

KCD Financial Inc. ("KCD") is dually registered as an introducing brokerage firm and a registered investment advisor with the U.S Securities and Exchange Commission and a member of Securities Investor Protection Corporation (SIPC) (CRD#127473 /SEC#801-110069 / SIPC#8-66005). Brokerage and investment advisory services and fees differ, and it is important that you understand the differences. There are free and simple tools available to research firms and financial professionals at [Investor.gov/CRS](http://Investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

WHAT INVESTMENT SERVICES AND ADVICE CAN YOU PROVIDE ME?

We offer both brokerage and investment advisory services to retail investors. The following is a summary breakdown of the principal services of each.

BROKERAGE SERVICES	INVESTMENT ADVISORY SERVICES
As an introducing broker, we offer the ability to execute orders through our brokerage firm and the orders are filled and cleared through Hilltop Securities. We offer these services to individuals and other entities.	We offer investment advisory and financial planning and third-party management services. KCD provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans and charitable organizations.
We will provide recommendations to you based on what we feel is suitable based on our discussions with you. We will also accept unsolicited orders from you.	As a fiduciary our recommendations are derived from interviews with you and questionnaires to help ensure we are making recommendations in your best interest.
We offer additional monitoring services for an additional fee.	As your investment advisor we continuously monitor your account and the underlying investments and markets. We will review the account with you at least annually. We shall monitor the accounts on a more frequent basis as circumstances require.
You will receive a quarterly statement from your custodian delivered via US Mail or electronically.	You will receive a quarterly statement from your custodian delivered via US Mail or electronically.
The recommendations we make to you are on a non-discretionary basis, meaning you approve each transaction prior to execution, and you make the ultimate decision regarding the purchase or sale of investments. We do not accept limited discretionary authority as your broker.	Our investment advisory services will manage accounts primarily on a non-discretionary basis. However, we do also manage accounts on a discretionary basis. When you provide us with written authority to trade your account for you without contacting you before making investments, we shall have discretionary authority. In the event we need to contact you before trading each investment, we shall have non-discretionary authority.
For brokerage services we do not have a minimum for the transaction executions.	Generally individual advisors need to have a \$25,000 minimum account requirement that may be waived. However, we may conclude based on your overall available assets and objectives that our services may not be suitable, and you may wish to consider our brokerage services.

For both brokerage and investment advisory services, the types of investments we make available to our retail investor clients includes exchange-traded securities (stocks, bonds, mutual funds), and non-exchange traded securities (private placements). We have material limitations on the types of investments, which includes not investing in cryptocurrency and commodities.

**Conversation Starters: Consider asking us these questions. “Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or Why not? How will you choose investments to recommend to me? What is your relevant experience, including your licenses, education, and other qualifications? What to these qualifications mean?”**

To find out more about our investment advisory services, please see [Form ADV Part 2 A Items 4 and 7](http://kcdfinancial.com/Potential-Conflicts-of-Interest.26.htm)  
<http://kcdfinancial.com/Potential-Conflicts-of-Interest.26.htm>.

WHAT FEES WILL I PAY?

BROKERAGE SERVICES	INVESTMENT ADVISORY SERVICES
<p>The principal fees and costs are transaction-based fees for recommendations and execution of securities trades. Depending on the investment product you select, these fees can include up-front commissions, as well as fees that are charged on an on-going basis for as long as you hold the investment ("trails"). We receive a nominal percentage of the interest on the sweep money market fund used for your account with us. Since we are paid from the commissions, interest on the money market and fees on the trading, <b><i>we have an incentive to encourage you to trade more frequently</i></b> and in greater amounts, and to trade with us because we receive more revenue when you do so.</p> <p><b><i>You will also pay fees for custodial or administrative services, as well as fees and expenses that are included in the expense ratios of certain of your investments, including in mutual funds.</i></b></p>	<p>When you enter an investment advisory relationship with us, we earn fees as indicated in the fee agreement signed by each client. In general, fees for the Asset Management Program range from .50 to less than 3% annually on assets under management, including accrued interest, as agreed upon in your written agreement, calculated in advance or in arrears, as a flat fee or tiered, based on the average daily balance or the balance on the last business day of each quarter, payable quarterly. We do not charge performance fees. We charge \$50 to \$1,000 per hour for financial planning and appraisal services based on the advisor's experience, which is also agreed upon in advance via the financial planning/appraisal agreement signed by the client. Financial planning/appraisal clients will pay an initial deposit then are billed once the plan is complete. Clients in the Third-Party Management Program will pay the fee as indicated in the third-party managers agreement and outlined on their Form ADV Part 2 A. KCD shall receive a portion of that fee, which we state in the client documentation.</p> <p>You will also pay other commissions, and transactions costs, such as account maintenance fees, fees related to mutual funds and variable annuities and other transactional fees related to the trades done in your accounts.</p> <p>As an introducing broker we shall utilize the services of our brokerage agreements to execute the trades in your account. <b><i>We have an incentive to encourage you to add more funds to the accounts we manage as your investment advisor as the amount of our fee will be increased.</i></b></p>

***You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.***

Additional information on our fees can be found in our [ADV Part 2 Item 5 and Part 2 A](#)

**Conversation Starters: Consider asking us these questions. “Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?”**

**WHAT ARE YOUR LEGAL OBLIGATIONS TO ME WHEN PROVIDING RECOMMENDATIONS AS MY BROKER DEALER OR WHEN ACTING AS MY INVESTMENT ADVISER? HOW ELSE DOES YOUR FIRM MAKE MONEY AND WHAT CONFLICTS OF INTEREST DO YOU HAVE?**

When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. **At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice, we provide you. Here are some examples to help you understand what this means.** In some cases when we act as your broker, we do not make recommendations, we only execute orders for you.

**Examples of Ways We Make Money and Conflicts of Interest.**

BROKERAGE SERVICES	INVESTMENT ADVISORY SERVICES
As the introducing broker, KCD receives a nominal percentage of the interest on the sweep money market fund used for your account with us through Hilltop Securities. We, therefore, have an incentive to request additional cash from you as well as possibly keeping cash in the portfolio longer. We disclose this conflict here.	As your investment advisor we utilize the clearing brokerage services of Hilltop securities or Trade PMR, which pays our affiliated brokerage a nominal percentage of the interest on the sweep money market fund used for your account with us. We mitigate this by consistent monitoring of the market and your objectives as your investment advisor to ensure our recommendations are in your best interest.
KCD brokerage will receive commissions on the trades executed. Accordingly, the registered representatives will also receive a portion of the commission for the trades they recommend and/or execute. Some of the registered representatives also hold insurance licenses and make insurance product recommendations to clients. They will earn a commission on fixed insurance products for doing so. Clients do not need to purchase the insurance products recommended by the advisor.	Recommendations made by the investment adviser representatives are executed through our affiliated broker. Where the client pays us the investment advisory, we do not charge a brokerage commission. Some of the investment advisor representatives also hold insurance licenses and make insurance product recommendations to clients, whereas they receive a commission. Clients do not need to purchase the insurance products recommended by the advisor.
Our registered representatives have an incentive to recommend what it is in their best interest based on the higher payout they would receive. The registered representative could also recommend a higher commission product to receive a higher pay out, when a similar lower cost product may be available.	When making rollover recommendations, we have a conflict of interest because we will receive a fee for managing the assets that were previously in a 401 K account that we did not manage. To mitigate this conflict, your advisor will discuss the pros and cons of any such rollover, including the other options and the relative costs, prior to your decision regarding any rollover.

We host an annual conference for our registered representatives and investment advisor representative that is paid for by sponsorship payment by third-party product vendors. The sponsorship creates a conflict of interest as we will have an incentive to recommend the products to clients based on this sponsorship and education. We utilize questionnaires and investment

objectives to determine that our recommendations are made to meet your objectives. We allow our personnel from the brokerage services and investment advisory firms to trade the same assets as you. Which could create a potential conflict if they could trade in their own best interest over yours and receive more favorable executions. We have adopted policies and procedures for reporting, limitations, pre-clearance, and review of personal trading, which is monitored by the Chief Compliance

**Conversation Starters: Consider asking us these questions. “How might your conflicts of interest affect me, and how will you address them?”**

Officer.

**For additional information**, please see Regulation Best Interest Disclosures, Form ADV, Part 2A brochure, and other applicable documents. <https://www.kcdfinancial.com/Links-Disclosure.24.htm>

**HOW DO YOUR FINANCIAL PROFESSIONALS MAKE MONEY?**

BROKERAGE SERVICES	INVESTMENT ADVISORY SERVICES
Our registered representatives are compensated a portion of the commissions paid on the transactions they recommend or execute for you. In some cases, where the investment adviser representative of the investment advisory firm is also a registered representative for the brokerage firm, they will not be able to receive a commission if they are also paid based on the assets under management of your account. We seek to mitigate these conflicts by confirming the appropriateness of the assets traded for the brokerage client, making full disclosure of these conflicts, as well as the fact that you are under no obligation to purchase the commissionable assets or insurance products as recommended.	Our investment advisor representatives receive a portion of the management fee that we receive on your assets that we manage for you. The more your portfolio with us grows, whether because of market performance or additional assets under management, the greater your advisor's compensation will be. You are never under any obligation to add new assets to your account with us. Some of our advisors are also insurance registered. You are under no obligation to purchase these products from our advisors.

For more information, [see Form ADV Item 10 and Form ADV Part 2 B Item 5](#)

**DO YOU OR YOUR FINANCIAL PROFESSIONALS HAVE LEGAL OR DISCIPLINARY HISTORY?**

**Yes.** Please visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research our firm and our financial professionals.

Please see the Form ADV Part 2 B for the Investment Adviser Representatives of KCD, which can be found <https://brokercheck.finra.org/>

**Conversation Starters: Consider asking us these questions. “As a financial professional, do you have any disciplinary history? For what type of conduct?”**

To receive additional information about KCD and to request a free copy of this Form CRS as well as to request any up to date information, please call us at 920-347-3400 or Email us at [dave@kcdfinancial.com](mailto:dave@kcdfinancial.com). Visit our website at <http://kcdfinancial.com/> see our **Form ADV Part 2** <http://kcdfinancial.com/Links-Disclosure.24.htm> and find more information about us at <http://www.kcdfinancial.com/Broker-Dealer-Disclosure.25.htm> .

**Conversation Starters: Consider asking us these questions. “Who is my primary contact person” Are they a representative of the investment advisor or the brokerage firm or both? Who can I talk to if I have concerns about how this person is treating me?**