Item 1 Cover Page

KORHORN FINANCIAL GROUP

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ADV Part 2A, Brochure
Dated: March 13, 2023

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This brochure provides information about the qualifications and business practices of Korhorn Financial Group. If you have any questions about the contents of this brochure, please contact us at (574) 247-5898 or kkorhorn@korhorn.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 Korhorn Financial Group also is available on the SEC's website at www.adviserinfo.sec.gov.

References herein to Korhorn Financial Group as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

Item 2 Material Changes

There have been no material changes made to Korhorn Financial Group's disclosure Brochure since last year's Annual Amendment filing on March 28, 2022.

Korhorn Financial Group's Chief Compliance Officer remains available to address any questions that an existing or prospective client may have regarding this Brochure.

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Item 4 Advisory Business

A. Korhorn Financial Group ("KFG") is a limited liability company formed under the laws of the state of Indiana. KFG became a registered investment adviser in April 2007. KFG is owned by Korhorn Financial Group, Inc., which is principally owned by KFG's President, Kevin Korhorn.

B.

INVESTMENT ADVISORY SERVICES

Client may engage KFG to provide discretionary investment advisory services on a *fee* basis. KFG's annual investment advisory fee is based upon a percentage (%) of the market value and type of assets placed under KFG's management (generally between negotiable and 1.25%).

SEI ASSET MANAGEMENT PROGRAM

KFG may direct all of a portion of a client's account to the SEI Asset Management Program (SEI Program). The SEI Program is offered on a wrap-fee basis and is an institutional asset allocation program. KFG's associated persons assist you in establishing an SEI Program Account (the Account) at SEI Trust Company (SEI). All transactions in your account will be processed and cleared through SEI. The SEI Program uses asset allocation portfolios developed by SEI Investments. The portfolios consist of SEI Family of Institutional Mutual Funds (Mutual Funds) and other securities approved by SEI to be held in an account.

KFG provides SEI with the asset allocation policy (Asset Allocation Policy) that our clients select for their Account. KFG directs SEI to reallocate client investments in accordance with each client's asset allocation policy. In addition, KFG directs SEI to rebalance the investments within client accounts at least quarterly so that the market value of the shares of each mutual fund held in client accounts are the same percentage of the total market value of their account as required by the clients asset allocation policy. SEI holds custody of all SEI Program client Account assets.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

<u>To the extent specifically requested by a client</u>, KFG may provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis.

KFG offers financial planning and consulting services on either a comprehensive or single-needs basis. If a client chooses to engage KFG to provide comprehensive financial planning and consulting services, KFG will prepare a written financial plan, analysis and/or recommendations targeting your needs. Additionally, for a twelve (12) month period beginning at the time a comprehensive *Financial Planning and Consulting Agreement* is executed, those clients who choose to engage KFG to provide comprehensive financial planning and consulting services will be eligible for ongoing consultations, reviews, and monitoring of the client's investment accounts. Whereas, those clients choosing to engage KFG on a single-needs basis will receive a written financial plan but no additional financial planning and consulting services under their agreement.

Prior to engaging KFG to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with KFG setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to KFG commencing services (if any).

If requested by the client, KFG may recommend the services of other professionals for implementation purposes, including KFG's representatives in their individual capacities as registered representatives of a broker-dealer and/or licensed insurance agents. (***See*** disclosures at Item 10.C). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from KFG.

If the client engages any recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

It remains the client's responsibility to promptly notify KFG if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising KFG's previous recommendations and/or services.

RETIREMENT PLAN SERVICES

KFG also provides retirement plan consulting and management services, pursuant to which it assists sponsors of retirement plans organized under the Employee Retirement Security Act of 1974 ("ERISA"). The terms and conditions of the engagement shall be set forth in a *Retirement Plan Services Agreement* between KFG and the plan sponsor.

If the plan sponsor engages KFG in an ERISA Section 3(21) capacity, KFG will assist with the selection and/or monitoring of investment options (generally open-end mutual funds and exchange traded funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. If the plan sponsor chooses to engage KFG in an ERISA Section 3(38) capacity, KFG may provide the same services as described above, but may also: create specific asset allocation models, modify the investment options made available to plan participants or manage a plan's pooled assets on a discretionary basis.

MISCELLANEOUS

Limitations of Financial Planning and Non-Investment Consulting/Implementation Services. As indicated above, to the extent requested by a client, KFG may provide financial planning and related consulting services. Neither KFG nor its investment adviser representatives assist clients with the implementation of any financial plan, unless they have agreed to do so in writing. KFG does not monitor a client's financial plan, and it is the client's responsibility to revisit the financial plan with KFG, if desired.

KFG may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. KFG does not serve as an attorney, and no portion of our services should be construed as legal services. Accordingly, KFG does not prepare estate planning documents.

To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance, etc.), including certain supervised persons of KFG in their separate individual capacities as registered representatives of Silver Oak Securities, Inc. ("Silver Oak Securities"), a SEC registered and FINRA member broker-dealer and as licensed insurance agents. KFG may also recommend certain affiliated service providers such as KFG Tax and Business Services, LLC, an affiliated bookkeeping and tax service provider and KFG Insurance Agency, LLC, an affiliated insurance agency.

The client is under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation from KFG and/or its representatives.

If the client engages any recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

eMoney Advisor Platform. KFG may provide its clients with access to an online platform hosted by "eMoney Advisor" ("eMoney"). The eMoney platform allows a client to view their complete asset allocation, including those assets that KFG does not manage (the "Excluded Assets"). KFG does not provide investment management, monitoring, or implementation services for the Excluded Assets. Therefore, KFG shall not be responsible for the investment performance of the Excluded Assets. Rather, the client and/or their advisor(s) that maintain management authority for the Excluded Assets, and not KFG, shall be exclusively responsible for such investment performance. Without limiting the above, KFG shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. The client may choose to engage KFG to manage some or all of the Excluded Assets pursuant to the terms and conditions of an *Investment Advisory Agreement* between KFG and the client.

The eMoney platform also provides access to other types of information and applications including financial planning concepts and functionality, which should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by KFG. Finally, KFG shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the eMoney platform without KFG's assistance or oversight.

Retirement Plan Rollovers – No Obligation / Conflict of Interest. A client or prospective client leaving an employer has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If KFG recommends that a client roll over their retirement plan assets into an account to be managed by KFG, such a recommendation creates a conflict of interest if KFG will earn a new (or increase its current) advisory fee as a result of the rollover. If KFG provides a recommendation as to whether a client should engage in a rollover or not, KFG is acting as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. No client is under any obligation to roll over retirement plan assets to an account managed by KFG.

Independent Managers. KFG may allocate a portion of the client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the Independent Manager[s] shall have day-to-day responsibility for the active discretionary management of the allocated assets, including, to the extent applicable, proxy voting responsibility. KFG shall continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors that KFG shall consider in recommending Independent Manager[s] include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fee charged by the Independent Manager[s] is separate from, and in addition to, KFG's investment advisory fee disclosed at Item 5 below.

Use of Mutual Funds and Exchange Traded Funds. While KFG may recommend allocating investment assets to mutual funds and exchange traded funds ("ETFs") that are not available directly to the public, KFG may also recommend that clients allocate investment assets to publicly available mutual funds and ETFs that the client could obtain without engaging KFG as an investment advisor. However, if a client or prospective client determines to allocate investment assets to publicly available mutual funds and ETFs without engaging KFG as an investment advisor, the client or prospective client would not receive the benefit of KFG's initial and ongoing investment advisory services.

Dimensional Funds. As noted above, many mutual funds are available directly to the public, without need to engage an investment professional. Other mutual funds, such as those issued by Dimensional Fund Advisors ("DFA"), are generally only available through registered investment advisers. KFG utilizes DFA mutual funds. Therefore, if the client was to terminate KFG's services, restrictions regarding transferability and/or additional purchases of, or reallocation among, DFA funds will apply.

Structured Notes. KFG may purchase structured notes for client accounts. A structured note is a financial instrument that combines two elements, a debt security and exposure to an underlying asset or assets. It is essentially a note, carrying counterparty risk of the issuer. However, the return on the note is linked to the return of an underlying asset or assets (such as the S&P 500 Index or commodities). It is this latter feature that makes structured products unique, as the payout can be used to provide some degree of principal protection, leveraged returns (but usually with some cap on the maximum return), and be tailored to a specific market or economic view. In addition, investors may receive long-term capital gains tax treatment if certain underlying conditions are met and the note is held for more than one year. Finally, structured notes may also have liquidity constraints, such that the sale thereof before maturity may be limited.

Innovator Defined Outcome ETFs™. When consistent with a client's investment objectives, KFG may allocate investment assets to Innovator Defined Outcome ETFs. Innovator Defined Outcome ETFs are generally designed for defined upside growth and downside buffer (or floor) levels, or defined acceleration, with various market exposures (e.g., US Equity, US Technology, International, Emerging Markets, and US Treasuries).

The funds only seek to provide shareholders that hold shares for the entire Outcome Period with their respective buffer level against Index losses during the Outcome Period. You will bear all reference asset losses exceeding the buffer. Depending upon market conditions at the time of purchase, a shareholder that purchases shares after the Outcome Period has begun may also lose their entire investment. Fund shareholders are subject to an upside return cap (the "Cap") that represents the maximum percentage return an investor can achieve from an investment in the funds for the Outcome Period, before fees and expenses.

If the Outcome Period has begun and the Fund has increased in value to a level near to the Cap, an investor purchasing at that price has little or no ability to achieve gains but remains vulnerable to downside risks. Additionally, the Cap may rise or fall from one Outcome Period to the next. The Cap, and the Fund's position relative to it, should be considered before investing in the Fund.

Socially Responsible Investing Limitations. Socially Responsible Investing involves the incorporation of Environmental, Social and Governance considerations into the investment due diligence process ("ESG"). There are potential limitations associated with allocating a portion of an investment portfolio in ESG securities (i.e., securities that have a mandate to avoid, when possible, investments in such products as alcohol, tobacco, firearms, oil drilling, gambling, etc.). The number of these securities may be limited when compared to those that do not maintain such a mandate. ESG securities could underperform broad market indices. Investors must accept these limitations, including potential for underperformance. Correspondingly, the number of ESG mutual funds and exchange traded funds are few when compared to those that do not maintain such a mandate. As with any type of investment (including any investment and/or investment strategies recommended and/or undertaken by KFG), there can be no assurance that investment in ESG securities or funds will be profitable, or prove successful. KFG does not maintain or advocate an ESG investment strategy, but will seek to employ ESG if directed by a client to do so.

Cryptocurrency. For clients who want exposure to cryptocurrencies, including Bitcoin, KFG, will advise the client to consider a potential investment in corresponding exchange traded securities or private funds that provide cryptocurrency exposure. Crypto is a digital currency that can be used to buy goods and services, but uses an online ledger with strong cryptography (i.e., a method of protecting information and communications through the use of codes) to secure online transactions. Unlike conventional currencies issued by a monetary authority, cryptocurrencies are generally not controlled or regulated and their price is determined by the supply and demand of their market. Because cryptocurrency is currently considered to be a speculative investment, KFG will not exercise discretionary authority to purchase a cryptocurrency investment for client accounts. Rather, a client must expressly authorize the purchase of the cryptocurrency investment. KFG does not recommend or advocate the purchase of, or investment in, cryptocurrencies. KFG considers such an investment to be speculative. Clients who authorize the purchase of a cryptocurrency investment must be prepared for the potential for liquidity constraints, extreme price volatility and complete loss of principal.

Cash Positions. KFG continues to treat cash as an asset class. As such, unless determined to the contrary by KFG, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating KFG's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), KFG may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, KFG's advisory fee could exceed the interest paid by the client's money market fund.

Cash Sweep Accounts. Account custodians generally require that cash proceeds from account transactions or cash deposits be swept into and/or initially maintained in the custodian's sweep account. The yield on the sweep account is generally lower than those available in money market accounts. To help mitigate this issue, KFG generally purchases a higher yielding money market fund available on the custodian's platform with cash proceeds or deposits, unless KFG reasonably anticipates that it will utilize the cash proceeds during the subsequent 30-day period to purchase additional investments for the client's account. Exceptions and/or modifications can and will occur with respect to all or a portion of the cash balances for various reasons, including, but not limited to, the amount of dispersion between the sweep account and a money market fund, an indication from the client of an imminent need for such cash, or the client has a demonstrated history of writing checks from the account.

Client Obligations. In performing its services, KFG shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify KFG if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising KFG's previous recommendations and/or services.

Cybersecurity Risk. The information technology systems and networks that KFG and its third-party service providers use to provide services to KFG's clients employ various controls, which are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in KFG's operations and result in the unauthorized acquisition or use of clients' confidential or non-public personal information. Clients and KFG are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost and reputational damage to respond to regulatory obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although KFG has established its systems to reduce the risk of cybersecurity incidents from coming to fruition, there is no guarantee that these efforts will always be successful, especially considering that KFG does not directly control the cybersecurity measures and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions.

Disclosure Statement. A copy of KFG's written Brochure and Client Relationship Summary, as set forth on Part 2 of Form ADV and Form CRS respectively, shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement* or *Financial Planning and Consulting Agreement*.

C. KFG shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, KFG shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on KFG's services.

D. **Wrap/Separate Managed Account Programs**: In the event that KFG is engaged to provide investment advisory services as part of an unaffiliated wrap-fee program, KFG will be unable to negotiate commissions and/or transaction costs. As a result, client may receive less favorable net prices, on transactions for the account than would otherwise be the case through alternative clearing arrangements recommended by KFG. Higher transaction costs adversely impact account performance.

Under a wrap program, the wrap program sponsor arranges for the investor participant to receive investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee. Participation in a wrap program may cost the participant more or less than purchasing such services separately.

E. As of December 31, 2022, KFG had $581,226,664 in assets under management on a discretionary basis and $12,070,107 in assets under management on a non-discretionary basis.

Item 5 Fees and Compensation

A.

INVESTMENT ADVISORY SERVICES

KFG's annual investment advisory fee is based upon a percentage (%) of the market value of assets placed under KFG's management, generally between negotiable and 1.25% as follows:

Market Value of Portfolio	% of Assets
First $500,000	1.25%
Next $500,000	1.00%
Next $1,000,000	0.75%
Next $3,000,000	0.50%
Above $5,000,000	0.25%
*Fixed Income securities	0.25%

However, KFG's investment advisory fee is negotiable at KFG's discretion, depending upon objective and subjective factors including but not limited to: the amount of assets to be managed; portfolio composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; the professional(s) rendering the service(s); prior relationships with KFG and/or its representatives, and negotiations with the client.

As a result of these factors, similarly situated clients could pay different fees, or fees in excess of the above fee schedule. KFG's advisory fee shall be communicated to the client prior to KFG's engagement. The services to be provided by KFG to any particular client could be available from other advisers at lower fees.

SEI ASSET MANAGEMENT PROGRAM

SEI Program management fees (Management Fees) are payable quarterly, in arrears, based on assets under management at the end of the quarter. Management Fees are automatically deducted from your Account. Each quarter SEI will send you an account statement that will include a Management Fee Notification, which will show the computed fee, any adjustments to the fee, an explanation of any adjustment and the net Management Fee to be deducted later in the period from each client's account.

Management Fees are paid to KFG. Clients may terminate the SEI Program Account at any time by notifying KFG. Termination will be effective upon receipt of such notice. If services are terminated within five business days of executing the client agreement, services will be terminated without penalty. After the initial five business days, you may be responsible for payment of fees for the number of days that services were provided by KFG prior to receipt of the notice of termination.

The maximum total Management Fee charged to the client will not exceed 1.75% annually of the value of assets under management.

KFG's portion of the total fee is typically 1.00% of the value of the assets under management but may vary based upon the client's total amount of assets under management by KFG and the client's relationship with KFG (for example, KFG's associated persons or employees may pay a reduced management fee to KFG). The exact fee and/or fee schedule for you will be disclosed in SEI's client agreement.

SEI may charge a separate custodial fee for the custody services it provides to your account. Mutual funds held in your account pay their own advisory fees and other expenses, which are described in each mutual fund's prospectus. These fees and expenses are separate from the Management Fee.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

KFG's comprehensive planning and consulting fees generally range from $1,000 to $35,000 on a fixed fee basis. Whereas, KFG's single-needs financial planning and consulting services are provided on an hourly rate basis with work being performed for a fee between $50 to $400 per hour. KFG does require a minimum fee of $50 for single-needs financial planning services. In certain instances, KFG may require a minimum fee of up to $500. Clients will agree to any minimum fee in excess of $50, prior to KFG commencing its engagement.

RETIREMENT PLAN SERVICES

KFG's retirement plan services fee is typically based upon the market value of the assets in the plan. Each client's fee schedule is dependent upon services provided and is clearly detailed in *Retirement Plan Consulting Agreement* executed by the client. However, KFG typically charges between 0.05% and 0.80% for pension consulting services.

To the extent that KFG offers its retirement consulting services on a fixed fee basis, it will typically range between $2,500 to $80,000.

B. Clients shall typically authorize KFG to deduct its advisory fees from their custodial account(s). Both KFG's agreement and the custodial/clearing agreement authorize the custodian to debit the account for the amount of KFG's investment advisory fee and to directly remit that management fee to KFG in compliance with regulatory procedures.

In the limited event that KFG bills the client directly, payment is due upon receipt of KFG's invoice. KFG shall generally deduct fees and/or bill clients monthly in arrears, based upon the average daily account balance of the assets during the previous month.

C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, KFG shall generally recommend that Fidelity Investments' custodian National Financial Services ("*Fidelity*") serve as the broker-dealer/custodian for client investment management assets.

Broker-dealers such as *Fidelity* charge brokerage commissions, transaction, and/or other type fees for effecting certain types of securities transactions (i.e., including transaction fees for certain mutual funds, and mark-ups and mark-downs charged for fixed income transactions, etc.). The types of securities for which transaction fees, commissions, and/or other type fees (as well as the amount of those fees) shall differ depending upon the broker-dealer/custodian. While certain custodians, including *Fidelity*, generally (with the potential exception for large orders) do not currently charge fees on individual equity transactions (including ETFs), others do.

There can be no assurance that *Fidelity* will not change their transaction fee pricing in the future.

Fidelity may also assess fees to clients who elect to receive trade confirmations and account statements by regular mail rather than electronically.

Clients will incur, in addition to KFG's investment management fee, brokerage commissions and/or transaction fees, and, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

In addition to KFG's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

KFG charges clients who choose to custody with *Fidelity* an annual technology fee calculated as $40 per account. The technology fee shall be prorated and paid monthly in arrears.

D. KFG's annual investment advisory fee shall be prorated and paid monthly, in arrears, based upon the average daily account balance during the previous month. KFG generally does not require an annual minimum fee or a minimum asset level for investment advisory services. However, as discussed above, KFG requires a $50 minimum fee for singled-needs financial planning. KFG, in its sole discretion, may charge a lesser investment management fee and/or waive or reduce its minimum fee or asset requirement based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

   The *Investment Advisory Agreement* between KFG and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, KFG shall debit the client's account for the value of services rendered as of the time of termination.

E. **Securities Commission Transactions.** In the event that the client desires, the client can engage certain of KFG's representatives in their individual capacities, as a registered representative of Silver Oak Securities, an SEC registered and FINRA member broker-dealer, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through Silver Oak Securities, Silver Oak Securities will charge brokerage commissions to effect securities transactions, a portion of which commissions Silver Oak Securities shall pay to KFG's representatives, as applicable. The brokerage commissions charged by Silver Oak Securities may be higher or lower than those charged by other broker-dealers. In addition, Silver Oak Securities, as well as KFG's representatives, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment.

1. **Conflict of Interest**: The recommendation that a client purchase a commission product from Silver Oak Securities presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from KFG's representatives. KFG's Chief Compliance Officer, Kevin Korhorn, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

2. Clients may purchase investment products recommended by KFG through other, non-affiliated broker dealers or agents.

3. KFG does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products KFG recommends to its clients.

4. When KFG's representatives sell an investment product on a commission basis, KFG does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, KFG's representatives do not also receive commission compensation for such advisory services. However, a client may engage KFG to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from KFG's representatives on a separate commission basis.

Item 6 Performance-Based Fees and Side-by-Side Management

Neither KFG nor any supervised person of KFG accepts performance-based fees.

Item 7 Types of Clients

KFG's clients shall generally include individuals, high-net worth individuals, trusts, pension and profit-sharing plans, estates and charitable organizations.

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

A. KFG may utilize the following methods of security analysis:
   - Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
   - Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
   - Quantitative and Qualitative. (analysis using complex mathematical and statistical modeling, measurement and research)

KFG may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)

Investment Risk. Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by KFG) will be profitable or equal any specific performance level(s).

Investors generally face the following types investment risks:

- Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Market Risk: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk may be caused by external factors independent of the fund's specific investments as well as due to the fund's specific investments. Additionally, each security's price will fluctuate based on market movement and emotion, which may, or may not be due to the security's operations or changes in its true value. For example, political, economic and social conditions may trigger market events which are temporarily negative, or temporarily positive.
- Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

B. KFG's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis KFG must have access to current/new market information. KFG has no control over the dissemination rate of market information; therefore, unbeknownst to KFG, certain analyses may be compiled with outdated market information, severely limiting the value of KFG's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

KFG's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

Borrowing Against Assets/Risks. A client who has a need to borrow money could determine to do so by using:

- **Margin**-The account custodian or broker-dealer lends money to the client. The custodian charges the client interest for the right to borrow money, and uses the assets in the client's brokerage account as collateral; and,
- **Pledged Assets Loan**- In consideration for a lender (i.e., a bank, etc.) to make a loan to the client, the client pledges its investment assets held at the account custodian as collateral;

These above-described collateralized loans are generally utilized because they typically provide more favorable interest rates than standard commercial loans. These types of collateralized loans can assist with a pending home purchase, permit the retirement of more expensive debt, or enable borrowing in lieu of liquidating existing account positions and incurring capital gains taxes. However, such loans are not without potential material risk to the client's investment assets. The lender (i.e. custodian, bank, etc.) will have recourse against the client's investment assets in the event of loan default or if the assets fall below a certain level. For this reason, KFG does not recommend such borrowing unless it is for specific short-term purposes (i.e. a bridge loan to purchase a new residence). KFG does not recommend such borrowing for investment purposes (i.e. to invest borrowed funds in the market). Regardless, if the client was to determine to utilize margin or a pledged assets loan, the following economic benefits would inure to KFG:

- by taking the loan rather than liquidating assets in the client's account, KFG continues to earn a fee on such Account assets; and,
- if the client invests any portion of the loan proceeds in an account to be managed by KFG, KFG will receive an advisory fee on the invested amount; and,
- if KFG's advisory fee is based upon the higher margined account value, KFG will earn a correspondingly higher advisory fee. This could provide KFG with a disincentive to encourage the client to discontinue the use of margin.

The Client must accept the above risks and potential corresponding consequences associated with the use of margin or a pledged assets loans.

C. Currently, KFG primarily allocates client investment assets among various, mutual funds and exchange traded funds on a discretionary basis in accordance with the client's designated investment objective(s).

KFG may also allocate investment management assets of its client accounts, on a discretionary basis, among one or more of its asset allocation models. KFG's asset allocation model administration has been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is applicable to KFG's management of client asset allocation models:

1. Initial Interview – at the opening of the account, KFG, through its designated representatives, shall obtain from the client information sufficient to determine the client's financial situation and investment objectives;
2. Individual Treatment - the account is managed on the basis of the client's financial situation and investment objectives;
3. Quarterly Notice – at least quarterly KFG shall notify the client to advise KFG whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
4. Annual Contact – at least annually, KFG shall contact the client to determine whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
5. Consultation Available – KFG shall be reasonably available to consult with the client relative to the status of the account;
6. Quarterly Report – the client shall be provided with a quarterly report for the account for the preceding period;
7. Ability to Impose Restrictions – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct KFG not to purchase certain securities;
8. No Pooling – the client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account;
9. Separate Account - a separate account is maintained for the client with the Custodian;
10. Ownership – each client retains indicia of ownership of the account (e.g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

KFG believes that its annual investment management fee is reasonable in relation to: (1) the advisory services provided under the *Investment Advisory Agreement*; and (2) the fees charged by other investment advisers offering similar services/programs. However, KFG's annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to KFG's annual investment management fee, the client will also incur charges imposed directly at the mutual and exchange traded fund level (e.g., management fees and other fund expenses).

KFG's investment programs may involve above-average portfolio turnover which could negatively impact upon the net after-tax gain experienced by an individual client in a taxable account.

Item 9 Disciplinary Information

KFG has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

A. As disclosed above in Item 5.E., certain of KFG's representatives are also representatives of Silver Oak Securities, a SEC registered and FINRA member broker-dealer.

B. Neither KFG, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

C. **Broker-Dealer**. Certain of KFG's representatives are registered representatives of Silver Oak Securities. Clients can choose to engage these representatives, in their individual capacities, to effect securities brokerage transactions on a commission basis.

Licensed Insurance Agents/ Agency. KFG is affiliated with KFG Insurance Agency, LLC (KFG Insurance). Both entities are wholly owned by Korhorn Financial Group, Inc. As noted above, Kevin Korhorn is the President of KFG and the principal owner of Korhorn Financial Group, Inc. Therefore, Kevin Korhorn and other associated persons could directly benefit if clients elect to purchase insurance products through KFG Insurance. No client is under any obligation to purchase insurance products through KFG Insurance, and may select any insurance agency or broker they wish. Also, as disclosed above, certain of KFG's representatives are licensed insurance agents. These individuals may recommend the purchase of insurance-related products on a commission basis.

Conflict of Interest: The recommendation by KFG's representatives, that a client purchase a securities or insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from KFG's representatives or affiliates. Clients are reminded that they may purchase securities or insurance products recommended by KFG through other, non-affiliated registered representatives of a broker-dealer or insurance agents, respectively.

KFG Tax and Business Services, LLC: KFG is affiliated with KFG Tax and Business Services, LLC (KFG Tax). Both KFG and KFG Tax are wholly owned by Korhorn Financial Group, Inc. KFG's President, Kevin Korhorn, is the principal owner of Korhorn Financial Group, Inc. If clients need assistance with tax preparation and/or bookkeeping services, clients may be referred to KFG Tax. However, clients are not obligated to use its services. If clients elect to utilize the services of KFG Tax, fees charged for its services will be separate from the fees charged by KFG. There is no fee sharing arrangement between KFG and KFG Tax for client referrals, although Kevin Korhorn may directly benefit from such referrals due to his ownership of Korhorn Financial Group, Inc.

D. KFG does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

A. KFG maintains an investment policy relative to personal securities transactions. This investment policy is part of KFG's overall Code of Ethics, which serves to establish a standard of business conduct for all of KFG's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

   In accordance with Section 204A of the Investment Advisers Act of 1940, KFG also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by KFG or any person associated with KFG.

B. Neither KFG nor any related person of KFG recommends, buys, or sells for client accounts, securities in which KFG or any related person of KFG has a material financial interest.

C. KFG and/or representatives of KFG *may* buy or sell securities that are also recommended to clients. This practice may create a situation where KFG and/or representatives of KFG are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if KFG did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of KFG's clients) and other potentially abusive practices.

   KFG has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of KFG's "Access Persons". KFG's securities transaction policy requires that an Access Person of KFG must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date KFG selects; provided, however that at any time that KFG has only one Access Person, he or she shall not be required to submit any securities report described above.

D. KFG and/or representatives of KFG *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where KFG and/or representatives of KFG are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11 C, KFG has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of KFG's Access Persons.

Item 12 Brokerage Practices

A. In the event that the client requests that KFG recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct KFG to use a specific broker-dealer/custodian), KFG generally recommends that investment management accounts be maintained at *Fidelity*. Prior to engaging KFG to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with KFG setting forth the terms and conditions under which KFG shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that KFG considers in recommending *Fidelity (*or any other broker-dealer/custodian to clients) include historical relationship with KFG, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by KFG's clients shall comply with KFG's duty to seek best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where KFG determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although KFG will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, KFG's investment management fee. KFG's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. <u>Research and Additional Benefits</u>
   Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, KFG may receive from *Fidelity* (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, vendor, unaffiliated product/fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist KFG to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by KFG may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by KFG in furtherance of its investment advisory business operations.

   As indicated above, certain of the support services and/or products that received may assist KFG in managing and administering client accounts. Others do not directly provide such assistance, but rather assist KFG to manage and further develop its business enterprise.

   There is no corresponding commitment made by KFG to *Fidelity* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

   <u>KFG's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create</u>.

2. KFG does not receive referrals from broker-dealers.

3. KFG does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and KFG will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by KFG. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

   In the event that the client directs KFG to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through KFG. Higher transaction costs adversely impact account performance.

   <u>KFG's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangement</u>.

B. To the extent that KFG provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless KFG decides to purchase or sell the same securities for several clients at approximately the same time. KFG may (but is not obligated to) combine or "bunch" such orders to seek best execution, to negotiate more favorable commission rates or to allocate equitably among KFG's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. KFG shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

A. For those clients to whom KFG provides investment supervisory services, account reviews are conducted on an ongoing basis by KFG's President and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise KFG of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with KFG on an annual basis.

B. KFG may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. KFG may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

A. As referenced in Item 12.A.1 above, KFG receives an indirect economic benefit from *Fidelity*. KFG, without cost (and/or at a discount), may receive support services and/or products from *Fidelity*.

   There is no corresponding commitment made by KFG to *Fidelity* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

   <u>KFG's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.</u>

B. If a client is introduced to KFG by either an unaffiliated or an affiliated promoter, KFG may pay that promoter a referral fee in accordance with the requirements of Rule 206(4)-1 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from KFG's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to KFG by an unaffiliated promoter, the solicitor, at the time of the referral, shall disclose the nature of his/her/its relationship.

Item 15 Custody

KFG shall have the ability to have its advisory fee for each client debited by the custodian on a monthly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. KFG may also provide a written periodic report summarizing account activity and performance.

To the extent that KFG provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by KFG with the account statements received from the account custodian.

The account custodian does not verify the accuracy of KFG's advisory fee calculation.

KFG provides other services on behalf of its clients that require disclosure at ADV Part 1, Item 9. In particular, certain clients have signed asset transfer authorizations that permit the qualified custodian to rely upon instructions from KFG to transfer client funds to "third parties." In accordance with the guidance provided in the SEC Staff's February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subjected to an annual surprise CPA examination.

<u>KFG's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding custody-related issues.</u>

Item 16 Investment Discretion

The client can determine to engage KFG to provide investment advisory services on a discretionary basis. Prior to KFG assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming KFG as the client's attorney and agent in fact, granting KFG full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage KFG on a discretionary basis may, at anytime, impose restrictions, **in writing**, on KFG's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe KFG's use of margin, etc.).

Item 17 Voting Client Securities

A. KFG does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact KFG to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

A. KFG does not solicit fees of more than $1,200, per client, six months or more in advance.

B. KFG is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.

C. KFG has not been the subject of a bankruptcy petition.

KFG's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.