not provide investment advice.

No Starboard Advisors or BPC investment personnel or staff are registered representatives of Wall Street Access or any broker dealer.

#### **Recommendation of Other Advisers**

Starboard Advisors selects independent third party money managers ("TPMM") based on Clients' needs and objectives. We will not receive separate compensation, directly or indirectly, from any TPMM.

Kelleher's affiliate, Wall Street Access, provides execution-only brokerage services to customers that include independent TPMM's. This is a conflict of interest because Starboard Advisors could select TPMM's based on Wall Street Access' business relationships with TPMM's. Starboard Advisors does not, however, give any consideration to Wall Street Access' business in its selection of TPMM's. A TPMM selected for some of our Client accounts is a Wall Street Access customer that arranges securities transactions through Wall Street Access. The TPMM could potentially arrange transactions through Wall Street Access for our investment management accounts. We have no control over the TPMM's decision-making process and a TPMM's use of Wall Street Access would be fully at the TPMM's discretion and in fulfillment of the TPMM's fiduciary duty to seek best execution for Clients' securities transactions.

### **Other Business Activity**

Neil Cataldi, the Chief Investment Officer of Starboard Advisors, is also the Principal of Blueprint Capital Management, a registered investment adviser that is not affiliated with our Firm. This is a conflict of interest because Mr. Cataldi spends time, albeit not a substantial amount of time, on this other business activity during market hours.

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

We maintain a written Code of Ethics. We will provide a copy of the Firm's Code of Ethics to you at no charge upon request. The Code of Ethics is based on the principle that the Firm and each of its employees and investment personnel owe a fiduciary duty to Clients as well as a duty to comply with federal and state securities laws and all other applicable laws. This includes the obligation of all Firm employees and investment personnel to conduct their personal securities transactions in a manner that does not interfere with your transactions or otherwise to take unfair advantage of our relationship with you. The general principles of our Code of Ethics include that we always have the duty to place your interests first, we must conduct all personal securities transactions in a manner to avoid any actual or potential conflict or abuse of a position of trust and responsibility, and we will conduct all personal securities transactions to avoid even the appearance of a conflict of interest with your account.

The Firm and its employees may buy, sell, or hold positions in securities or related securities that are also selected for Clients. Generally, if a Financial Advisor purchases or sells a security that is also purchased or sold for your account on the same day, the Financial Advisor's purchase or sale will be executed along with your transaction so that you and the Financial Advisor receive the same average price. If transactions for Financial Advisors are effected at a different time than your order, they will be executed in such a way that the timing of the order does not interfere or conflict with your transaction. This is usually accomplished by the Financial Advisor executing a transaction for their account on a different, later day.

All employees are required to disclose all their securities transactions on a quarterly basis, and securities holdings on an annual basis. All employees must also receive preclearance for any investments in initial public offerings (IPOs) or private placements. Compliance personnel review the personal securities account statements of all employees, including Financial Advisors, for conflicts of interest. Periodic compliance training is provided to facilitate compliance.

Additionally, conflicts of interest between all Firm employee and investment personnel transactions and adherence to the firm's Code of Ethics are periodically reviewed by the Chief Compliance Officer. These reviews are designed to detect conflicts of interest or violations.



We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to always protect your interests and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, nonpublic information about you or your account holdings by persons associated with our firm.

## Item 12 Brokerage Practices

Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. **KFA** recommends that Clients custody their accounts at Pershing, LCC and its affiliated introducing broker Pershing Advisor Solutions. **Starboard Advisors** recommends that Clients custody their accounts at Fidelity Investments or Charles Schwab & Co., Inc. **Battery Park Capital** recommends that Clients custody their accounts at Charles Schwab & Co., Inc.

Our custodian recommendations are based on many factors, including the level of services provided to you, the custodian’s financial stability, the ability to achieve best execution as a broker for your securities transactions, and the cost of services provided by the custodian to our Clients, which includes commissions, custody fees and other fees or expenses.

Fidelity, Schwab, and Pershing each provide us and our Clients with access to their institutional brokerage services including trading, custody, reporting, advisor fee deduction capabilities and other related services. These are all important services to help us run our business efficiently. This is a conflict of interest because we would incur separate costs if these services and benefits were not provided by the custodians and the services and benefits we receive could influence our recommendation of a qualified custodian.

Each of the custodians we recommend makes available to us useful benefits and services that include advanced technology, support, and services that assist us in managing and administering our advisory accounts, including:

- Receipt of duplicate Client statements and confirmations;
- Consulting services;
- Access to a trading desk serving our Clients;
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts);
- The ability to have advisory fees deducted directly from Client accounts;
- Access to an electronic communications network for Client order entry and account information;
- Access to mutual funds with no transaction fees and to certain institutional money managers which may result in lower Client expenses;
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third-party vendors;
- Communication services that support communication of trade instructions;
- Post-trade matching and routing of settlement instructions;
- Access to electronic Client account records and data; and
- Research, pricing, and other market data.



There is no direct link between the firm's participation in the program of any qualified custodian and the investment advice we give to our Clients. The various useful benefits and services we receive through participation in these programs do not depend on the volume of brokerage transactions directed to these custodians. These services generally are available to independent investment advisors at no charge so long as a certain minimum amount of Client assets are maintained in accounts at the custodian.

Some of the products and services made available through the programs benefit us but not our Clients. These products or services assist us in managing and administering Client accounts, including accounts not maintained at the custodian providing the service. Other services are intended to help us manage and further develop our business. Without these benefits and services from the custodians, we would be required to purchase additional services that we receive from the custodians without charge.

We review our custodian recommendations on a regular basis to determine if our selections are reasonable and consistent with our fiduciary responsibilities. We also regularly review the execution quality achieved through each custodian. In recommending custodians, we consider the full range and quality of their services, including, among other things, execution capability, cost, financial responsibility, responsiveness, and the value of research and other services provided. We will not recommend a custodian solely based on the lowest possible commission cost, but rather, we will determine whether the custodian has the ability to provide the best overall qualitative execution considering all factors. Consequently, we may recommend a custodian that provides useful brokerage, research, and related services, even though lower costs may be available elsewhere.

We do not attempt to put a dollar value on the useful benefits and services each account receives from Pershing, Fidelity, Schwab, or TD Ameritrade, nor do we attempt to allocate or use the economic benefits and services received for the benefit of specific accounts or attempt to use any particular item to service all accounts. We will use the economic benefits and services we receive to assist in managing accounts not maintained with the custodian paid for such services. The useful benefits and services we receive from custodians and broker-dealers are used to help us fulfill our overall Client obligations.

We will typically not accept investment management accounts that are not custodied at a recommended custodian. We also require that Clients agree to direct us to execute all their securities transactions through Client's selected custodian. Not all advisers require their clients to direct brokerage through a specified custodian relationship. We will not have the authority to seek the most favorable execution for each execution through competing brokers, which practice could cost Clients more money. Further, we will not have the authority to negotiate commissions, obtain volume discounts, or seek price improvement from other broker-dealers. Clients should understand that the direction to place orders with a broker-dealer may result in not achieving most favorable execution of the Client's transactions. This practice may cost the Client more than if we had discretion to select another broker-dealer.

If we had the authority to execute your securities transactions at a separate broker-dealer rather than your broker custodian relationship, you would incur commissions and/or transaction settlement costs that are not incurred when we arrange securities transactions at your custodian.

For accounts that we manage at Pershing, LLC we incur a ticket/transaction fee for each security transaction per account: \$4.00 per equity order, \$10 per fixed income order, \$1.50 per option contract, and \$20 or \$30 per mutual fund order depending on the fund. We pay these fees to Pershing, LCC per transaction that we arrange in your investment management account(s). This is a conflict of interest because KFA could decide not to trade in investment management accounts because of the ticket/transaction fees rather than trading securities when in the Client's best interest. We conduct compliance and supervisory reviews of the trading activity and consider the fee to be small for each trade, creating little disincentive to arrange transactions.

We do not consider, in recommending custodians or selecting brokers-dealers, whether we receive Client referrals from such custodians or broker-dealers. We have no economic arrangements to receive referrals from custodians or broker-dealers.

Clients of Starboard Advisors have contract terms with us that do not specify whether we have the discretion to select multiple broker dealers for execution of client transactions. The grant of investment discretion in these agreements, however, may be interpreted as brokerage discretion authority. Starboard Advisors, however, does not trade Client investments at broker dealers away from the Client's custodian because of the settlement costs that would be incurred and the infrequency of such transactions. For actively managed equity and fixed income accounts, Starboard Advisors typically selects TPMM's who exercise authority to execute transactions at brokers other than a Client's custodian.

### **Aggregated Trades**

The securities transactions by KFA, Starboard Advisors, and BPC are managed and arranged separately by Division, and not aggregated together.

Within each Division we combine discretionary orders for multiple Clients in shares of the same securities at the same custodian (this practice is commonly referred to as "aggregated trading"). We will then distribute a portion of the shares to participating accounts with average share pricing for each participating account. Any transaction fees will be similarly shared. For certain transactions, each account will pay a fixed cost to the broker regardless of the number of shares traded for each participating account. In the event an order is only partially filled, shares will be allocated to participating accounts in a fair and equitable manner, typically in proportion to the size of each Client's order. Accounts owned by our firm or persons associated with our firm may participate in aggregated trading with your accounts; however, they will not be given preferential treatment. We do not aggregate securities transactions involving the same security that are placed at separate custodians.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

## **Item 13 Review of Accounts**

We conduct ongoing reviews of investment management accounts for Clients. The ongoing reviews are designed to ensure that portfolios are constructed and performed in accordance with the Client's stated investment objectives and/or selected portfolio objective.

We typically provide quarterly investment account reports, providing account positions and transaction information. Starboard Advisors also provides net worth and other consultative reporting to Clients periodically based on individual client needs and objectives.

Family Office Consulting reviews and reports will be provided to Clients as specifically agreed to in the parties' contractual relationships.

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

As disclosed above in Item 12, we receive economic benefits from qualified custodians that are recommended to Clients. We do not have any arrangements to provide any third parties compensation for client referrals.

## **Item 15 Custody**

Your funds and securities must be held by a qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period, and other disbursements from your account(s). You should carefully review account statements from your qualified custodian(s).

You should compare the account statements that you receive from us with the statements from your account custodian(s) to reconcile the information reflected in each statement. If you have a question regarding your account statement(s), or if you did not receive a statement from a qualified custodian about any of your accounts, contact us immediately at the telephone number on the cover page of this brochure.

## **Item 16 Investment Discretion**

We regularly accept discretionary authority from our Clients to buy or sell securities on their behalf. Clients must first sign our discretionary Advisory Agreement and the appropriate trading authorization forms with their qualified custodian. Clients may provide us with reasonable restrictions on our discretionary management authority such as providing instructions not to buy or sell particular securities. Clients must provide any restrictions on our discretionary authority in writing to be effective, including any instructions not to sell securities without prior Client consent.

## Item 17 Voting Client Securities

KFA does not accept the authority to vote proxies on Clients' behalf. KFA Clients should expect to receive proxies related to holdings in their investment management accounts and may use their own discretion to handle the proxy vote.

Starboard Advisors and Battery Park Capital each accept authority to vote proxies issued by securities held in Client accounts. If a Client elects to retain proxy voting authority on their own behalf, then Clients will complete custodial forms directing custodians to send proxies directly to the Client. If a Client delegates proxy voting authority to our Firm, then Clients will complete custodial forms directing custodians to send proxies to us.

When delegated with proxy voting authority we will determine how to vote proxies based on our reasonable judgment of the vote most likely to produce favorable financial results for you. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain, or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders. Generally, proxy votes will be cast against proposals having the opposite effect. However, we will consider both sides of each proxy issue. Typically, our votes support management, which is an indication of one of our reasons for the investment in that security.

Conflicts of interest between you and our Firm, or a principal of our Firm, regarding certain proxy issues could arise. If we determine that a material conflict of interest exists, we will take necessary steps to resolve the conflict before voting the proxies. For example, we may disclose the existence and nature of the conflict to you, and seek direction from you as to how to vote on a particular issue; we may abstain from voting, particularly if there are conflicting interests for you (for example, where your account(s) hold different securities in a competitive merger situation); or, we will take other necessary steps designed to ensure that a decision to vote is in your best interest and was not the product of the conflict.

We keep records in connection with our proxy voting activities. You may obtain information on how we voted proxies and/or obtain a full copy of our proxy voting policies and procedures by making a request to our firm.

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries because of actions, misconduct, or negligence by issuers of securities held by you.

## Item 18 Financial Information

Our Firm does not have any financial condition or impairment that requires us to report any information in response to this item.