

## **KB Financial Partners, LLC**

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**March 31, 2022**

### **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of KB Financial Partners, LLC. If you have any questions about the contents of this brochure, please contact us at 609- 514-4700. 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 KB Financial Partners, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for KB Financial Partners is 119166.

KB Financial Partners, 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**

KB Financial Partners, LLC (the "Firm") has not made any material changes to its Form ADV Part 2A since its last Annual Updating Amendment in March of 2021.

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## Item 4 Advisory Business

### **Description of Services**

We are a registered investment adviser based in Princeton, New Jersey with an office in Point Pleasant Beach, New Jersey. We are organized as a limited liability company under the laws of the State of New Jersey, and we have been providing investment advisory services since 2000. KB Financial Partners, LLC is 100% owned by KB Financial Companies, LLC.

The following paragraphs describe our services. Please refer to the description of each investment advisory service listed below for information on how we deliver these services and how we tailor our services to your individual needs. As used in this brochure, the words “we”, “our”, “the firm” and “us” refer to KB Financial Partners, LLC and the words “you,” “your,” and “client” refer to you as either a client or prospective client of our firm. Also, you may see the terms “Associated Person” or “Investment Adviser Representative” throughout this Brochure. As used in this Brochure, our Associated Persons are our firm’s officers, employees, and other staff, and Investment Adviser Representatives are all individuals providing investment advice on behalf of our firm.

The advisory services we offer include Financial Planning, Pension Consulting, and Portfolio Management as described more fully below. These services may be offered to clients on an all-inclusive or individual basis.

The process typically begins with a complimentary introduction meeting during which the various services provided by our firm are explained to you. During or after the initial meeting, we collect pertinent information about your personal and financial circumstances and objectives. As needed, we conduct follow-up interviews for the purpose of reviewing and/or collecting financial data. Prior to proceeding with the delivery of advisory services, together with you we determine the scope of the services to be provided.

### **Financial Planning Services**

We offer broad-based and structured financial planning services. Financial planning typically involves a variety of advisory services regarding the management of your financial resources based upon an analysis of your individual needs. If you retain us for financial planning services, one or more of our Investment Adviser Representatives will meet with you to gather information about your financial circumstances and objectives such as liquidity needs, personal needs, insurance needs, risk tolerance, and other financial related information. Once we review and analyze the information you provide to us, we may deliver a written plan to you, designed to help you achieve your stated financial goals and objectives. Thereafter, as needed, we will schedule a series of meetings to review the plan with you, meet with your other advisors, if necessary (legal, tax, etc.), and, if you wish, help you to implement your plan.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to our firm. If you engage us for ongoing financial planning, you should promptly notify our firm if your financial situation, goals, objectives, or needs change.

If you implement our financial planning recommendations through other advisory services offered by our Investment Adviser Representatives, or in their separate capacities as registered representatives or insurance agents, we may waive or offset the financial planning fee at our sole discretion. However, you are not obligated to act on our financial planning recommendations. If you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. You may implement our recommendations with any firm of your choice.

All financial planning projections are dependent on future events that may not be known at the time of planning. As a result, there can be no assurance that any projections or estimates will be realized, nor can there be any assurance that if they are realized, that they will be sufficient to meet future needs. All projections and estimates are furnished for illustrative purposes only and are not predictions or guarantees of future returns.

***Pension Consulting Services***

We offer pension consulting services to employee benefit plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciaries. In general, these services may include, but are not limited to, a review of plan features, a review of investment selections, asset allocation consulting, and review and analysis of other plan service providers. If appropriate and practical, we may also provide communication and enrollment services where we help the plan sponsor provide information regarding the retirement plan to its participants.

Non-investment related consulting services, including but not limited to plan design, are non-discretionary and consultative in nature. The ultimate decision to act on behalf of the plan shall remain with the plan sponsor or other named fiduciary who are free to seek independent advice about any recommendations for the Plan.

Investment related pension consulting services may be discretionary or non-discretionary in nature. The specific nature and terms of the services will be identified in our pension consulting agreement with you.

***Portfolio Management Services***

We offer discretionary and non-discretionary portfolio management services. Generally, this includes an assessment of your investing profile, asset allocation and portfolio design, and portfolio management. If you retain our firm for portfolio management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information (“suitability information”) at the beginning of our advisory relationship. Generally, we use this suitability information and discussions with each client to identify a “target asset allocation” for you. This target asset allocation is a baseline for portfolio design that is dictated by your risk tolerance and investment objectives. We maintain current, tactical asset allocation models for each long-term target asset allocation across the risk spectrum from conservative to aggressive. Current asset allocation models usually differ from their neutral long-term target asset allocations, based on our assessment of market conditions and short-term or intermediate-term investment opportunities and risks.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization permits us to determine the specific securities, and the amount of securities, to be purchased or sold and to execute those transactions in your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and the appropriate trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing. If you enter into a non-discretionary arrangement with our firm, we must obtain your approval prior to executing any transactions on your behalf.

We primarily research and recommend investments in mutual funds, exchange traded funds and private placements, as well as unaffiliated discretionary portfolio managers for individual client accounts. To a lesser extent, we may recommend investments in individual securities such as individual stocks and bonds.

Our investment advice will be tailored to your situation based on your needs, investment objectives, the size of your portfolio, your tax situation, and the tax profile of your account registrations. As part of our portfolio management services, we may recommend a customized investment portfolio for you in accordance with your specific situation, requests, or reasonable restrictions. After we recommend an investment portfolio to you and you agree to implement a portfolio with us, we will implement the selected portfolio investments on your behalf. After the initial investment of your portfolio, we will monitor your portfolio’s performance on a periodic basis, and depending on whether or not you have granted us discretionary authority, we will either reallocate or recommend a reallocation of the portfolio as needed based on our assessment of changes in market conditions and/or your financial circumstances. We generally do not implement or recommend frequent changes to client portfolios.

In certain circumstances, as requested by a client, we may provide portfolio management services that are different from the services described above. These situations are typically based on very specific client requests for a portfolio comprised of a specific type of security or to meet a very specific need.

Portfolio management services are rendered primarily on accounts held in custody at Schwab Advisor Services (“Schwab”) and to a lesser extent, accounts held at financial institutions other than Schwab, including 401k or other employee benefit accounts. Such services may include analysis and advice on investment options and portfolio strategy recommendations. However, we may be unable to effect transactions in accounts held at custodians other than Schwab. In such cases, you will be responsible for implementing any recommendations/advice. Our firm may decline your request to provide advice on assets held at custodians other than Schwab. For more information, please refer to “Other Financial Industry Activities and Affiliations” and “Brokerage Practices” sections of this brochure.

As part of our investment advisory services, we may recommend that you use the services of a separate account manager (“SAM”) to actively manage on a discretionary basis, a portion of, or your entire investment portfolio. After gathering information about your financial situation and objectives, we may recommend that you engage one or more specific SAMs. Factors that we consider when making our recommendation(s) include, but are not limited to the SAM’s performance, methods of analysis, fees, your financial needs, the size of your portfolio, investment goals, risk tolerance, and investment objectives. We periodically monitor the SAM(s)’ performance to ensure its management and investment style remain aligned with your investment goals and objectives. We will contact you periodically to review your financial situation and objectives, and to assist you in understanding and evaluating the services provided by each SAM. You should promptly notify us of any material change in your financial situation, investment objectives, or account restrictions.

The SAM(s) will actively manage your portfolio and will assume full discretionary investment authority over your account. Our firm will assume limited discretionary authority to engage and terminate SAMs and, if you grant us discretionary authority, we will have authorization to reallocate your assets among other SAMs, if and when we deem such action to be in your best interest. However, we will not have investment discretion or trading authority over the selection of securities in your SAM account. Our ability to engage and terminate sub-advisers and other SAMs on your behalf is based on you granting our firm discretionary authority to do so, which is authorized by the investment advisory agreement you sign with our firm.

### **Types of Investments**

We primarily offer portfolio management services on portfolios comprised of mutual funds, exchange traded funds, private placements, and unaffiliated SAMs. To a lesser extent, we may also offer portfolio management services on individual securities such as individual stocks, bonds and closed end funds, as well as certificates of deposit, insurance products including but not limited to variable annuities, and private investments such as interests in limited partnerships. We may invest or recommend investment in securities with different degrees of liquidity. Some of these investments may not be available for immediate liquidation (conversion to cash). In the context of financial planning services, we may offer advice on these same types of securities, and we may also provide advice on other securities and investments that are not generally part of our portfolio management services.

### ***Sub-Advisory Relationship with SkyView Investment Advisors***

The Firm has entered into a sub-advisory relationship with SkyView Investment Advisers (“SkyView”); Skyview is investment adviser registered with the Securities and Exchange Commission (“SEC”). Additional information about Skyview is available on the SEC’s website at [www.adviserinfo.gov](http://www.adviserinfo.gov). The searchable CRD number for SkyView is 286353.

Mr. Steven J. Turi, Managing Member and Chief Investment Officer of SkyView has assumed the role of Chief Investment Officer of KB Financial Partners. Mr. Andrew J. Melnick, Managing Member of Skyview has assumed the role of Chief Investment Strategist for KB Financial Partners. Additional information on Mr. Turi and Mr. Melnick may be found in the Firm’s group Brochure Supplement (ADV Part 2B).

For further information on material conflicts of interest, please see “Item 6 – Performance-based Fees and Side-by-Side Management.”

### **Assets under Management**

As of December 31, 2021, we managed \$1,064,257,973 in client assets. \$777,526,532 in client assets were managed on a discretionary basis, and \$286,731,441 in client assets were managed on a non-discretionary basis.

## Item 5 Fees and Compensation

### Financial Planning Services

For our “Financial Planning Services” we charge an annual retainer fee either as a fixed fee ranging between \$2,500 and \$50,000, or an asset-based fee of 0.15% of investable assets. The fee is negotiable depending upon the complexity and scope of the services to be provided. Annual retainer fees are billed and payable quarterly in advance.

In certain circumstances, we may provide financial planning services on a one-time basis. In these cases, we will bill you part of the fee upon execution of the financial planning agreement and the remainder upon delivery of the written financial plan or service.

Under extraordinary circumstances, our fees may exceed the fees stated above. An estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you in advance and request that you approve the additional fee.

You may terminate the financial planning agreement within five days of the date of acceptance without penalty. After the five-day period, either you or the firm may terminate the financial planning agreement by providing written notice to the other party. You will incur a pro rata charge for services rendered prior to the termination of the agreement. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### Pension Consulting Services

The annual fee for pension consulting services is based on a percentage of plan assets. The annual fee for our pension consulting services ranges between \$2,500 and \$250,000 which is payable quarterly in advance. In special circumstances, other fees and fee-paying arrangements may be negotiated. The amount of the fee is negotiated on a case-by-case basis, and is determined based upon a number of factors including, but not limited to, the amount of work involved, the overall value of plan assets, and your service requirements. The final fee and payment arrangements will be clearly defined in the pension consulting agreement.

You may terminate the pension consulting agreement within five days of the date of acceptance without penalty. After the five-day period, either you or the firm may terminate the pension consulting agreement by providing 30 days’ written notice to the other party. Clients will incur a pro rata charge for services rendered prior to the termination of the agreement. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### Portfolio Management Services

Our fee for portfolio management services is based on a percentage of your assets we manage and is set forth in the following fee schedule:

<u>Assets Under Management</u>	<u>Annual Advisory Fee</u>
First \$249,999.99	1.15%
Next \$750,000.00	0.95%
Next \$4,000,000.00	0.60%
Next \$5,000,000.00	0.45%
Over \$9,999,999.99	0.35%

Our annual portfolio management fee is billed and payable quarterly in advance based on the value of your assets managed by us on the last day of the previous quarter or based on the last available value if a quarter-end value is not available at the time we calculate the fee for billing. Fees on initial investments and additional contributions made during a quarter are assessed pro rata in arrears in the month following the end of a quarter. This means that the advisory fee is payable in proportion to the number of days in the quarter for which your assets are managed. Fee refunds on distributions, other than expenses, management fees, or similar withdrawals, from your portfolio are assessed pro rata based on the number of days remaining in the quarter. These refunds on withdrawals are made in arrears, in the month following the end of each quarter, and are netted against any quarterly advisory fees charged at that time. Our advisory fee is negotiable, depending on individual client circumstances.

We combine the account values of family members to determine the applicable advisory fee. "Householding" is a practice in which assets are combined for purposes of calculating and potentially reducing asset management fees. Accounts that are combined are those that share the same household or primary residence. While the Firm's practice is to combine assets for potentially discounting fees, each account will still be billed based upon the assets in each account. Criteria for householding accounts include accounts of all immediate family members, and accounts sharing the same household, and those that are materially supported, but do not share the same household (e.g., grandparents, children).

#### **Ability to Directly Deduct Fees for Accounts Not Held At Schwab**

When utilizing the Firm's recommended qualified custodian, Schwab, fees are deducted directly from client accounts and reflected on the Schwab custody statement. Should a client choose a qualified custodian other than Schwab, fees may not be able to be directly deducted from client accounts, instead client will be invoiced or billed the amount of the fee. Please contact us for further details. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your accounts. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

#### **Circumstances In Which Fees are Not Directly Deducted From Your Account**

We may, in certain circumstances, send you an invoice for the payment of our advisory fee. You may terminate the portfolio management agreement within five days of the date of acceptance without penalty. After the five-day period, either you or the firm may terminate the portfolio management agreement by providing 30 days' written notice to the other party. You may incur a pro rata charge for services rendered prior to the termination of the agreement, including for services rendered during the 30-day notice period. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

#### **Selection of Separate Account Managers ("SAMs")**

As part of our Portfolio Management Services, we may recommend that a portion or all of your assets are managed by one or more separate account managers ("SAMs"). The fee we charge for our Portfolio Management Service is separate and distinct from the fee(s) you pay to SAMs. We do not share in any portion of the advisory fee you pay directly to SAMs. Advisory fees that you pay to the SAM are established and payable in accordance with the disclosure brochure or other equivalent disclosure document provided by each SAM to whom you are referred. In addition, if the investment program recommended to you is a wrap-fee program, you will also receive a wrap-fee brochure provided by the sponsor of the program. The SAM's fees may or may not be negotiable. Where fees are negotiable, we may assist you in possibly negotiating a reduced fee. The fees charged by each SAM may differ depending upon the individual agreement that we have with each SAM. Therefore, we may have an incentive to recommend one SAM over another SAM with whom our firm has less favorable fee arrangements. You should review the recommended SAM's brochure for information on their fees and services. When we refer you to a SAM, we will provide you with appropriate disclosure statements, including disclosure of fees paid to us, our investment adviser representatives and the SAM.



In addition to our advisory agreement, you may be required to enter into a separate Investment Advisory Agreement directly with the SAM or a wrap-fee program sponsor such as Schwab. You, us, Schwab, or the SAM, in accordance with the provisions of such agreements may terminate the advisory relationship. Refunds of fees will be in accordance with the applicable refund policy as set forth in the agreement with each SAM or wrap-fee program sponsor. If the SAM or wrap-fee program sponsor is compensated in advance, you will typically receive a pro rata refund of any prepaid advisory fees upon termination of an advisory agreement.

### **Additional Fees and Expenses**

The advice we offer may involve investment in “packaged products” including, but not limited to, mutual funds, variable insurance and annuity products, exchange traded funds and notes, 529 plans, interests in partnerships, etc. Please be advised that the fees you pay our firm for investment advisory services are separate and distinct from the fees and expenses charged by packaged products to their shareholders. The fees for mutual funds and other packaged products are described in each fund’s prospectus or equivalent disclosure document. These fees will generally include a management fee and other operating expenses. Further, there may be transaction charges involved with purchasing or selling of securities. When suitable, we generally recommend no load or load-waived mutual funds for portfolio management clients. Except as it applies to brokerage transactions conducted at M Holdings Securities, Inc. as explained in the “Brokerage Practices” section of this brochure, our firm does not share in any portion of the brokerage fees/transaction charges imposed by the custodian holding your funds or securities. You should review all fees charged by mutual funds and other packaged products, our firm, and others to understand fully the total amount of fees you will pay.

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

The culture of KB Financial Partners is to serve the client. In order to do so, many of our Associated Persons maintain other financial services relationships and provide services in addition to providing investment advisory services through our firm. You should be aware of these other relationships and be aware that the direct and indirect compensation arrangements associated with them, as described below, create economic incentives and conflicts of interest which could influence our recommendations for particular financial products or services.

Some persons providing investment advice on behalf of our firm are registered representatives of M Holdings Securities, Inc. (“MHS”), a registered broker/dealer and investment adviser, member of the Financial Industry Regulatory Authority, Inc. (“FINRA”) and the Securities Investors Protection Corporation (“SIPC”). In their capacity as registered representatives, these persons may receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by these persons in their capacities as a registered representative is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our

firm who are registered representatives with MHS have an incentive to effect securities transactions for the purpose of generating commissions, rather than solely based on your needs. You are under no obligation, contractually or otherwise, to implement investment recommendations through any person affiliated with our firm. However, if you choose to purchase securities through such individuals, commissions earned will be in addition to any fees paid for our firm’s advisory services. The commissions may be higher or lower at MHS than at other broker/dealers. Some Associated Persons may also be licensed as Investment Adviser Representatives (IARs) with MHS and if so, may offer various fee based advisory services through MHS or refer clients to sponsors of third-party money management programs. In this capacity, such individuals may receive a portion of fees collected by MHS that are separate and apart from the fees charged by our firm. As such, a conflict of interest may exist between the interests of our firm, our IARs, and the interests of clients.

KB Financial Partners is a “Member Firm” of M Financial Group, an affiliate of M Holdings Securities, Inc. (“MHS”). KB Financial Partners is independently owned and operated, and our associates are not agents of M Financial Group. M Financial Group and its subsidiaries provide us a variety of support services, including insurance product design and marketing assistance. M Financial Group and its subsidiaries do not issue insurance policies or financial services products. However, M Financial Re, a subsidiary of M Financial Group, reinsures a portion of the mortality risk on some policies issued by unaffiliated insurance carriers and sold by Member Firms. M Financial permits us and other Member Firms to offer products and services provided by any financial service provider and we are not required to offer products or services designed or promoted by M Financial Group.

Member Firms, including KB Financial Partners, are stockholders of M Financial Group. As stockholders, we share in the profits of M Financial Group via periodic stock or cash dividends. M Financial Group also maintains an Incentive Compensation Plan pursuant to which it annually distributes to Plan Participants (e.g., Member Firms or their associates) most of M Financial Group's consolidated net cash profits. Distributions of dividends and Incentive Compensation to us or our associates are in addition to compensation paid by unaffiliated insurance carriers and other financial service providers.

When transacting business through M Holdings Securities, Inc. ("MHS"), the primary source of compensation for KB Financial Partners and our associates is the traditional system of commissions and fees applicable to insurance agents. In addition to the indirect compensation arrangements (described above) which we derive from membership in M Financial Group, KB Financial Partners and/or our associates typically receive from unaffiliated financial service providers some or all of the following direct compensation, as applicable:

- Commissions and other cash and non-cash compensation paid by the unaffiliated insurance carriers with respect to products offered by the carrier.
- Renewal commissions from unaffiliated insurance carriers for servicing insurance policies previously purchased by clients.
- Percentage fees for facilitating settlements of existing life insurance contracts.

Compensation to us and/or our associates varies, depending upon, among other factors, the product type, the issuer, and the features and/or riders which are attached to the particular product. The direct and indirect compensation arrangements associated with being a Member Firm of M Financial, as described above, create economic incentives and conflicts of interest which could influence our recommendations for particular financial products or services (including the proprietary products referenced above). These incentives include, but are not limited to, the following:

- Commissions or other compensation in respect of one particular financial service provider, product, investment, or service may exceed commissions or compensation payable in respect of a comparable provider, product, or service.
- Certain policy features or riders may generate commissions or compensation in addition to compensation payable in respect of "base" or standard contractual features.
- Products or services which provide revenue, including override commissions or potential reinsurance profits, to M Financial Group could indirectly provide incentives to us to recommend such products over similar products or services which do not provide revenue to M Financial Group.
- KB Financial Partners and/or its associates may have minimum ongoing commission requirements that must be met in order to maintain status as an M Member firm in good standing.

We may recommend that you purchase variable annuities to be included in your investment portfolio. We may recommend that you purchase a no-load annuity as part of the advisory services described above in the Portfolio Management Services section. In these circumstances, the value of the variable annuity will be subject to our advisory fee according to the portfolio management services fee schedule above. Alternatively, we may recommend purchase of a variable annuity through MHS. In this case, persons providing investment advice on behalf of our firm may earn commissions on the sale of the variable annuities in his or her capacity as a registered representative of MHS. If these persons earn commission on the sale of variable annuities recommended to you, we will not include the annuity accounts in the total value used for our advisory fee billing computation. Annuities will be purchased for your account only after you receive a prospectus disclosing the terms of the annuity. You are under no obligation, contractually or otherwise, to purchase variable annuities through any person affiliated with our firm.

KB Financial Partners is a licensed insurance agency and some persons providing investment advice on behalf of our firm are licensed as insurance agents. Our firm and these persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through our firm or any person affiliated with our firm.

Those persons associated with our firm that are registered representatives and/or investment adviser representatives with MHS, as well as independently licensed insurance agents, may also receive non-cash compensation from non-clients in these capacities. Non-cash compensation may include, but is not limited to support for marketing programs such as seminars, support for professional development and conferences, reimbursement for meals and travel expenses, tickets to entertainment events, and gifts of limited value.

At our discretion, we may offset our advisory fees to the extent our supervised persons earn commissions in their separate capacities as registered representatives and/or insurance agents.

Commission based compensation received by the firm and our Associated Persons from the sale of insurance and investment products can vary widely from year to year and by individual Associated Person. Some Associated Persons will typically receive little to no commission-based compensation each year. Alternatively, commission-based compensation from the sale of investment and insurance products we recommend to our advisory clients may be the primary or sole source of compensation for some supervised persons.

### **IRA Rollover Considerations**

As part of our investment advisory services to you, you may request, or we may recommend that you withdraw the assets from your employer's retirement plan ("Plan") and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. You should be aware that there are many factors to consider when deciding whether or not to complete a rollover of Plan assets to an IRA, including but not limited to taxes, availability of investment options, total costs, access to professional investment management, liquidity, and protection from creditors. You may wish to discuss these items with a CPA or tax attorney. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as set forth in the agreement you execute(d) with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm. Prior to proceeding, if you have any questions, you should contact your Investment Adviser Representative or call our main number listed on the cover page of this brochure.

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

Performance-based fees ("Performance Fees") are based on a share of the capital gains or capital appreciation of the assets of a client. Side-by-Side Management exists when the adviser is managing multiple client accounts or strategies in which certain accounts are charged a performance fee, and accounts that are charged another type of fee (e.g., asset-based fee without a performance fee).

As articulated in "Item 4 – Advisory Business" under the heading of "Sub-Advisory Relationship with Skyview Investment Advisors":

- Mr. Steven J. Turi acts as Managing Member and Chief Investment Officer of SkyView of and also the Chief Investment Officer of KB Financial Partners;
- Mr. Andrew J. Melnick acts as Managing Member and Chief Investment Strategist of Skyview and also the Chief Investment Strategist of KB Financial Partners.

In their roles at Skyview, Mr. Turi and Mr. Melnick receive both management fees (e.g., asset-based fees), and performance-based fees on certain accounts. In their roles at KB Financial Partners, Mr. Turi and Mr. Melnick may receive performance-based fees on the management of client accounts.

This creates a material conflict of interest to favor accounts charged a performance-based.

The Firm believes that this conflict of interest can be mitigated through regular reviews by the KB Financial Partners Investment Committee. Clients are encouraged to review all disclosures in this Brochure carefully. All questions should be directed to the Client's assigned investment adviser representative.

#### **KB Financial Partners and Performance-Based Fees on Certain Private Funds**

SkyView serves as the Investment Manager to several private funds. SkyView also services as the Managing Member of these private funds. These private funds are generally marketed under the name BlackPoint Investment Management and BlackPoint Management. KB Financial Partners receives a portion of the performance-based fee when these funds are recommended and held client portfolios.

The Firm believes this conflict of interest may be mitigated through written disclosure of this conflict of interest, including all fees prior to being purchased in client portfolios.

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

We offer investment advisory services to individuals, high net worth individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

In general, we require a minimum of \$1 million in assets to establish a portfolio management services relationship. At our discretion, we may waive this minimum.

For our clients participating in a Separate Account Manager (SAM) program, generally, a minimum of \$50,000 is required to open and maintain an equity investment style account, and \$500,000 for a fixed income investment style account. Certain SAMs may have higher minimums.

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

#### **Our Methods of Analysis and Investment Strategies**

In the course of delivering portfolio management services to you, we may use one or more of the following methods of analysis or strategies when designing recommended portfolios:

- **Historical Performance Analysis** – involves the gathering and analyzing of historical performance results for a particular security, strategy or category of securities, typically referred to as an asset class. This information is analyzed using mathematical equations to identify the historical risk and return performance and the potential attractiveness of a potential investment. We use this information to help us identify investments to be considered for inclusion in recommended portfolios. The risk of relying upon historical performance analysis is that the future performance of an investment may be very different from its historical performance.
- **Diversification and Correlation Analysis** – involves the analysis of the historical performance relationship between two or more securities, strategies, or asset classes. This analysis is based on complex mathematical equations and is used in an attempt to identify combinations of potential investments that offer improved risk/reward profiles compared to individual investments. The risk of employing this type of analysis is that the future relationships between different investments may be very different than the historical relationships, and that relationships can change very quickly. Portfolios may not benefit from anticipated diversification benefits, especially during short-term periods of turmoil in the capital markets.

- Valuation Analysis – involves monitoring the absolute and relative valuations of a potential investment. We may monitor the current valuation of an investment relative to its historical average valuation as well as relative to the valuations of other investments or categories of investments over various time periods. We use this information and analysis to help us identify intermediate-term tactical opportunities to overweight or underweight certain investments that we believe may be temporarily undervalued or overvalued. The risks of using this approach are that markets may change, and historical valuation levels or relationships may be less relevant. Additionally, although they may ultimately be relevant and our valuation analysis may be correct, it may take an extensive period of time for these valuation discrepancies to be corrected in the capital markets.
- Expected Return Forecasting – involves the development of return, risk and correlation forecasts for categories of investments. We typically obtain these forecasts from a variety of trusted third party research providers so as not to rely upon a single forecast. Amongst other factors, forecasts will typically consider the current level and anticipated direction of interest rates, as well as corporate earnings for broad stock market averages. We emphasize an intermediate to long-term time horizon when employing this analysis. We use this analysis in our financial planning process and to make tactical intermediate-term adjustments to our asset allocation models. The risk of using this approach is that we may recommend portfolio adjustments based on return expectations that are not realized.
- Technical Analysis – involves studying price patterns in the financial markets to identify market situations that suggest a trend in the price, either up or down, of a particular investment is likely to continue. The risk of making investment decisions based on technical analysis is that this analysis may not accurately predict future price movements. Additionally, periods of short-term volatility can cause technical analysis to generate frequent buy/sell signals, increasing portfolio turnover and potentially hurting returns.
- Cyclical Analysis – a type of analysis that involves evaluating recurring price patterns and trends in various economic/business cycles. We use this analysis to help us identify opportunities to over or underweight investments that are expected to perform differently at different points in an economic/business cycle. The risk of this approach is that these cycles may not be predictable in duration or turning points and may have many fluctuations between long term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy and therefore investment decisions based on cyclical analysis may not be profitable.
- Long Term Investing – involves making investments with the expectation that those investments will provide a satisfactory return over a relatively long period of time, generally greater than five to seven years. The risks of relying solely on a long-term investing approach are that short-term volatility may be excessive, you may miss short or intermediate-term opportunities, and that long-term returns may not meet your expectations.
- Intermediate-Term Investing – involves making investments with the expectation that those investments will provide a satisfactory result over a two to five year period. Our recommendations for tactical portfolio changes are generally made with an intermediate-term time horizon. The risk of intermediate-term investing is that you may be incorrect in your analysis, and that an intermediate-term focus may subject a portfolio to increased turnover, potentially hurting returns.
- Short Term Investing – involves the purchase of an investment with the expectation that it will be sold within a relatively short period of time, generally less than one to two years, to take advantage of the securities' short-term price fluctuations. We generally do not recommend short-term investing, but we may do so from time to time under unusual market circumstances. The risk of short-term investing is that markets may move quickly in a direction opposite of your short-term approach, and that you may subject a portfolio to increased turnover and expenses, which may reduce returns.
- Margin Transactions – are securities transactions in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan. If the value of the shares drops sufficiently, the investor will be required to either deposit more cash into the account or sell a portion of the stock in order to maintain the margin requirements of the account. This is known as a "margin call." An investor's overall risk includes the amount of money invested plus the amount that was loaned to them. We generally do not recommend margin transactions. However, we may explain to clients that it may be available to them from their qualified custodian if they wish to utilize it.

We may recommend short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Short-term trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives, tolerance for risk and our assessment of current market conditions.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine what investments and allocation to recommend to you based upon your defined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, tax situation, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

Our strategies and investments may have unique and significant tax implications. We generally strive to balance the potentially conflicting goals of achieving proper portfolio diversification, limiting unnecessary expenses, and maximizing your after-tax return. 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 continuously consult with a tax professional prior to and throughout the investment of your assets.

Per IRS regulations, your custodian will default to the FIFO ("First-In-First-Out) 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 advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **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 your portfolio 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. There are many other risks to investing in addition to the risk of loss. The risk of losing the value of your money to the long-term effects of inflation is one of the primary risks of investing too conservatively. It is important to us that you understand the wide variety of risks and tradeoffs of various investment strategies.

### **Recommendation and Use of Particular Types of Securities**

As disclosed under the "Advisory Business" section in this Brochure, we primarily recommend and/or invest client assets in mutual funds, exchange traded funds and notes, and third-party equity and bond Separate Account Managers. Our process for identifying which investments to use or recommend to you involves both quantitative and qualitative analysis, typically involving a combination of third-party and proprietary research. Since each client has different needs and different tolerance for risk, we may recommend other types of investments as appropriate for you. Each type of security has its own unique set of risks associated with it and it is not possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, typically the higher the anticipated return of an investment, the higher the risk of loss associated with it.

Mutual funds and exchange traded funds are collective investment vehicles 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. Open and closed end mutual funds 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) or derivatives 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. Exchange traded funds (ETFs) differ from mutual funds since they can be bought and sold throughout the day like a stock and their price can fluctuate throughout the day. Exchange traded notes (ETNs) are similar to ETFs but different in that they are debt instruments and therefore subject to the credit risk of the underlying issuer. The returns on mutual funds, ETFs, and ETNs can be reduced by the costs to manage the funds.



Also, while some mutual funds are “no load” and charge no fee to buy into, or sell out of, other types of mutual funds do charge such fees which can also reduce returns.

### **Selection of Third-Party Advisers**

We may recommend the use of both third-party advisers and/or sub-advisers for a portion of client assets if applicable, based on each clients’ total portfolio size, taxability, diversification requirements, and the availability and cost of various strategies. These accounts are reviewed as part of the normal course of each client's review. From time to time throughout a year, we may also review collectively all of the accounts that we have with a SAM.

## **Item 9 Disciplinary Information**

Neither the firm nor any management person has been subject to a disciplinary or legal event that would be material to a client or prospective client’s evaluation of the company or its personnel.

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

We are under common control and ownership with KB Financial Advisory Partners, LLC, a tax, accounting, and business advisory firm. Associated persons of KB Financial Partners may recommend that clients engage KB Financial Advisory Partners, LLC for tax, accounting, corporate advisory and other services. KB Financial Advisory Partners, LLC may also recommend that its clients engage KB Financial Partners, LLC for investment advisory services. This relationship creates a conflict of interest because KB Financial Partners, LLC and KB Financial Advisory Partners, LLC have an incentive to refer each other clients given the affiliation between the two firms. No client is obligated to use the services of either KB Financial Partners, LLC or KB Financial Advisory Partners, LLC and you may use the accounting firm and investment adviser of your choice.

Some persons providing investment advice on behalf of our firm are registered representatives and investment adviser representatives of M Holdings Securities, Inc. (“MHS”), a licensed securities broker/dealer and investment adviser, member of the Financial Industry Regulatory Authority, Inc. (“FINRA”) and the Securities Investors Protection Corporation (“SIPC”). These persons earn commissions and/or advisory fees acting in these capacities which are separate and apart from our fees. Please see the “Fees and Compensation” section of this brochure for more information.

KB Financial Partners is a “Member Firm” of M Financial Group. Member Firms, including KB Financial Partners, are stockholders of M Financial Group. KB Financial Partners is independently owned and operated and our associates are not agents of M Financial Group. M Financial Group and its subsidiaries provide us a variety of support services, including insurance product design and marketing assistance. Please see the “Fees and Compensation” section of this brochure for more information.

Our firm is a licensed insurance agency and some persons providing investment advice on behalf of our firm are licensed as insurance agents. Our firm and these persons earn commission-based compensation for selling insurance products. Insurance commissions are separate from our advisory fees. Please see the “Fees and Compensation” section of this brochure for more information.

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

### **Description of Our Code of Ethics**

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 our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are required to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to the Chief Compliance Officer or designee who reviews these reports on a periodic basis. 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, non-public information about you or your account holdings by persons associated with our firm.

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting Mr. Matt Rozzi, Chief Compliance Officer, at 609-406-2181.

### **Participation or Interest in Client Transactions**

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

### **Personal Trading Practices**

Supervised persons of our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

### **Selection and Recommendation for Client Transactions**

We seek to select a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, ETFs)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other Clients
- Availability of other products that may benefit KBFP (Please see “Item 14 – Client Referrals and Other Compensation”)



**Research and Other Soft Dollar Benefits**

KBFP does not participate in soft dollar programs sponsored or offered by any broker-dealer. However, KBFP receives certain economic benefits when utilizing its recommended custodian, Schwab. “Please see Item 14 – Client Referrals and Other Compensation.”

**Brokerage for Client Referrals**

KBFP does not receive any Client referrals for directing Client transactions to broker-dealers for trade execution.

**KBFP Directed Brokerage**

KBFP exclusively recommends Charles Schwab & Co., Inc. (“Schwab”) as the custodian for safeguarding Client assets. Schwab is a registered broker-dealer, and all securities transactions will generally be directed to Schwab for execution. Not all advisers require their Clients to direct securities transactions to a single broker-dealer for execution. By directing all brokerage transactions to Schwab, Clients may be unable to achieve the most favorable execution, and this practice may cost Clients more money.

**Trading Away from Schwab**

While KBFP exclusively recommends Schwab as a custodian for Client assets, the Firm may utilize other executing brokers in limited circumstances. The Firm will only utilize other executing broker-dealers after careful evaluation of a broker’s ability to seek and achieve best execution. Note, when assets are held in custody at Schwab, but executed by a different broker, Schwab may charge a “trade away fee” for each transaction. This “trade-away fee” will generally result in higher execution costs.

**Client Directed Brokerage**

KBFP does not permit clients to direct transactions to a broker of their choice.

**Block Trading and Discretionary Accounts**

For discretionary accounts, we may but are not required to combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as “block trading”). The practice of block trading is employed to obtain more favorable pricing and/or reduced transaction costs (e.g., commissions) for Client accounts. When Client transactions are executed as part of a block, we will then allocate a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. When we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of any transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

**No Block Trading for Non-Discretionary Accounts**

While we may engage in block trading for discretionary accounts, we may not necessarily combine orders for non-discretionary accounts due to the timing of such transactions. As a consequence of non-discretionary accounts not participating in a block transactions, these accounts may receive less favorable prices and/or higher execution costs (e.g. commissions).

**Rotational Trading for Discretionary Accounts**

Discretionary accounts will be traded on a rotational basis. Rotational trading will be based on fair and equitable methods which may include alphabetical sequencing. As a consequence, clients may receive different prices for the same securities based on the nature of rotational trading.

### **Potentially Higher Costs for Non-Block Traded Accounts**

As previously addressed, block trading attempts to obtain more favorable pricing and/or lower transaction costs (e.g., commissions). Non-discretionary accounts and discretionary accounts that do not participate in block trading may obtain less favorable pricing and/or lower transaction costs.

As part of our Portfolio Management Services offering, we require that clients open accounts at Schwab, registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. You will decide whether or not to open an account with Schwab and will do so by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. Even though your account is maintained at Schwab, we and certain Separate Account Managers can still use other brokers to execute trades for your account.

### **Your Brokerage and Custody Costs**

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. In addition to commissions, Schwab charges you a flat dollar amount as a "trade away" fee for each trade that is executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay an executing broker-dealer. We regularly review Schwab's execution reports to ensure they are consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above.

### **Trade Errors**

From time-to-time we may make an error in submitting a trade order on a client's behalf. In these situations, we generally seek to rectify the error by placing the client account in a similar position as it would have been had there been no error. Depending on the circumstances, various corrective steps may be taken, including but not limited to, canceling the trade, adjusting an allocation, and/or reimbursing the account. Our clients will not benefit from trade errors or retain gains generated from trade errors. They are not required to sign letters of authorization to release gains to Schwab. Generally, if related trade errors result in both gains and losses in a client's accounts, they may be netted.

### **Products and Services Available to Us from Schwab**

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage - trading, custody, reporting, and related services - many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis and at no charge to us.

**Services That Benefit You.** Schwab's services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

**Services That May Not Directly Benefit You.** Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data

- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting services that generally benefit only us.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for an affiliate or third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of an affiliate's or third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

### **Our Interest in Schwab's Services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. Our selection is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only us.

As a fiduciary, we endeavor to act in the best interests of our clients. However, our recommendation that you maintain your assets in accounts at Schwab may be based in part on benefits provided to us by the availability of some of the foregoing products and services and not solely on the nature, cost, or quality of custody and brokerage services provided by Schwab to us, which may create a potential conflict of interest.

We believe that Schwab provide quality services at competitive rates. The reasonableness of commission rates is based on several factors, including the broker's ability to provide professional services, execution, the broker's reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in transactions. Best execution is not measured solely by reference to commission rates. Paying a broker a higher commission rate than another broker might charge is permissible if the difference in cost is reasonably justified by the quality of the brokerage services offered.

## **Item 13 Review of Accounts**

Your assigned Investment Adviser Representative, along with another member of our investment team will conduct account reviews at least annually to evaluate whether your portfolio on which we are providing portfolio management services is consistent with your stated investment objectives and our recommended strategies at the time of review. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

We may provide you with regular written reports. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

### **Financial Planning Services**

If you engage us for ongoing financial planning services, your assigned Investment Adviser Representative will review elements of your financial plan as needed, depending on the arrangements made with you at the inception of your advisory relationship, as detailed in the financial planning agreement, to ensure that the planning recommendations made to you are consistent with your current financial needs and objectives. Your assigned Investment Adviser Representative may receive technical assistance from other firm personnel who may or may not participate in meetings with you.

We will contact you periodically to determine whether any updates may be needed based on changes in your circumstances. Changed circumstances may include, but are not limited to: marriage, divorce, birth, death, inheritance, lawsuit, retirement, job loss, and/or disability, among others. Where warranted, we will provide you with updates to the financial plan. We recommend meeting with you at least twice each year to review the different components of your financial plan and to update your plan if needed. Additional reviews may be conducted upon your request. If your financial plan was part of a one-time service, reviews and updates will be subject to our then current rates.

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

### **Economic Benefits of Utilizing Schwab Advisor Services Platform**

KBFP has established an institutional relationship with Schwab Advisor Services, a division of Charles Schwab & Co. ("Schwab") is dedicated to serving independent investment advisers. As an investment adviser utilizing Schwab's platform, the Firm receives access to software and related support without cost because of KBFP's Clients custody of assets at Schwab and utilize Schwab as its sole executing broker-dealer. Services provided by Schwab benefit many, but not all, KBFP Clients. The receipt of economic benefits from Schwab custodian creates a potential conflict of interest since these benefits influence KBFP's recommendation of Schwab as its custodian and sole executing broker-dealer.

### **No Compensation Received for Referral Arrangements with Service Providers**

KBFP does not receive any compensation for Client referrals. However, KBFP may refer Clients to unaffiliated service providers such as attorneys, tax preparers, accountants, estate planners, and real estate agents, and loan officers ("Service Providers"). KBFP does not receive any compensation for these referrals. In turn, these Service Providers may refer Clients to KBFP. Whether KBFP receives a Client referral or refers a Client to a Service Provider, no compensation is received or paid.

### **Services that May Only Benefit KBFP**

Schwab also offers other services to KBFP that may not benefit KBFP Clients. These services include educational conferences and events, ongoing support, consulting services, and discounts for various service providers. Access to these services creates an incentive for the Firm to recommend Schwab, which represents a conflict of interest.

### **Client Referrals from Solicitors**

We directly compensate third-party consultants and/or entities (Solicitors) for client referrals. In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a Solicitor, you should have received a copy of our disclosure brochure along with the Solicitor's disclosure statement at the time of the referral. If you become a client, the Solicitor that referred you to our firm will receive a percentage of the advisory fee you pay our firm for as long as you are a client with our firm, or until such time as our agreement with the Solicitor expires. You will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

Solicitors that refer business to more than one investment adviser may have a financial incentive to recommend advisers with more favorable compensation arrangements. We recommend that you ask our Solicitors to disclose to you whether multiple referral relationships exist and whether comparable services may be available from other advisers for lower fees and/or where the Solicitor's compensation is less favorable.

We have entered into arrangements with certain associated persons (Investment Adviser Representatives), under which they receive compensation from our firm for the establishment of and/or servicing of client relationships. Investment Advisor Representatives who refer clients to our firm or provide ongoing service to clients must comply with the requirements of the jurisdictions where they operate. The compensation for referrals and service is typically based on the advisory fees and/or the total market value of assets managed under the investment advisory agreement, until such agreement is terminated. You will not be charged additional fees based on this compensation arrangement. Such compensation paid to Investment Adviser Representatives is contingent upon you entering into an advisory agreement with our firm. Therefore, these associated persons have a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

#### **Other Economic Benefits Received by KBFP**

In some circumstances, we and/or our IARs may receive economic benefits from a non-client, including money managers and financial product providers. These benefits may include, but are not limited to: research, analytic services, support for marketing programs such as seminars, support for professional development and conferences, reimbursement for meals and travel expenses, tickets to entertainment events, and gifts of limited value. While the receipt of certain benefits may help us provide services to clients, the receipt of additional compensation may also create a conflict of interest for our firm and/or our IARs. We utilize these third parties based on an overall qualitative evaluation of the third party and not solely because of economic benefits we may receive.

#### **Item 15 Custody**

KBFP recommends Charles Schwab & Co. ("Schwab") as the Firm's qualified custodian. KBFP does not maintain physical custody of Client assets. Other than the Client authorized account fee deduction for accounts held at Schwab, the Firm does not maintain or accept custody of Client funds or securities. KBFP unaffiliated with Schwab or any qualified custodian.

As a qualified custodian, Schwab provides Clients with quarterly custody statements, indicating all amounts disbursed, including management fees paid directly to KBFP. For additional information on payment methods, please see "Item 5 – Payment Methods".

KBFP also provides quarterly reports. In the event of a discrepancy between these quarterly reports and the custody statement provided by Charles Schwab, the Schwab statement takes precedence. In the event of a discrepancy, please contact KBFP promptly to address this issue.

We may directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, 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. You should carefully review account statements for accuracy. If you have a question regarding your account statement or if you do not receive a statement from your custodian, please contact Mr. Matt Rozzi, Chief Compliance Officer, at 609-406-2181.

### **Standing Letters of Authorization**

Some of our clients want us to be able to assist them in sending money from their accounts held at a qualified custodian to specific third parties upon their request. Examples of these situations include to pay their Life Insurance Premiums or to pay estimated taxes to government authorities. In order to accommodate these client requests, custodians require our clients to complete what are known as third party standing letters of authorization ("SLOA"). Through an SLOA, a client grants KB Financial Partners, LLC the authority to direct custodians to disburse funds to one or more third party accounts without obtaining written client authorization for each transfer. When a client provides this authorization to us via an SLOA, we are deemed to have custody. Since, we are deemed to have custody, we implemented control and oversight procedures. As part of our control and oversight procedures, we only accept account-specific SLOAs. We do not accept broad non-account-specific SLOAs.

### **Class Action Lawsuits**

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 as a result of actions, misconduct, or negligence by issuers of securities held by you.

## **Item 16 Investment Discretion**

For discretionary accounts, before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, and the appropriate authorization forms that your Custodian may require.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

As it relates to the selection of Separate Account Managers ("SAMs"), before we engage with or terminate SAMs without your prior approval, you must first sign our discretionary management agreement and any applicable authorization forms that your Custodian may require.

## **Item 17 Voting Client Securities**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

## **Item 18 Financial Information**

Our firm does not have any financial conditions or impairments that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and we do not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.