

Item 1 - Cover Page

KUNATH, KARREN, RINNE & ATKIN

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March 31, 2022

This Brochure provides information about the qualifications and business practices of KUNATH, KARREN, RINNE & ATKIN (“KKRA”). If you have any questions about the contents of this Brochure, please contact KKRA’s Chief Compliance Officer, Jeffrey Atkin, or Director of Compliance & Operations, LeAna Alvarado-Smith, at (206) 621-7400 or [KKRA@KKRA.COM](mailto:KKRA@KKRA.COM). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about KUNATH, KARREN, RINNE & ATKIN also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

*KUNATH, KARREN, RINNE & ATKIN is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training, and you should not choose an investment adviser solely on the basis of its status as a registered investment adviser. Please consider the information provided to you in oral and written communications to determine whether to hire or retain an investment adviser and to evaluate an adviser’s qualifications and business practices.*

## **Item 2 – Material Changes**

This Brochure dated March 31, 2022 contains material changes in the following areas:

**Item 4 – Advisory Business** was updated to reflect ownership changes and service updates.

- LeAna Alvarado-Smith and Kara Gerhart have joined founders and portfolio managers Bruce E. Rinne & Jeffrey Atkin as owners.
- Family office services, for clients with a minimum of \$25 million under KKRA's management, provide clients with a customized service depending on client goals, needs such as investment management, cash flow management, strategic philanthropy, legacy planning, and other services such as coordination of payments or due diligence of private investments.

Due to this new information, a new Brochure is being sent to you.

You may request a copy, free of charge, by contacting LeAna Alvarado-Smith, Director of Compliance & Operations, at 206-621-7400 or [leana@kkra.com](mailto:leana@kkra.com).

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#### **Item 4 – Advisory Business**

Kunath Karren Rinne & Atkin, founded in 1983 and wholly owned by Bruce E. Rinne, Jeffrey Atkin, LeAna Alvarado-Smith & Kara Gerhart, is an independent, registered investment advisor with offices in Seattle, Washington.

As of December 31, 2021, KKRA manages approximately \$2.763 billion in client assets.

KKRA provides investment management and family office services. The firm's investment management services include separately managed portfolios for corporations, retirement plans, foundations, individuals, families, not-for-profits and other institutions. Its investment strategies focus on domestic cash, bond, and stock strategies. Family office services, for clients with a minimum of \$25 million under KKRA's management, provide clients with a customized service depending on client goals, needs such as investment management, cash flow management, strategic philanthropy, legacy planning, and other services such as coordination of payments or due diligence of private investments.

KKRA seeks to construct well-balanced and diversified portfolios based on academic research, with the goal of providing investors with superior risk-adjusted returns. The firm's primary investment management service products use individual securities including but not limited to stocks, exchange-traded funds ("ETFs"), mutual funds and fixed income, as well as the services of other investment managers, to help clients achieve their investment objectives, as follows:

(i) **Equity Management:** KKRA offers two equity strategies – Growth and Core. Client assets are allocated and rebalanced across what KKRA believes to be a carefully selected mix of equities to maximize returns and manage risk.

(ii) **Fixed Income Management:** The firm offers two fixed income strategies – Taxable and Tax-Exempt. KKRA believes fixed income portfolios should produce superior returns with as little volatility as possible. As a result, we buy taxable bonds with maximum maturities of five years and for the tax-exempt strategy we focus exclusively on a laddered strategy that limits maturities to ten years or less.

(iii) **Cash Management:** KKRA purchases high-quality fixed income securities (rated "A" or better) to preserve principal, and target maturities to meet anticipated cash flow requirements for each client; and

(iv) **Family Office: Custom Strategy,** we determine the client's entire asset picture; create a customized investment and service plan based on clients needs.

KKRA has discretionary authority over all managed accounts. When operationally feasible, KKRA strives to accommodate client requests for certain restrictions on their accounts.

Each of these products is described in additional detail in Item 8.

In addition to investment management, KKRA provides limited financial planning advice to its clients, at no extra charge, including assistance with answers to questions like these:

- When will I be able to retire?
- What is the best withdrawal strategy for me when I am retired?
- How can I use my portfolio to help fund my lifestyle in retirement?
- Will I need to make any changes to sustain a long retirement?
- When should I take Social Security?
- What are the best ways to save for my kids' and grandkids' college educations?
- How can I build a financial legacy?

KKRA may also provide referrals to professionals who specialize in taxation, estate planning, mortgage financing, insurance and other areas, as needed.

## **Item 5 – Fees and Compensation**

As a fee-only advisory firm, KKRA is compensated through fees paid by its clients. Annual fees will normally be based upon the value of assets managed according to the following fee schedule. Applicant reserves the right to negotiate special fee arrangements where circumstances warrant.

The specific manner in which fees are charged by KKRA is established in a client's written agreement with KKRA. KKRA will generally bill its fees on a quarterly basis in advance of services being rendered. Except when other arrangements are made in writing, clients authorize KKRA to directly debit fees from client accounts on a quarterly basis. Accounts initiated or terminated during a billing period will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

<b><u>Investment Strategy</u></b>	<b><u>Portfolio Size</u></b>	<b><u>Annual Fee</u></b>
Equity	Under \$5 Million	1.00% of Assets Managed
	\$5.1 - \$10 Million	.85% of Assets Managed
	Above \$10 Million	Negotiated
Balanced (Equity & Fixed Income)	Under \$5 Million	1.00% of Assets Managed
	\$5.1 - \$10 Million	.85% of Assets Managed
	Above \$10 Million	Negotiated
Fixed Income	Under \$10 Million	.70% of Assets Managed
	\$10.1 - \$30 Million	.60% of Assets Managed
	Above \$30 Million	.50% of Assets Managed
Cash Management	Under \$10 Million	.30% of Assets Managed
	\$10 - \$30 Million	.20% of Assets Managed
	Above \$30 Million	.15% of Assets Managed
Family Office	Minimum \$25 Million	1.25% of Assets Managed

In addition to the fees described above, clients are responsible for any brokerage commissions, transaction fees, taxes and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to KKRA's fee, and KKRA shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that KKRA considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

KKRA may provide investment advice through consultations not included in investment supervisory services. Additionally, KKRA may provide expert witness testimony.

KKRA intends to charge an hourly rate for Principals' and staff time as follows:  
Principals \$500.00 and Staff \$250.00

Depending on the extent of the work involved as to time and complexity, these rates may be negotiable. In general, all consulting fees are payable when work is completed. However, the KKRA may request some portion of the fee in advance if the engagement is lengthy or if expenses are to be incurred.

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

KKRA does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7 – Types of Clients**

KKRA provides portfolio management services to individuals, high net worth individuals, pension and profit-sharing plans, trusts, estates, charitable institutions, foundations, endowments, as well as corporations and publicly traded companies.

KKRA requires a minimum initial investment of \$1,000,000 per household. However, KKRA, at its discretion, may reduce the foregoing minimum investment requirements.

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

### **KKRA CORE EQUITY STRATEGY**

#### **Managed by Principal Jeffrey Atkin**

The KKRA Core Equity Strategy focuses on large-cap equities defined as a market capitalization of over \$5.0 billion. While the majority of stocks in the portfolio are based in the United States, the strategy may include non-U.S. based companies. While not maintaining a focus on either growth or value stocks, the Strategy does seek to maintain a portfolio with the following characteristics:

- A dividend yield greater than the S&P 500
- A low price/earnings ratio relative to the S&P 500
- Positive free cash flow which enhances the opportunity for dividend growth
- A sound, unleveraged balance sheet
- An established operating history
- A beta below that of the S&P 500

## **KKRA GROWTH EQUITY STRATEGY**

### **Managed by Portfolio Manager Anatoliy Cherevach - CFA**

The Growth Equity Strategy invests in high quality companies with above average sales and earnings growth. We define “quality” as companies with sustainable competitive advantage and strong balance sheets. For more mature companies, we look for leading market positions with strong barriers to entry and high margins and returns on capital, as well as continued ability to grow faster than overall industry. For emerging companies, we look for disruptors of existing industries through new technologies or processes with large addressable markets and multi-year strong growth opportunities. The main goal of the Growth Equity Strategy is to seek capital appreciation rather than dividend income. While we look for stocks across economic sectors, the portfolio typically has higher concentrations in technology, consumer discretionary, and healthcare sectors.

### **OUR GROWTH INVESTMENT PROCESS**

- Build a diversified portfolio of quality stocks that are either sustainable leaders in attractive industries or disruptors of exiting industries
- Moderate portfolio turnover with trading around existing positions, based on valuation, as well as new positions
- Risk control through diversification and position weights, with larger weights ascribed to higher conviction holdings

By basing our investment philosophy on "value" and "growth" criteria, we seek to manage the GROWTH Equity Strategy in a moderate risk manner. Turnover tends to be higher than average, consistent with most comparable equity growth funds, as capital gains maximization is sought.

## **KKRA TAXABLE BOND STRATEGY**

### **Managed by Principal Bruce Rinne**

KKRA Taxable Bond Strategy portfolios are comprised of highly marketable, investment-grade taxable securities with maturities of five years or less. Although portfolios are not identical, bonds of similar credit quality and maturity are selected for each client portfolio.

## **OUR TAXABLE BOND INVESTMENT PROCESS**

- Analyze the shape of the yield curve to determine whether to emphasize shorter or longer durations within our five-year maximum maturity scope
- Purchase securities from large, highly-liquid markets for optimal flexibility and liquidity
- Buy investment grade bonds (rated "A" or better by a major rating firm) to limit credit risk
- Emphasize corporate bonds in our tax-exempt portfolios to enhance returns. Investment grade corporate bonds currently produce higher returns on a risk-adjusted basis than bonds of higher credit quality and similar maturity

## **KKRA TAX-EXEMPT BOND STRATEGY**

### **Managed by Principal Bruce Rinne**

KKRA Tax-Exempt Bond Strategy portfolios are comprised of highly marketable, investment-grade tax-exempt securities with maturities of ten years or less. Although portfolios are not identical, bonds of similar credit quality and maturity are selected for each client portfolio.

## **OUR TAX-EXEMPT BOND INVESTMENT PROCESS**

- Analyze the shape of the yield curve to determine whether to emphasize shorter or longer durations within our ten-year maximum maturity scope
- Purchase securities from large, highly liquid markets for optimal flexibility
- Emphasize investment grade bonds (rated "A" or better by a major rating firm) to limit credit risk
- Buy tax-exempt issues from the state of residence to either further reduce state income taxes or hedge against such a tax (as in the State of Washington)

### **Principal Investment Risks**

Investing in securities involves risk of loss that clients should be prepared to bear.

## **Risk of Stock Investing**

Stocks generally fluctuate in value more than bonds and may decline significantly over short time periods. There is the chance that stock prices overall will decline, because stock markets tend to move in cycles, with periods of rising prices and falling prices. The value of a stock in which the KKRA Equity Strategies invest may decline due to general weakness in the stock market or because of factors that affect a company or a particular industry.

## **Risks of Bond Investing**

### **Default, Interest Rate & Market**

Investors in KKRA bond strategies may be subject to the follow types of risk:

Default Risk is the risk that a bond issuer will be unable to make interest or principal payments when they are due. If these payments are not made according to the agreements in the bond documentation, the issuer can default and the investment may be lost.

Interest rate & Time to Maturity Risk: When interest rates rise, bond prices fall; on the other hand, when interest rates decline, bond prices rise. The longer the time to a bond's maturity, the greater its interest rate risk.

### **Active Management Risk for all KKRA Strategies**

The strategies are subject to the risk that the portfolio managers' judgments about the attractiveness, value or potential appreciation of the strategy's investments may prove to be incorrect. If the securities selected and strategies employed by the manager fail to produce the intended results, the strategy could underperform other investment management companies and mutual funds with similar objectives and investment strategies.

### **Foreign Investing Risk**

There is a risk that our investment in foreign securities may be adversely affected by political and economic conditions overseas, reduced liquidity or decreases in foreign currency value relative to the U.S. dollar.

### **Item 9 – Disciplinary Information**

Like other registered investment advisers, KKRA is required to disclose all material facts regarding any legal or disciplinary events that would be materially impact a client’s evaluation of KKRA or the integrity of KKRA’s management. KKRA has no information applicable to this Item.

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

KKRA is not actively engaged in a business other than giving investment advice. However, KKRA does, at no additional cost to its clients, provide limited financial planning as described in Item 4. Neither KKRA nor any of its management persons is registered or has an application pending to register as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading adviser, or associated person of the foregoing, and KKRA does not anticipate such affiliations in the future.

### **Item 11 – Code of Ethics**

As fiduciaries, KKRA and its employees have certain legal obligations to put clients’ interests ahead of their own. KKRA has adopted a written code of ethics based on principles of openness, honesty, integrity and trust. At least once a year, each KKRA employee is required to acknowledge this code in writing and agree to be bound by it.

KKRA’s code of ethics covers confidentiality of client information, personal securities transactions, restrictions on accepting and giving of significant gifts, and reporting of certain gifts and business entertainment items, among other things.

In rare cases, KKRA’s business may provide KKRA and its employees with access to material nonpublic (“insider”) information. The code includes a prohibition on insider trading and outlines strict policies that dictate how any such information is treated.

KKRA employees may have investments in some securities that are also owned by clients. The code of ethics is designed to assure that the personal securities transactions, activities and interests of the employees of KKRA will not interfere with making or implementing decisions in the best interest of clients, while at the same time allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of KKRA’s clients.

Investors should note that, because KKRA employees may invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. However, given the modest size of employee trades in relation to the size of the securities and ETFs in client portfolios, KKRA believes that employee trading is unlikely to have any material impact on purchase or sales prices experienced by clients.

In addition, employees are required to report their trading activity quarterly and their securities holdings annually. These reports are reviewed by KKRA's Compliance Officer.

KKRA retains records of each trade order (specifying each participating account) and its allocation, prior to the entry of the aggregated order. Completed orders are allocated as specified in the initial trade order. Partially filled orders are allocated on a pro-rata basis based on the amount of the order for each account. Any exceptions will be explained on the trade order.

The code of ethics designates certain classes of securities (including, without limitation, shares of open-end mutual funds) as exempt from reporting, based upon exemptions provided under applicable federal securities laws.

It is KKRA's policy that KKRA will not affect any principal or agency cross securities transactions for client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is traded between an affiliated fund, and another client account.

An agency cross transaction is generally defined as a transaction in which a person acts as an investment adviser in relation to a transaction in which the investment adviser acts as a broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise if an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. Neither of these circumstances applies to KKRA.

While KKRA has facilitated cross-trades with a third-party broker, we have discontinued cross trades between unrelated accounts. In the case of related-accounts, accounts owned by the same person, family or trust, we may facilitate cross trades at the client's request in the rare case the custodian is unable to complete a transfer of assets between the related accounts.

## **Item 12 – Brokerage Practices**

### **Trading**

The client has the right to specify a broker through which KKRA will execute transactions. In the absence of such direction, we select the brokerage firm(s) that we view to be most competitive in the areas of commission, execution capabilities and research.

In seeking best execution through a broker-dealer on behalf of KKRA's clients, the determinative factor for KKRA is not the lowest possible cost, but whether the transaction represents the best qualitative execution. KKRA takes into consideration the full range of broker-dealer services, including historical relationship, reputation, financial strength, the value of any research provided, execution capability, commission rates and responsiveness.

As further detailed in Item 15, accounts under KKRA's investment management are held at custodian banks or a brokerage firm, which allow KKRA clients the opportunity to trade with any broker.

KKRA, consistent with its best execution obligation, negotiates transaction fee arrangements with all executing brokers that KKRA believes are beneficial to all of its clients.

KKRA has "soft dollar" arrangements with the following broker-dealers KKRA believes Cantor Fitzgerald ("Cantor"), Jefferies & Co. ("Jefferies"), Northern Trust and Northern Capital. KKRA may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on your clients' interest in receiving most favorable execution.

However, KKRA believes these are financially solid companies that provide reliable, quick, responsive and efficient execution and other services. KKRA believes these companies have demonstrated that they can handle complex trades accurately and are willing to resolve problems quickly and favorably for KKRA clients.

Additionally, clients may pay commissions higher than those charged by other broker-dealers in return for soft dollar benefits. However, KKRA does regular monitoring of market commissions rates and believes the commission rates paid by KKRA clients are in range with the industry standards, and lower in many cases.

KKRA has received the following research, products and services via client brokerage commissions within the last fiscal year:

Jefferies: Bloomberg - a database and information service for equity and fixed income securities, ICE/Interactive Data Corp - a security information and pricing service, Advent Software and Envestnet Tamarac - portfolio management systems, DTCC – Trade confirmation system and the following research and analysis services: BNY Mellon Analytical Solutions, Morningstar, Strategas and Jefferies in-house research: Jefferies Daily Newsletter and Jefco Technical Outlook.

Northern Trust: Bloomberg - a database and information service for equity and fixed income securities, the following research and analysis services: 13D Research, DiBiasio & Edgington, Empirical Research Partners and Market Profile Theorems and Envestnet Tamarac – a portfolio management system.

Northern Capital: Bloomberg - a database and information service for equity and fixed income securities and Yield Book Analysis.

KKRA has determined that Advent, Envestnet Tamarac, DTCC, Bloomberg and ICE/Interactive Data Corporation (IDC) services, have both research and non-research purposes. KKRA has made a reasonable allocation of the cost of the product based on its uses and has paid for the non-research portions with its own hard dollars. KKRA has maintained the appropriate books and records of its allocation computations; however these allocation percentages may pose a potential conflict of interest.

Additionally, registrant has paid Televent, NYSE & IA Week Regulatory Compliance with its own hard dollars.

Not all research services furnished by brokers through whom KKRA effects securities transactions may be used in servicing all of KKRA's clients. Not all such services may be used by applicant in connection with the clients, which paid commission to the broker providing the services. For example, equity research products do not apply to KKRA's fixed income clients and vice versa.

### **Brokerage & Custody**

KKRA clients have the option of choosing a custodian bank (BNY, State Street/FNZ) or a broker-dealer (Charles Schwab) to maintain custody of assets.

KKRA does not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15—Custody). Your assets must be maintained in an account at a

“qualified custodian,” generally a broker-dealer or bank. Charles Schwab, a registered broker-dealer, member SIPC, is one of the qualified custodian available to KKRA clients. 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 or settle transactions when we instruct them to. Should you decide to open an account with Schwab, you will enter into an account agreement directly with Schwab. 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 can still use other brokers to execute trades for your account as described below (see “Your brokerage and custody costs”).

### **How we select brokers/custodians for custody**

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

- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Quality of services
- Combination of transaction settlement services and asset custody services
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Your brokerage and custody costs

For our clients’ accounts that Schwab maintains, Schwab charges you a percentage of the dollar amount of assets in the account in lieu of commissions. Alternatively, you may elect to have a transaction based fee schedule account which includes commissions for buy & sells, “trade away” fee for each trade that we have 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 the executing broker-dealer.

### **Products and services available to us from Schwab**

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab’s business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage services (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 are generally available on an unsolicited basis (we don't have to request them) and at no charge to us.

Following is a more detailed description of Schwab's support services:

### **Services that benefit you**

Schwab's institutional brokerage 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 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 a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

## **Conflicts of Interest**

### **Interest in Schwab's services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody.

The partners of Kunath Karren Rinne & Atkin each have a minority equity ownership in Market Profile Theorems (MPT), which represents a potential conflict of interest. KKRA directs brokerage commissions through Northern Trust for research services it receives from MPT.

## **Item 13 – Review of Accounts**

### **Review meetings**

KKRA strives to review managed accounts regularly with clients, but there is no rigid schedule for doing so. Each client is assigned to a Portfolio Manager who is in charge of helping the client determine which model(s) to invest in, establishing a target allocation percentage and answering any questions the client may have about his or her specific financial situation. KKRA offers formal review meetings between each client and his or her Portfolio Manager at least annually and more often at each Portfolio Manager's discretion or upon a client's request. Review meetings can take place in person, using web-based services, or over the telephone. While these meetings are important whenever a client's circumstances or needs change, KKRA encourages clients to make time for them even when clients believe there are no compelling reasons for a review.

Although there is no set agenda for these meetings, topics covered may include:

- changes to investment objectives, which are likely to evolve over time;
- long-term strategic financial targets, and how well they match up with the current asset allocation;

- the performance of each account in relation to appropriate benchmarks;
- retirement projections and distribution strategies;
- other assets not managed by KKRA; and
- any other financial questions a client may have.

### **Account reviews as needed**

KKRA performs a formal review of a client's account(s) at the time of the annual review meeting with the client.

In addition, each account is reviewed whenever trades are needed to invest money or withdraw it on the client's behalf or when monitoring software indicates that a client's account has exceeded an allocation threshold and becomes out-of-balance from the target allocation. In these instances, the Portfolio Manager reviews the account's current allocation and will seek to trade in a way that brings the account closer to its target allocations.

### **Internal KKRA Meetings**

KKRA's Investment Committee consists of the three Portfolio Managers. This committee meets, as necessary, to discuss major initiatives and proposed changes to KKRA's programs and to review research priorities.

### **Reporting**

KKRA sends each client quarterly reports on managed-account performance and balances. In addition, clients receive regular monthly statements from their custodian(s) for the same accounts, showing account transactions and end-of-month holdings.

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

From time to time KKRA may enter into agreement, with registered investment representatives or advisors, whereby it provides cash compensation for client referrals. Where such agreements exist, KKRA maintains written agreements as required by the Investment Advisor's Act of 1940.

Compensation is paid from the advisory fees collected by KKRA for specific client relationships. However, no client of KKRA solicited by such an arrangement will pay advisory fees above those of its standard fee schedule. No additional fees or other amounts will be charged to the client as a result of such solicitation arrangements.

In the event, a client relationship is referred by a KKRA staff member, a percentage of the clients' net paid fee is paid quarterly to the referring staff member, after the fee has been received by the firm, for the life of the client relationship so long as he or she remains a staff member.

## **Item 15 – Custody**

KKRA does not take possession of client money or securities, although KKRA generally has the authority to deduct its advisory fees from client accounts. State Street, BNY and Charles Schwab serve as custodians for client accounts; however, clients have the right to specify their own custodian or broker. Your custodian bank maintains actual custody of your assets.

While KKRA does not maintain custody of your assets, under government regulations, we are deemed to have limit custody of your assets if you authorize us to instruct your custodian bank to deduct our advisory fees directly from your account. This authorization is not a requirement, clients must select a payment option when signing their initial paperwork with KKRA. And a client may add or remove authorization in the future with signed instructions.

As KKRA does not have custody of your assets, written detailed instructions submitted by the client are required to process third-party requests. Additionally, KKRA requires detailed instructions from the client to process wire transfers and check requests. KKRA will assist clients, who require regular ACH transfers to their personal checking accounts, with necessary transfer paperwork. Likewise, we may assist clients when checks or journals are needed.

At least quarterly, clients receive account statements from the custodians that hold and maintain their managed account assets. Clients are responsible for reviewing these custodial statements and comparing them with the quarterly reports provided by KKRA. KKRA's reports may vary slightly from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Clients should contact KKRA immediately if any significant discrepancies or errors are discovered.

## **Item 16 – Investment Discretion**

To establish an advisory relationship with KKRA, a prospective client is required to complete the firm's Investment Advisory Agreement and custodial account paperwork, giving KKRA appropriate authority to buy and sell securities on the client's behalf. KKRA trades only as necessary or appropriate to maintain the proper composition of a client's account. KKRA also initiates trades when clients add money; request withdrawals; pay fees; or need to change the asset allocation in their accounts. KKRA is not required to contact a client prior to placing trades in a client's accounts.

As described in Item 4, KKRA has discretionary authority over all managed accounts. When it is operationally feasible, KKRA strives to accommodate clients' requests for restrictions, on their accounts, which must be provided to KKRA in writing.

### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, KKRA does vote proxies. KKRA generally votes based on the recommendation of the board of directors or similar governing body. Whenever KKRA votes proxies, KKRA keeps records as required by federal law and discloses the resulting votes to any affected client who requests that disclosure in writing.

A complete copy of KKRA's Proxy Policy is available upon request from KKRA's Director of Compliance & Operations, LeAna Alvarado-Smith, at 206.621.7400 or leana@kkra.com. Clients may also obtain information from KKRA about how KKRA voted any proxies on behalf of their account(s).

### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about KKRA's financial condition. KKRA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.