



**Item 1 – Cover Page**

**Keystone Financial Group, LLC**

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Date of Disclosure Brochure: March 20, 2024

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This disclosure brochure provides information about the qualifications and business practices of Keystone Financial Group, LLC (also referred to as we, us and Keystone Financial Group throughout this disclosure brochure). If you have any questions about the contents of this disclosure brochure, please contact Tobin Ray Jenkins at (859) 317-8316 or [toby.jenkins@keystoneky.com](mailto:toby.jenkins@keystoneky.com). The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Keystone Financial Group is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for Keystone Financial Group, LLC or our firm's CRD number 170201.

\*Registration as an investment adviser does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

Since our last annual update was filed in March 2023, there have been no material changes made to the brochure.

We will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after our firm's fiscal year ends. Our firm's fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time we will also offer or provide a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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## **Item 4 – Advisory Business**

Keystone Financial Group is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) and is a limited liability company (LLC) formed under the laws of the State of Kentucky. Keystone Financial Group has established a network of representative offices that will provide advisory services under local “doing business as” names. A complete list of approved doing business as names can be found by searching for Keystone Financial Group, CRD# 170201 on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

- Tobin Ray Jenkins is the Chief Compliance Officer (CCO) and Managing Member of Keystone Financial Group. Tobin Ray Jenkins owns 33.3% of Keystone Financial Group.
- Michael W. Kretz is a Managing Member of Keystone Financial Group. Michael W. Kretz owns 33.3% of Keystone Financial Group.
- Timothy Scott Jenkins is a Managing Member of Keystone Financial Group. Timothy Scott Jenkins owns 33.3% of Keystone Financial Group.
- Keystone Financial Group filed its initial application to become registered as an investment adviser in January 2014.

### **Introduction**

The investment advisory services of Keystone Financial Group are provided to you through an appropriately licensed and qualified individual who is an investment adviser representative of Keystone Financial Group (referred to as your investment adviser representative throughout this brochure).

Your investment adviser representative typically is not an employee of Keystone Financial Group; rather, your investment adviser representative typically is an independent contractor of Keystone Financial Group.

Your investment adviser representative is limited to providing the services and charging investment advisory fees in accordance with the descriptions detailed in this brochure. However, the exact services you receive and the fees you will be charged will be specified in your advisory services agreement.

### **Description of Advisory Services**

The following are descriptions of the primary advisory services of Keystone Financial Group. Please understand that a written agreement, which details the exact terms of the service, must be signed by you and Keystone Financial Group before we can provide you the services described below.

#### ***Asset Management Services***

Keystone Financial Group offers asset management services, which involves Keystone Financial Group providing you with continuous and ongoing supervision over your specified accounts.

You must appoint our firm as your investment adviser of record on specified accounts (collectively, the “Account”). The Account consists only of separate account(s) held by qualified custodian(s) under your name. The qualified custodians maintain physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

The Account is managed by us based on your financial situation, investment objectives and risk tolerance. We actively monitor the Account and provide advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the Account.

We will need to obtain certain information from you to determine your financial situation and investment objectives. You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however we will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. We are always reasonably available to consult with you relative to the status of your Account. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities.

It is important that you understand that we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client’s benefit.

### ***Keystone Wealth Managed Asset Program***

We are the sponsor of the Keystone Wealth Managed Asset Program (“KEYMAP Program”), a wrap fee or non-wrap fee asset management program developed through an arrangement using LPL Financial Corporation’s (“LPL”) Strategic Wealth Management platform. Through the KEYMAP Program, we provide investment management services, including providing continuous investment advice to and making investments for you based on your individual needs. Through this service, we offer a customized and individualized investment program. A specific asset allocation strategy and suitability profile is crafted to focus on your specific goals and objectives. The IPS defines your risk tolerance and investment objective. Your information should be updated regularly, but at a minimum every 2 years.

KEYMAP Program accounts are custodied at LPL in its capacity as a registered broker/dealer, member FINRA/SIPC. LPL is also an investment advisor registered with the SEC, but does not serve as an investment advisor for you through the KEYMAP Program. LPL provides clearing, custody and other

brokerage services for accounts established through the KEYMAP Program. Therefore, you are required to establish a brokerage account(s) through LPL's Strategic Wealth Management platform. Separate accounts are maintained for you, and you retain all rights of ownership of you accounts (e. g., the right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

KEYMAP Program accounts allow you to authorize us to purchase and sell, on either a discretionary basis or non-discretionary basis, portfolios consisting of securities and investments. We may limit our discretion with respect to your account and the securities eligible to be purchased for your account.

During any month that there is activity in the KEYMAP Program account, you receive a monthly account statement from LPL showing account activity as well as positions held in the account at month end. Additionally, you receive a confirmation of each transaction that occurs within the KEYMAP Program account unless the transaction is the result of a systematic purchase, redemption or exchange. You also receive a detailed quarterly report showing performance, positions, and activity. All account data and statements are also available on-line through the account view portal through LPL.

### ***Financial Planning & Consulting Services***

Keystone Financial Group offers financial planning services, which involve preparing a written financial plan covering specific or multiple topics. We provide full written financial plans, which typically address the following topics: Investment Planning, Retirement Planning, Insurance Planning, Tax Planning, Education Planning, Portfolios Review, and Asset Allocation. When providing financial planning and consulting services, the role of your investment adviser representative is to find ways to help you understand your overall financial situation and help you set financial objectives. Written financial plans prepared by us might include specific recommendations of individual securities.

We also offer consultations in order to discuss financial planning issues when you do not need a written financial plan. We offer a one-time consultation, which covers mutually agreed upon areas of concern related to investments or financial planning. We also offer "as-needed" consultations, which are limited to consultations in response to a particular investment or financial planning issue raised or request made by you. Under an "as-needed" consultation, it will be incumbent upon you to identify those particular issues for which you are seeking our advice or consultation on.

In addition to these services, we offer ongoing advisement consultations to participants in retirement plans (401(k) plans, profit sharing plans, etc.). When providing these services, we review your financial situation, goals and objectives as well as the investment options available in the retirement plan. We will review your retirement plan account at quarterly intervals and will make such recommendations from the list of available investment options in your retirement plan account as are deemed appropriate and consistent with your stated investment objectives and risk tolerance. These services do not constitute asset management services for your retirement plan account; we do not have investment discretion or trading authority over your retirement plan account. You determine whether or not to implement our advice. The implementation of any trades in your retirement plan account is your responsibility.

Our financial planning and consulting services do not involve implementing any transaction on your behalf or the active and ongoing monitoring or management of your investments or accounts. You have the sole responsibility for determining whether to implement our financial planning and consulting

recommendations. To the extent that you would like to implement any of our investment recommendations through Keystone Financial Group or retain Keystone Financial Group to actively monitor and manage your investments, you must execute a separate written agreement with Keystone Financial Group for our asset management services.

### ***Client Education Services***

Keystone Financial Group will offer individual or group educational programs that will focus on 12 unique sessions (1 hour per session).

The Sessions Include:

- Session One: Vision Capture
- Session Two: Balanced Goal Building
- Session Three: Income Planning
- Session Four: Income Building
- Session Five: Investing For Life
- Session Six: Tracking...Everything Automatically
- Session Seven: Behavior Management And Preparing For Obstacles
- Session Eight: Real Estate Basics
- Session Nine: Building Your Team
- Session Ten: Engaging Others
- Session Eleven: Capstone
- Session Twelve: Renew Goals

Each participant will be requested to complete individualized self-study of 2 hours per month.

### ***Referral of Third-Party Money Managers***

Keystone Financial Group offers advisory services by referring clients to a third-party money manager offering asset management and other investment advisory services. The third-party managers are responsible for continuously monitoring client accounts and making trades in client accounts when necessary. Each solicitation arrangement is performed pursuant to a written solicitation agreement and is in compliance with SEC Rule 206(4)-1 and applicable state securities rules and regulations.

Under this program, we assist you with identifying your risk tolerance and investment objectives. We recommend third-party money managers in relation to your stated investment objectives and risk tolerance, and you may select a recommended third-party money manager or model portfolio based upon your needs. You must enter into an agreement directly with the third-party money manager who provides your designated account with asset management services.

We are available to answer questions that you may have regarding your account and act as the communication conduit between you and the third-party money manager. The third-party money manager may take discretionary authority to determine the securities to be purchased and sold for your account. We do not have any trading authority with respect to your designated account managed by the third-party money manager.

Although we review the performance of numerous third-party investment adviser firms, we enter into only a select number of relationships with third-party investment adviser firms that have agreed to pay us a portion of the overall fee charged to our clients. Therefore, Keystone Financial Group has a conflict of interest in that it will only recommend third-party investment advisors that will agree to compensate us for referrals of our clients.

Clients are advised that there may be other third-party managed programs not recommended by our firm, that are suitable for the client and that may be more or less costly than arrangements recommended by our firm. No guarantees can be made that a client's financial goals or objectives will be achieved by a third-party investment adviser recommended by our firm. Further, no guarantees of performance can ever be offered by our firm (*Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more details.*)

### **LPL Financial Sponsored Advisory Programs**

Keystone Financial Group may provide advisory services through certain programs sponsored by LPL Financial LLC (LPL), a registered investment advisor and broker-dealer. Below is a brief description of each LPL advisory program available to Keystone Financial Group. For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the potential conflicts of interest presented by the programs please see the program account packet (which includes the account agreement and LPL Form ADV program brochure) and the Form ADV, Part 2A of LPL or the applicable program.

### **Advisory Services**

#### **Manager Access Select Program**

Manager Access Select offers clients the ability to participate in the Separately Managed Account Platform (the "SMA Platform") or the Model Portfolio Platform (the "MP Platform"). In the SMA Platform, Keystone Financial Group will assist client in identifying a third party portfolio manager (SMA Portfolio Manager) from a list of SMA Portfolio Managers made available by LPL, and the SMA Portfolio Manager manages client's assets on a discretionary basis. Keystone Financial Group will provide initial and ongoing assistance regarding the SMA Portfolio Manager selection process. In the MP Platform, clients authorize LPL to direct the investment and reinvestment of the assets in their accounts, in accordance with the selected model portfolio provided by LPL's Research Department or a third-party investment advisor.

A minimum account value of \$50,000 is required for Manager Access Select, however, in certain instances, the minimum account size may be lower or higher.

#### **Optimum Market Portfolios Program (OMP)**

OMP offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds shares. Under OMP, client will authorize LPL on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the client. Keystone Financial Group will assist the client in determining the suitability of OMP for the client and assist the client in setting an appropriate investment objective. Keystone Financial Group will have discretion to select a mutual fund



asset allocation portfolio designed by LPL consistent with the client's investment objective. LPL will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for the client. LPL will also have authority to rebalance the account.

A minimum account value of \$10,000 is required for OMP. In certain instances, LPL will permit a lower minimum account size.

### **Personal Wealth Portfolios Program (PWP)**

PWP offers clients an asset management account using asset allocation model portfolios designed by LPL. Advisor will have discretion for selecting the asset allocation model portfolio based on client's investment objective. Advisor will also have discretion for selecting third party money managers (PWP Advisors), mutual funds and ETFs within each asset class of the model portfolio. LPL will act as the overlay portfolio manager on all PWP accounts and will be authorized to purchase and sell on a discretionary basis mutual funds, ETFs and equity and fixed income securities.

A minimum account value of \$250,000 is required for PWP. In certain instances, LPL will permit a lower minimum account size.

### **Model Wealth Portfolios Program (MWP)**

MWP offers clients a professionally managed mutual fund asset allocation program. Keystone Financial Group will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. Keystone Financial Group will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL's Research Department consistent with the client's stated investment objective. LPL's Research Department, a third-party portfolio strategist and/or Advisor, through its IAR, may act as a portfolio strategist responsible for selecting the mutual funds or ETFs within a model portfolio and for making changes to the mutual funds or ETFs selected.

The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds and ETFs and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts.

MWP requires a minimum asset value for a program account to be managed. The minimums vary depending on the portfolio(s) selected and the account's allocation amongst portfolios. The lowest minimum for a portfolio is \$25,000. In certain instances, a lower minimum for a portfolio is permitted.

### **Guided Wealth Portfolios (GWP)**

GWP offers clients the ability to participate in a centrally managed, algorithm-based investment program, which is made available to users and clients through a web-based, interactive account management portal ("Investor Portal"). Investment recommendations to buy and sell exchange-traded funds and open-end mutual funds are generated through proprietary, automated, computer algorithms (collectively, the "Algorithm") of FutureAdvisor, Inc. ("FutureAdvisor"), based upon model portfolios constructed by LPL and selected for the account as described below (such model portfolio selected for the account, the "Model Portfolio"). Communications concerning GWP are intended to occur primarily through electronic means (including but not limited to, through email communications or through the Investor Portal), although Keystone Financial Group will be available to discuss investment strategies, objectives or the account in general in person or via telephone.

A preview of the Program (the “Educational Tool”) is provided for a period of up to forty-five (45) days to help users determine whether they would like to become advisory clients and receive ongoing financial advice from LPL, FutureAdvisor and Keystone Financial Group by enrolling in the advisory service (the “Managed Service”). The Educational Tool and Managed Service are described in more detail in the GWP Program Brochure. Users of the Educational Tool are not considered to be advisory clients of LPL, FutureAdvisor or Keystone Financial Group, do not enter into an advisory agreement with LPL, FutureAdvisor or Keystone Financial Group, do not receive ongoing investment advice or supervisions of their assets, and do not receive any trading services.

A minimum account value of \$5,000 is required to enroll in the Managed Service.

#### Features of the Educational Tool

Users of the Educational Tool (each, a “user”) agree to a terms of use (“Terms of Use”) and complete an investor profile. An investment objective (“Investment Objective”) and Model Portfolio is assigned to each user based upon factors in the investor profile, including risk tolerance and the number of years remaining until the age of retirement (such time being referred to herein as the “Retirement Age”). (See description in “Features of the Managed Service” below for information regarding the design of the Model Portfolios.) Based on the Investment Objective and Model Portfolio, the Educational Tool generates sample analysis, advice and investment recommendations (“Sample Recommendations”).

The Educational Tool provides Sample Recommendations that may assist users in determining whether to utilize the Managed Service. Access to the Educational Tool is generally limited to a period of forty-five (45) days. The Educational Tool is intended to be used for educational and informational purposes only. The Educational Tool does not provide comprehensive financial planning and is not intended to constitute legal, financial or tax advice. There may be other relevant factors and financial considerations (e.g., debt load or financial obligations) that LPL, FutureAdvisor and Keystone Financial Group do not take into consideration in formulating any Sample Recommendations provided. The Sample Recommendations made are meant solely as a sample of the types of recommendations available through the Managed Service. LPL, FutureAdvisor and Keystone Financial Group are not responsible for any actions taken with respect to the Sample Recommendations, and users are solely responsible for making their own investment decisions. The Educational Tool is only one of many tools that users may use as part of a comprehensive investment analysis process. Users should not rely on the Educational Tool as the sole basis for investment decisions.

Although LPL is an investment adviser and broker-dealer registered with the SEC and a member of the Financial Industry Regulatory Authority, and FutureAdvisor is an investment adviser registered with the SEC, in providing access to the Educational Tool, LPL, FutureAdvisor and Keystone Financial Group do not intend to establish an advisory relationship, or in the case of LPL, a brokerage relationship, with users of the Educational Tool. Users are not charged an advisory fee or any other fee or expense to use the Educational Tool. The scope of any investment advisory relationship with LPL, FutureAdvisor and Keystone Financial Group begins when users enroll in the Managed Service. The output that users receive by using the Educational Tool, including the Sample Recommendations, may differ materially from the advice users would receive as an advisory client of LPL, FutureAdvisor and Keystone Financial Group.

None of LPL, FutureAdvisor or Keystone Financial Group provides ongoing investment management or trading services for assets of users of the Educational Tool, makes any determination as to whether the

website through which the Program is accessed or the Educational Tool is appropriate for any user, can access any assets in any accounts users aggregate in the Educational Tool, places any trades on behalf of users of the Educational Tool, or provides ongoing supervision of assets of users of the Educational Tool. The Sample Recommendations provided are intended as an informational preview of the Managed Service, and the Sample Recommendations are being provided to demonstrate the types of analysis, advice and recommendations provided by the Managed Service.

#### Features of the Managed Service

Investors participating in the Managed Service (“clients” and each, a “client”) complete an account application (the “Account Application”) and enter into an account agreement (the “Account Agreement”) with LPL, Keystone Financial Group and FutureAdvisor. As part of the account opening process, clients are responsible for providing complete and accurate information regarding, among other things, their age, risk tolerance, and investment horizon (collectively, “Client Profile”). LPL, Keystone Financial Group and FutureAdvisor rely on the information in the Client Profile in order to provide services under the Program, including but not limited to, determination of suitability of the Program for clients and an appropriate Investment Objective and Model Portfolio for clients. The Model Portfolios have been designed and are maintained by LPL or, in the future, a third-party investment strategist (as applicable, the “Portfolio Strategist”) and shall include a list of securities holdings, relative weightings and a list of potential replacement securities for tax harvesting purposes. FutureAdvisor, Keystone Financial Group and clients cannot access, change or customize the Model Portfolios. Only one Model Portfolio is permitted per account.

Based upon a client’s risk tolerance as indicated in the Client Profile, the client is assigned an investment allocation track (currently Fixed Income Tilt, Balance Tilt or Equity Tilt), the purpose of which is to slowly rotate the client’s equity allocation to fixed income over time. LPL Research created these tracks using academic research on optimal retirement allocations, the industry averages as calculated by Morningstar for the target date fund universe, and input from FutureAdvisor.

Within the applicable allocation track and based upon a client’s chosen Retirement Age in the Client Profile, the client will be assigned a Model Portfolio and one of five of LPL’s standard investment objectives:

- *Income with capital preservation.* Designed as a longer term accumulation account, this investment objective is considered generally the most conservative. Emphasis is placed on generation of current income with minimal risk of capital loss. Lowering the risk generally means lowering the potential income and overall return.
- *Income with moderate growth.* This investment objective emphasizes generation of current income with a secondary focus on moderate capital growth.
- *Growth with income.* This investment objective emphasizes modest capital growth with some focus on generation of current income.
- *Growth.* This investment objective emphasizes achieving high long-term growth and capital appreciation. There is little focus on generation of current income.

- *Aggressive growth.* This investment objective emphasizes aggressive growth and maximum capital appreciation, with no focus on generation of current income. This objective has a very high level of risk and is for investors with a longer timer horizon.

Both the client and Keystone Financial Group are required to review and approve the initial Investment Objective. As a client approaches the Retirement Age, the Algorithm will automatically adjust the client's asset allocation. Any change to the Investment Objective directed by a client due to changes in the Client's risk tolerance and/or Retirement Age will require written approval from the client and Keystone Financial Group before implementation. Failure to approve the change in Investment Objective may result in a client remaining in a Model Portfolio that is no longer aligned with the applicable Client Profile. The Investment Objective selected for the account is an overall objective for the entire account and may be inconsistent with a particular holding and the account's performance at any time and may be inconsistent with other asset allocations suggested to client by LPL, Keystone Financial Group or FutureAdvisor prior to client entering into the Account Agreement. Achievement of the stated investment objective is a long-term goal for the account, and asset withdrawals may impair the achievement of client's investment objectives. A Client Profile that includes a conservative risk tolerance over a long-term investment horizon may result in the selection of an Investment Objective that is riskier than would be selected over a shorter-term investment horizon. Clients should contact Keystone Financial Group if they believe the Investment Objective does not appropriately reflect the Client Profile, such as their risk tolerance.

By executing the Account Agreement, clients authorize LPL and FutureAdvisor to have discretion to buy and sell only exchange-traded funds ("ETFs") and open-end mutual funds ("Mutual Funds") (collectively, "Program Securities") according to the Model Portfolio selected and, subject to certain limitations described in the Account Agreement, hold or liquidate previously purchased non-model securities that are transferred into the account ("Legacy Securities"). In order to be transferred into an account, Legacy Securities must be Mutual Funds with which LPL has a full or partial selling agreement, ETFs or individual U.S. listed stocks. Securities that are not Program Securities included within the Model Portfolio will not be purchased for an account, and FutureAdvisor, in its sole discretion, will determine whether to hold or sell Legacy Securities, generally, but not solely, with the goal of optimizing tax impacts for accounts that are subject to tax. Additional Legacy Securities will not be purchased for the account. Clients may not impose restrictions on liquidating any Legacy Securities for any reason. Clients should not transfer in Legacy Securities that they are not willing to have liquidated at the discretion of FutureAdvisor.

In addition, uninvested cash may be invested in money market funds, the Multi-Bank Insured Cash Account ("ICA") or the Deposit Cash Account ("DCA"), as applicable, as described in the Account Agreement. Dividends paid by the Program Securities in the account will be contributed to the cash allocation and ultimately reinvested into the account based on the Model Portfolio once the tolerance within cash allocation is surpassed.

Pursuant to the Account Agreement, FutureAdvisor is authorized to perform tax harvesting when deemed acceptable by the Algorithm based on the Legacy Securities' respective tax lot information. If tax lot information is missing for a Legacy Security, the Legacy Security will be retained in the Account while FutureAdvisor and Keystone Financial Group use reasonable efforts to obtain the missing information. If the information cannot be obtained within a reasonable timeframe (generally no longer than 30 days), the Legacy Security will be sold and replaced with a Program Security in the Model Portfolio. LPL, Keystone Financial Group and clients cannot alter trades made for tax harvesting purposes. In order to permit

trading in a tax-efficient manner, the Account Agreement also grants FutureAdvisor the authority to select specific tax lots when liquidating securities within the account. Although the Algorithm attempts to achieve tax efficiencies, by doing so a client's portfolio may not directly align with Model Portfolio. As a result, a client may receive advice that differs from the advice received by accounts using the same Model Portfolio, and the client's account may perform differently than other accounts using the same Model Portfolio.

During the term of the Account Agreement, FutureAdvisor will perform a daily review of the account to determine if rebalancing is appropriate based on tolerance thresholds established by LPL and/or FutureAdvisor. At each rebalancing review, the account will be rebalanced if at least one of the account positions is outside such thresholds, subject to a minimum transaction amount established by LPL and/or FutureAdvisor. In addition, LPL and/or FutureAdvisor may review the account for rebalancing in the event that the Portfolio Strategist changes a Model Portfolio. FutureAdvisor may delay placing rebalancing transactions for non-qualified accounts by a number of days, to be determined by FutureAdvisor, in an attempt to limit short-term tax treatment for any position being sold. In addition, trading in the account at any given time is also subject to certain conditions, including but not limited to, conditions related to trade size, compliance tests, the target cash allocation and allocation tolerances. LPL, Keystone Financial Group and clients can alter the rebalancing frequency.

#### Selection of FutureAdvisor as Third-Party Robo Advisor

Under Keystone Financial Group's agreement with LPL, Keystone Financial Group was provided the opportunity to offer GWP, which utilizes FutureAdvisor's Algorithm as described herein, to prospective clients. Keystone Financial Group is not otherwise affiliated with FutureAdvisor. FutureAdvisor is compensated directly by LPL for its services, including the Algorithm and related software, through an annual sub-advisory fee (tiered based on assets under management by FutureAdvisor, at a rate ranging from 0.10% to 0.17%). As each asset tier is reached, LPL's share of the compensation shall increase and clients will not benefit from such asset tiers. No additional fee is charged for FutureAdvisor's services.

Keystone Financial Group believes that certain clients will benefit from GWP's advisor-enhanced advisory services, particularly due to the relatively low minimum account balance and the combination of a digital advice solution with access to an advisor. Unlike direct-to-consumer robo platforms, Keystone Financial Group is responsible on an ongoing basis as investment advisor and fiduciary for the client relationship, including for recommending the program for the client; providing ongoing monitoring of the program, the performance of the account, the services of LPL and FutureAdvisor; determining initial and ongoing suitability of the program for the client; reviewing clients' suggested portfolio allocations; reviewing and approving any change in Investment Objective due to changes clients make to their Client Profile; answering questions regarding the program, assisting with paperwork and administrative and operational details for the account; and being available to clients to discuss investment strategies, changes in financial circumstances, objectives or the account in general in person or via telephone. Keystone Financial Group can also recommend other suitable investment programs if clients have savings goals or investment needs for which GWP is not the optimal solution.

## **Fees for LPL Advisory Programs**

The account fee charged to the client for each LPL advisory program is negotiable, subject to the following maximum account fees:

Manager Access Select	3.0%*
OMP	2.5%
PWP	2.5%
MWP	2.65%**
SMS	0.95%***
GWP	1.35%****

\* The maximum Manager Access Select account fee for new accounts was reduced to 2.5% effective July 3, 2017.

\*\* The MWP account fee consists of an LPL program fee, a strategist fee (if applicable) and an advisor fee of up to 2.00%. Accounts remaining under the legacy fee structure may be charged one aggregate account fee, for which the maximum account fee is 2.50%. See the MWP program brochure for more information.

\*\* The SMS fee consists of an LPL program fee of 0.20% (subject to a minimum program fee of \$250), and an advisor fee of up to 0.75%.

\*\*\* GWP Managed Service clients are charged an account fee consisting of an LPL program fee of 0.35% and an advisor fee of up to 1.00%. In the future, a strategist fee may apply. However, LPL Research currently serves as the sole portfolio strategist and does not charge a fee for its services. FutureAdvisor is compensated directly by LPL for its services, including the Algorithm and related software, through an annual sub-advisory fee (tiered based on assets under management by FutureAdvisor, at a rate ranging from 0.10% to 0.17%). As each asset tier is reached, LPL's share of the compensation shall increase and clients will not benefit from such asset tiers.

GWP Educational Tool provides access to sample recommendations at no charge to users. However, if users decide to implement sample recommendations by executing trades, they will be charged fees, commissions, or expenses by the applicable broker or adviser, as well as underlying investment fees and expenses.

Account fees are payable quarterly in advance, except that the SMS fee is paid in arrears on the frequency agreed to between client and Keystone Financial Group.

Excluding SMS and GWP, LPL serves as program sponsor, investment advisor and broker-dealer for the LPL advisory programs. In the Managed Service of GWP, LPL is appointed by each client as custodian of account assets and broker-dealer with respect to processing securities transactions for the accounts. In general, FutureAdvisor, in its capacity as investment advisor, will submit transactions through LPL; however, FutureAdvisor may choose to execute transactions through a broker-dealer other than LPL, subject to its duty to seek to achieve best execution. When securities transactions are effected through

LPL, there are no brokerage commissions charged to the account. If FutureAdvisor chooses to execute a transaction through a broker-dealer other than LPL, the execution price may include a commission or fee imposed by the executing broker-dealer. In evaluating whether to execute a trade through a broker-dealer other than LPL, Future Advisor will consider the fact that the account will not be charged a commission if the transaction is effected through LPL.

Keystone Financial Group and LPL may share in the account fee and other fees associated with program accounts. Associated persons of Keystone Financial Group may also be registered representatives of LPL. Under SMS, LPL serves as investment advisor but not the broker-dealer. Keystone Financial Group and LPL may share in the advisory portion of the SMS fee.

### **Certain Conflicts of Interest**

Keystone Financial Group receives compensation as a result of a client's participation in an LPL program. Depending on, among other things, the type and size of the account, type of securities held in the account, changes in its value over time, the ability to negotiate fees or commissions, the historical or expected size or number of transactions, and the number and range of supplementary advisory and client-related services provided to the client, the amount of this compensation may be more or less than what the Keystone Financial Group would receive if the client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services.

The account fee may be higher than the fees charged by other investment advisors for similar services. For instance, FutureAdvisor offers direct-to-consumer services similar to GWP. Therefore, clients could generally pay a lower advisory fee for algorithm-driven, automated ("robo") investment advisory services through FutureAdvisor or other robo providers. However, clients using such direct robo services will forgo opportunities to utilize LPL-constructed model portfolios or to work directly with a financial advisor.

Clients should consider the level and complexity of the advisory services to be provided when negotiating the account fee (or the advisor fee portion of the account fee, as applicable) with Keystone Financial Group. With regard to accounts utilizing third-party portfolio managers under aggregate, all-in-one account fee structures (including MAS, PWP and the legacy MWP fee structure), because the portion of the account fee retained by Keystone Financial Group varies depending on the portfolio strategist fee associated with a portfolio, Keystone Financial Group has a financial incentive to select one portfolio instead of another portfolio.

Please refer to the relevant LPL Form ADV program brochure for a more detailed discussion of conflicts of interest.

### ***Retirement Plan Services***

Keystone Financial Group offers retirement plan services to retirement plan sponsors and to individual participants in retirement plans. For a corporate sponsor of a retirement plan, our retirement plan services can include, but are not limited to, the following services:

#### Fiduciary Consulting Services

Keystone Financial Group provides the following Fiduciary Retirement Plan Consulting Services:

- Non-Discretionary Investment Advice. Keystone Financial Group will provide you with general, non-discretionary investment advice regarding assets classes and investment options, consistent with your Plan's investment policy statement.
- Investment Selection Services. Keystone Financial Group will provide you with recommendations of investment options consistent with ERISA section 404(c).
- Investment Due Diligence Review. Keystone Financial Group will provide you with periodic due diligence reviews of the Plan's reports, investment options and recommendations.
- Investment Monitoring. Keystone Financial Group will assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformation to the guidelines set forth in the investment policy statement and Keystone Financial Group will make recommendations to maintain or remove and replace investment options.
- Default Investment Alternative Advice. Keystone Financial Group will provide you with non-discretionary investment advice to assist you with the development of qualified default investment alternative(s) ("QDIA"), as defined in DOL Reg. Section 2550.404c-5(e)(4)(i), for participants who are automatically enrolled in the Plan or who otherwise fail to make an investment election. You will retain the sole responsibility to provide all notices to participants required under ERISA section 404(c)(5).
- Individualized Participant Advice. Upon request, Keystone Financial Group will provide one-on-one advice to Plan participants regarding their individual situations.

For Fiduciary Consulting Services, all recommendations of investment options and portfolios will be submitted to you for your ultimate approval or rejection. For retirement plan Fiduciary Consulting Services, the retirement plan sponsor client or the plan participant who elects to implement any recommendations made by us is solely responsible for implementing all transactions.

Fiduciary Consulting Services are not management services, and Keystone Financial Group does not serve as administrator or trustee of the plan. Keystone Financial Group does not act as custodian for any client account or have access to client funds or securities (with the exception of, some accounts, having written authorization from the client to deduct our fees).

Keystone Financial Group acknowledges that in performing the Fiduciary Consulting Services listed above that it is acting as a "fiduciary" as such term is defined under Section 3(21)(A)(ii) of Employee Retirement Income Security Act of 1974 ("ERISA") for purposes of providing non-discretionary investment advice only. Keystone Financial Group will act in a manner consistent with the requirements of a fiduciary under ERISA if, based upon the facts and circumstances, such services cause Keystone Financial Group to be a fiduciary as a matter of law. However, in providing the Fiduciary Consulting Services, Keystone Financial Group (a) has no responsibility and will not (i) exercise any discretionary authority or discretionary control respecting management of Client's retirement plan, (ii) exercise any authority or control respecting management or disposition of assets of Client's retirement plan, or (iii) have any discretionary authority or discretionary responsibility in the administration of Client's retirement plan or the interpretation of Client's retirement plan documents, (b) is not an "investment manager" as defined in



Section 3(38) of ERISA and does not have the power to manage, acquire or dispose of any plan assets, and (c) is not the “Administrator” of Client’s retirement plan as defined in ERISA.

#### Fiduciary Management Services

Keystone Financial Group provides clients with the following Fiduciary Retirement Plan Management Services:

- Discretionary Management Services. Keystone Financial Group will provide you with continuous and ongoing supervision over the designated retirement plan assets. Keystone Financial Group will actively monitor the designated retirement plan assets and provide advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the Plan. We have discretionary authority to make all decisions to buy, sell or hold securities, cash or other investments for the designated retirement plan assets in the our sole discretion without first consulting with you. We also have the power and authority to carry out these decisions by giving instructions, on your behalf, to brokers and dealers and the qualified custodian(s) of the Plan for our management of the designated retirement plan assets.

If you elect to utilize any of Keystone Financial Group’s Fiduciary Management Services, then Keystone Financial Group will be acting as an Investment Manager to the Plan, as defined by ERISA section 3(38), with respect to our Fiduciary Management Services, and Keystone Financial Group hereby acknowledges that it is a fiduciary with respect to its Fiduciary Management Services.

#### Non-Fiduciary Services

Although an investment adviser is considered a fiduciary under the Investment Advisers Act of 1940 and required to meet the fiduciary duties as defined by the Advisers Act, the services listed here as non-fiduciary should not be considered fiduciary services for the purposes of ERISA since Advisor is not acting as a fiduciary to the Plan as the term “fiduciary” is defined in Section 3(21)(A)(ii) of ERISA. The exact suite of services provided to a client will be listed and detailed in the Qualified Retirement Plan Agreement.

Keystone Financial Group provides clients with the following Non-Fiduciary Retirement Plan Consulting Services:

- Participant Education. Keystone Financial Group will provide education services to Plan participants about general investment principles and the investment alternatives available under the Plan. Keystone Financial Group’s assistance in participant investment education will be consistent with and within the scope of DOL Interpretive Bulletin 96-1. Education presentations will not take into account the individual circumstances of each participant and individual recommendations will not be provided unless otherwise agreed upon. Plan participants are responsible for implementing transactions in their own accounts.
- Participant Enrollment. Keystone Financial Group will assist you with group enrollment meetings designed to increase retirement plan participation among employees and investment and financial understanding by the employees.
- Qualified Plan Development. Keystone Financial Group will assist you with the establishment of a qualified plan by working with you and a selected Third Party Administrator. If you have not

already selected a Third Party Administrator, we shall assist you with the review and selection of a Third Party Administrator for the Plan.

- Due Diligence Review. Keystone Financial Group will provide you with periodic due diligence reviews of your Plan's fees and expenses and your Plan's service providers.
- Fiduciary File Set-up. Keystone Financial Group will help you establish a "fiduciary file" for the Plan which contains trust documents, custodial/brokerage statements, investment performance reports, services agreements with investment management vendors, the investment policy statement, investment committee minutes, asset allocation/asset liability studies, due diligence fields on funds/money managers and monitoring procedures for funds and/or money managers.
- Benchmarking. Keystone Financial Group will provide you benchmarking services and will provide analysis concerning the operations of the Plan.

We can also meet with individual participants to discuss their specific investment risk tolerance, investment time frame and investment selections.

Securities and other types of investments all bear different types and levels of risk. Those risks are typically discussed with clients in defining the investment policies and objectives that will guide investment decisions for their qualified plan accounts. Upon request, as part of our retirement plan services, we can discuss those investments and investment strategies that we believe may tend to reduce these risks for a particular client's circumstances and plan participants.

Clients and plan participants must realize that obtaining higher rates of return on investments entails accepting higher levels of risk. Based upon discussions with the client, we will attempt to identify the balance of risks and rewards that is appropriate and comfortable for the client and other employees. It is still the clients' responsibility to ask questions if the client does not fully understand the risks associated with any investment. All plan participants are strongly encouraged to read prospectuses, when applicable, and ask questions prior to investing.

We strive to render our best judgment for clients. Still, Keystone Financial Group cannot assure that investments will be profitable or assure that no losses will occur in their portfolios. Past performance is an important consideration with respect to any investment or investment advisor, but it is not necessarily an accurate predictor of future performance.

Keystone Financial Group will disclose, to the extent required by ERISA Regulation Section 2550.408b-2(c), to you any change to the information that we are required to disclose under ERISA Regulation Section 2550.408b-2(c)(1)(iv) as soon as practicable, but no later than sixty (60) days from the date on which we are informed of the change (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable).

In accordance with ERISA Regulation Section 2550.408b-2(c)(vi)(A), we will disclose within thirty (30) days following receipt of a written request from the responsible plan fiduciary or Plan Administrator (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable) all information related to the Qualified Retirement Plan Agreement and any compensation or fees received in connection with the Agreement that is required for the Plan to comply with the reporting and disclosure requirements of Title 1 of ERISA and the regulations, forms and schedules issued thereunder.

If we make an unintentional error or omission in disclosing the information required under ERISA Regulation Section 2550.408b-2(c)(1)(iv) or (vi), we will disclose to you the correct information as soon as practicable, but no later than thirty (30) days from the date on which we learns of such error or omission.

### **Newsletters**

Keystone Financial Group occasionally prepares general, educational and informational newsletters. Newsletters are always offered on an impersonal basis and do not focus on the needs of a specific individual.

### **Seminars**

Keystone Financial Group may occasionally provide seminars in areas such as financial planning, retirement planning, estate planning, college planning and charitable planning. Seminars are always offered on an impersonal basis and do not focus on the individual needs of participants.

### **Limits Advice to Certain Types of Investments**

Keystone Financial Group provides investment advice on the following types of investments:

- Mutual Funds
- Exchange Traded Funds (ETFs)
- Exchange-listed Securities
- Securities Traded Over-the-Counter
- Foreign Issues
- Warrants
- Corporate Debt Securities
- Commercial Paper
- Certificates of Deposit
- Municipal Securities
- Variable Annuities
- Variable Life Insurance
- US Government Securities
- Options Contracts on Securities
- Options Contracts on Commodities
- Futures Contracts on Tangibles
- Futures Contracts on Intangibles
- Interests in Partnerships Investing in Real Estate
- Interests in Partnerships Investing in Oil and Gas Interests

Although we generally provide advice only on the products previously listed, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

It is not our typical investment strategy to attempt to time the market, but we may increase cash holdings modestly as deemed appropriate based on your risk tolerance and our expectations of market

behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

*(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)*

### **Participation in Wrap Fee Programs**

Keystone Financial Group offer services through both wrap fee programs and non-wrap fee programs. A wrap fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions. Whenever a fee is charged to a client for services described in this brochure (whether wrap fee or non-wrap fee), we will receive all or a portion of the fee charged.

### **Tailor Advisory Services to Individual Needs of Clients**

Keystone Financial Group's advisory services are always provided based on your individual needs. This means, for example, that when we provide asset management services, you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information. Our financial planning and consulting services are always provided based on your individual needs. When providing financial planning and consulting services, we work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information.

We will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

When Adviser provides investment advice to you regarding your retirement plan account or individual retirement account, Adviser is 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. The way Adviser makes money creates some conflicts with your interests, so Adviser operates under a special rule that requires Adviser to act in your best interest and not put our interest ahead of yours.

### **Client Assets Managed by Keystone Financial Group**

The amount of clients assets managed by us totaled \$1,509,725,992, with \$1,494,058,126 managed on a discretionary basis and \$15,667,866 managed on a non-discretionary basis.

## Item 5 – Fees and Compensation

In addition to the information provided in *Item 4 – Advisory Business*, this section provides additional details regarding our firm's services along with descriptions of each service's fees and compensation arrangements. It should be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms will be outlined in the agreement between you and Keystone Financial Group.

Keystone Financial Group allows your investment adviser representative to set fees within ranges provided by Keystone Financial Group. As a result, your investment adviser representative may charge more or less for the same service than another investment adviser representative of Keystone Financial Group. However, the maximum fee allowed on new accounts is 2.00%

Certain investment adviser representatives of Keystone Financial Group are also associated with LPL Financial as broker-dealer registered representatives ("Dually Registered Persons"). In their capacity as registered representatives of LPL Financial, certain Dually Registered Persons may earn commissions for the sale of securities or investment products that they recommend for brokerage clients. They do not earn commissions on the sale of securities or investment products recommended or purchased in advisory accounts through Keystone Financial Group. Clients have the option of purchasing many of the securities and investment products we make available to you through another broker-dealer or investment adviser. However, when purchasing these securities and investment products away from Keystone Financial Group, you will not receive the benefit of the advice and other services we provide.

### **Asset Management Services**

Fees charged for our asset management services are charged based on a percentage of assets under management, billed in advance (at the start of the billing period) on a quarterly calendar basis and calculated based on the fair market value of your account as of the last business day of the current billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period. If asset management services are commenced in the middle of the billing period, then the prorated fee for that billing period is based on the value of the Account when services commence and is due immediately and will be deducted from Account when services commence.

The asset management services continue in effect until terminated by either party (i.e., Keystone Financial Group or you) by providing written notice of termination to the other party. Any prepaid, unearned fees will be promptly refunded by Keystone Financial Group to you. Fee refunds will be determined on a pro rata basis using the number of days services are actually provided during the final period.

Fees charged for our asset management services are negotiable based on the type of client, the complexity of the client's situation, the composition of the client's account (i.e., equities versus mutual funds), the potential for additional account deposits, the relationship of the client with the investment adviser representative, and the total amount of assets under management for the client.

The annual fee for asset management services will be between 0.25% and 2.00%

Keystone Financial Group believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to our compensation, you may also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses).

The investment advisory fees will be deducted from your account and paid directly to our firm by the qualified custodian(s) of your account. You will authorize the qualified custodian(s) of your account to deduct fees from your account and pay such fees directly to our firm.

You should review your account statements received from the qualified custodian(s) and verify that appropriate investment advisory fees are being deducted. The qualified custodian(s) will not verify the accuracy of the investment advisory fees deducted.

Brokerage commissions and/or transaction ticket fees charged by the qualified custodian are billed directly to you by the qualified custodian. Keystone Financial Group does not receive any portion of such commissions or fees from you or the qualified custodian. In addition, you may incur certain charges imposed by third parties other than Keystone Financial Group in connection with investments made through your account including, but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, IRA and qualified retirement plan fees, and charges imposed by the qualified custodian(s) of your account. Management fees charged by Keystone Financial Group are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus.

### **Keystone Wealth Managed Asset Program**

The annual investment advisory fee charged will vary between 0.25% – 2.00% of the assets held in the account and is negotiable depending on the market value of the account, asset types, complexity of your portfolio, your financial situation and trading activity. The annual fee is divided and paid quarterly in advance through a direct debit to your account. LPL is responsible for calculating and debiting all fees from your accounts. You must provide LPL with written authorization to debit advisory fees from your accounts and pay the fees to Keystone Financial Group. Fees are based on the account's asset value as of the last business day of the prior calendar quarter. Fees for accounts opened at any time other than the beginning of a quarter are prorated based on the number of days remaining in the initial quarter.

Prior to engaging Keystone Financial Group to provide investment management services, you are required to enter into a formal investment advisory agreement with us setting forth the terms and conditions, including the amount of investment advisory fees, under which we manage your assets and a also separate custodial/clearing agreement with LPL.

You can open a KEYMAP Program I or KEYMAP Program II account. A KEYMAP Program I account is a non-wrap or traditional account. This means in addition to our investment advisory fee, you also certain pay transaction charges to defray the costs associated with trade execution. These costs are set out in the LPL Strategic Wealth Management platform brokerage account and application agreement. The KEYMAP Program II account is a wrap fee account, meaning you do not pay transaction charges associated with trade execution.

The minimum account size to open any KEYMAP Program account is \$10,000, although exceptions may be granted upon request. Factors considered when granting an exception include the total value of the overall engagement, the types of assets in the account, the time and resources expended on the services and the relationship between the adviser providing services and the client.

You may incur certain charges imposed by third parties other than Keystone Financial Group in connection with investments made through the account including, but not limited to, 12b-1 fees and surrender charges, and IRA and qualified retirement plan fees. Our management fees (which include transaction and execution fees charged by LPL for KEYMAP Program II accounts) are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus. Our representatives, in their separate capacity as registered representatives of LPL, may retain a portion of the commissions charged to you. These commissions may include 12b-1 fees, surrender charges and IRA and qualified retirement plan fees.

The KEYMAP Program I and KEYMAP Program II may cost you more or less than if the assets were held in a traditional brokerage account. In a brokerage account, you are charged commissions for each transaction, and the representative has no duty to provide ongoing advice with respect to the account. If you plan to follow a buy and hold investment strategy for the account or do not wish to purchase ongoing investment advice or management services, you should consider opening a brokerage account rather than a KEYMAP Program I or KEYMAP Program II account.

We do not always charge a lower advisory fee for KEYMAP Program I accounts versus KEYMAP Program II accounts. The cost for a KEYMAP Program II account is typically higher than a KEYMAP I Program. This is because transaction costs are passed along to you in KEYMAP Program I accounts while the transaction costs are covered under the overall fee charged for KEYMAP Program II accounts.

Either party may terminate the agreement for services at any time. If services are terminated within five business days of executing the agreement, services are terminated without penalty and a full refund of all fees paid in advance is provided. If services are terminated after the initial five day period, we provide you with a prorated refund of fees paid in advance. The refund is based on the number of days service is actually provided during the final billing period. Termination is effective from the time the other party receives written notification or such other time as may be mutually agreed upon, subject to the settlement of transactions in progress and the final refund of advisory fees. There is no penalty charge on termination.

This section is intended to be a summary of the KEYMAP Program. If you contract for KEYMAP Program services you are provided with a copy of the KEYMAP Program Form ADV Part 2A Appendix disclosure brochure.

### **Financial Planning & Consulting Services**

Fees charged for our financial planning and consulting services are negotiable based upon the type of client, the services requested, the investment adviser representative providing advice, the complexity of the client's situation, the composition of the client's account, other advisory services provided and the

relationship of the client and the investment adviser representative. The following are the fee arrangements available for financial planning and consulting services offered by Keystone Financial Group.

### ***Fees for Financial Planning Services***

Keystone Financial Group provides financial planning services under an hourly fee arrangement. An hourly fee in the range of \$75 to \$600 per hour (depending upon the investment adviser representative working with Client) is charged by Keystone Financial Group for financial planning services provided under this arrangement. An hourly fee in the range of \$75 to \$600 per hour (depending on the complexity of the client's situation) is charged by Keystone Financial Group for financial planning services provided under this arrangement. Before commencing financial planning services, Keystone Financial Group provides an estimate of the approximate hours needed to complete the requested financial planning services. If Keystone Financial Group anticipates exceeding the estimated amount of hours required, Keystone Financial Group will contact you to receive authorization to provide additional services. You will pay in advance a mutually agreed upon retainer that will be available for Keystone Financial Group to bill hourly fees against for our financial planning services; however, under no circumstances will Keystone Financial Group require you to pay fees more than \$1,200 more than six months in advance. Any unpaid hourly fees are due immediately upon completion and delivery of the financial plan.

Keystone Financial Group also provides financial planning services under a fixed fee arrangement. A mutually agreed upon fixed fee is charged for financial planning services under this arrangement. There is a range in the amount of the fixed fee charged by Keystone Financial Group for financial planning services. The minimum fixed fee is generally \$300, and the maximum fixed fee is generally no more than \$25,000. The amount of the fixed fee for your engagement is specified in your financial planning agreement with Keystone Financial Group. At our sole discretion, you may be required to pay in advance one-half of the fixed fee at the time you execute an agreement with Keystone Financial Group; however, at no time will Keystone Financial Group require payment of more than \$1,200 in fees more than six months in advance. Upon completion and delivery of the financial plan, the fixed fee is considered earned by Keystone Financial Group and any unpaid amount is immediately due.

The fees for the financial planning services may be waived by Keystone Financial Group at our sole discretion.

To the extent Keystone Financial Group provides you with general investment recommendations as part of the financial planning services and you implement such investment recommendations through Keystone Financial Group, we may offer in our agreement with you to waive or reduce the fees for financial planning services.

The financial planning services terminate upon delivery of the written financial plan or upon either party providing the other party with written notice of termination.

If you terminate the financial planning services after entering into an agreement with us, you will be responsible for immediate payment of any financial planning services performed by Keystone Financial Group prior to the receipt by Keystone Financial Group of your notice of termination. For financial planning services performed by Keystone Financial Group under an hourly arrangement, you will pay Keystone Financial Group for any hourly fees incurred at the rates described above. For financial planning services performed by Keystone Financial Group under a fixed fee arrangement, you will pay



Keystone Financial Group a pro-rated fixed fee equivalent to the percentage of work completed by Keystone Financial Group as determined by Keystone Financial Group. In the event that there is a remaining balance of any fees paid in advance after the deduction of fees from the final invoice, those remaining proceeds will be refunded by Keystone Financial Group to you.

### ***Fees for Consulting Services***

Keystone Financial Group provides consulting services under an hourly fee arrangement. An hourly fee in the range of \$75 to \$600 (depending upon the investment adviser representative working with you) is charged by Keystone Financial Group for consulting services provided under this arrangement. An hourly fee in the range of \$75 to \$600 (depending upon the complexity of client's situation) is charged by Keystone Financial Group for consulting services provided under this arrangement. Before providing consulting service, Keystone Financial Group will provide an estimate of the approximate hours needed to complete the consulting services. If Keystone Financial Group anticipates exceeding the estimated amount of hours required, Keystone Financial Group will contact you to receive authorization to provide additional services. You may be requested to pay in advance a mutually agreed upon retainer that will be available for Keystone Financial Group to bill hourly fees against for our consulting services; however, under no circumstances will Keystone Financial Group require you to pay fees more than \$1,200 more than six months in advance. Any unpaid hourly fees will be due immediately upon completion of the consulting services.

Keystone Financial Group also provides consulting services under a fixed fee arrangement. A mutually agreed upon fixed fee is charged for consulting services under this arrangement. There is a range in the amount of the fixed fee charged by Keystone Financial Group for consulting services. The minimum fixed fee for consulting services will be \$300, and maximum fixed fee for consulting services will be generally no more than \$25,000. The amount of the fixed fee for your engagement is specified in your consulting agreement with Keystone Financial Group. At our sole discretion, you may be required to pay in advance of the fixed fee at the time you execute an agreement with Keystone Financial Group. At no time will Keystone Financial Group require payment of more than \$1,200 in fees more than six months in advance. The fixed fee will be considered earned by Keystone Financial Group and any unpaid amount immediately due from the Client upon the completion of the consulting services. The fixed fee will be considered earned by Keystone Financial Group and immediately due from Client upon completion of the consulting services.

Keystone Financial Group offers ongoing advisement services billed at a rate of 0.25% of the assets under advisement. The annual fee will be divided by 4 and charged quarterly in advance based upon the value of your retirement plan account on the last day of the last quarter.

At our discretion, Keystone Financial Group may offer to waive the fees for certain consulting services.

To the extent Keystone Financial Group provides you with general investment recommendations as part of our consulting services and you implement such investment recommendations through us, Keystone Financial Group at our discretion may offer to waive or reduce the fee for certain consulting services.

To the extent you paid Keystone Financial Group a fee for a written financial plan, Keystone Financial Group at our discretion may offer to waive or reduce the fee for any consulting services provided by Keystone Financial Group to you during the first twelve (12) months following the execution of an agreement with us.

The one-time consulting services will terminate upon completion of the consultation or either party providing the other party with written notice. The “as-needed” consulting services will terminate upon either you or Keystone Financial Group providing written notice of termination to the other party.

If you terminate the consulting services after entering into an agreement with Keystone Financial Group, you will be responsible for immediate payment of any consulting work performed by Keystone Financial Group prior to the receipt by Keystone Financial Group of your notice of termination. For consulting services performed by Keystone Financial Group under an hourly arrangement, you will pay Keystone Financial Group for any hourly fees incurred at the rates described above. For consulting services performed by Keystone Financial Group under a fixed fee arrangement, you will pay Keystone Financial Group a pro-rated fixed fee equivalent to the percentage of work completed by Keystone Financial Group as determined by Keystone Financial Group. In the event that there is a remaining balance of any fees paid in advance after the deduction of fees from the final invoice, those remaining proceeds will be refunded by Keystone Financial Group to you.

#### ***Fees for Client Education Programs***

Fees for our client education programs may range from \$75 to \$1500 per month depending upon the cost of presentation and the number of participants. A client’s individual fee for completing our educational programs will be specified in the Client Agreement signed prior to participation.

#### ***Other Fee Terms for Financial Planning, Consulting and Education Services***

You may pay the investment advisory fees owed for the financial planning services by submitting payment directly (for example, by check).

You should notify Keystone Financial Group within ten (10) days of receipt of an invoice if you have questions about or dispute any billing entry.

To the extent Keystone Financial Group engages an outside professional (i.e. attorney, independent investment adviser or accountant) while providing financial planning and consulting services to you, Keystone Financial Group will be responsible for the payment of the fees for the services of such an outside professional, and you will not be required to reimburse Keystone Financial Group for such payments. To the extent that you personally engage such an outside professional, you will be responsible for the payment of the fees for the services of such an outside professional, and Keystone Financial Group will not be required to reimburse Client for such payments. Fees for the services of an outside professional (i.e. attorney, independent investment adviser or accountant) will be in addition to and separate from the fees charged by Keystone Financial Group, and you will be responsible for the payment of the fees for the services of such an outside professional. In no event will the services of an outside professional be engaged without your express approval.

All fees paid to Keystone Financial Group for services are separate and distinct from the commissions, fees and expenses charged by insurance companies associated with any disability insurance, life insurance and annuities subsequently acquired by you. If you sell or liquidate certain existing securities positions to acquire any insurance or annuity, you may also pay a commission and/or deferred sales charges in addition to the financial planning and consulting fees paid to Keystone Financial Group and any commissions, fees and expenses charged by the insurance company for subsequently acquired insurance and/or annuities.

If you elect to have your investment adviser representative, in his or her separate capacity as an insurance agent, implement the recommendations of Keystone Financial Group, your investment adviser representative at his or her discretion may waive or reduce the investment advisory fee charged for these services by the amount of the commissions received by your investment adviser representative as an insurance agent. Any reduction of the investment advisory fee will not exceed 100% of the insurance commission received.

All fees paid to Keystone Financial Group for advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each mutual fund's prospectus. These fees will generally include a management fee, other fund expenses and a possible distribution fee. If the fund also imposes sales charges, you may pay an initial or deferred sales charge.

If you retain Keystone Financial Group to implement the recommendations provided under this service, Keystone Financial Group may recommend load or no-load mutual funds that charge you 12(b)-1 fees. Any 12(b)-1 fees will be offset.

All fees paid to Keystone Financial Group for financial planning and consulting services are separate and distinct from the commissions charged by a broker-dealer or asset management fees charged by an investment adviser to implement such recommendations.

If you elect to have your investment adviser representative, in his or her separate capacity as a registered representative, implement the recommendations of Keystone Financial Group, your investment adviser representative at his or her discretion may waive or reduce the investment advisory fee charged by the amount of the commissions received as a registered representative. Any reduction of the investment advisory fee will not exceed 100% of the commission received as a registered representative.

If you elect to implement the recommendations of Keystone Financial Group through our other investment advisory programs, Keystone Financial Group may waive or reduce a portion of the investment advisory fees for such investment advisory program(s). Any reduction will be at the discretion of your investment adviser representative and disclosed to you prior to contracting for additional investment advisory services.

It should be noted that lower fees for comparable services may be available from other sources.

### ***Referral of LPL Third-Party Money Managers***

Keystone Financial Group offers advisory services by referring clients to a third-party money manager offering asset management and other investment advisory services.

### ***Optimum Market Portfolios***

LPL requires a minimum investment amount of \$15,000 to establish an OMP account. The maximum annual fee charged through the program is 2.00% of the total value of assets held in your account(s). Fees are negotiable depending on the market value of the account, asset types, your financial situation and trading activity. The annual fees are divided and paid quarterly in advance through a direct debit in your account. LPL is responsible for calculating and debiting all fees from your accounts. You must

provide LPL written authorization to debit advisory fees from your account(s) and pay those fees to us. The account quarter begins on the first day of the month in which the account is accepted. Annual fees are divided and billed quarterly in advance by LPL. If you participate in OMP, you must execute the OMP Market Portfolios Client Agreement. There may be other fees and expenses related to the management of OMP accounts. Full details of all fees are provided in the OMP Form ADV Part 2 Appendix 1, a copy of which is provided to all clients participating in OMP.

We receive 85% to 97.5% of the total fee charged to you, as shown by the following schedule:

<u>Account Assets</u>	<u>Annual Fee</u>
Under \$500,000	1.5%
\$500,000 to \$2,000,000	1.4%
\$2,000,000 to \$5,000,000	1.0%
Over \$5,000,000	0.8%

The fee charged may be negotiable based on the how the assets are invested. Fees are negotiable depending on the market value of the account, asset types, your financial situation and trading activity. We may also receive other compensation for participating in OMP such as bonuses, awards, or other things of value offered by LPL. The amount of this compensation may be more or less than if you had participated in our other advisory programs or if you paid separately for investment advice, brokerage and other client services. Therefore, we may have an incentive to recommend OMP over other programs.

You may also incur certain charges imposed by LPL or third parties other than us in connection with investments made through OMP accounts, including among others, the following types of charges: mutual fund management fees and administrative servicing fees, omnibus processing fees, sub-transfer agent fees, networking fees, other transaction charges and service fees, IRA and Qualified Retirement Plan fees, administrative servicing fees for trust accounts, and other charges required by law. LPL may receive a certain portion of these third party fees. Further information regarding charges and fees assessed by the OMP Funds are available in the appropriate prospectus.

LPL serves as a sub-services agent with respect to OMP accounts. As such, LPL provides all sub-accounting and shareholder recordkeeping with respect to OMP Fund shares and provides certain administrative services. LPL receives administrative servicing fees from the service agent of the OMP Funds. Further, LPL provides investment consulting services to us regarding the OMP Funds. These services include assistance in selecting sub-advisors to the OMP Funds, providing quarterly fact sheets about the OMP Funds, meeting with sub-advisors of the OMP Funds to discuss performance, and assisting the investment advisor of the OMP Funds for making recommendations on sub-advisors to the Board of Trustees. LPL receives an investment consulting compensation from the investment advisor to the OMP Funds.

You can terminate an OMP account by providing written notice to LPL. Upon termination, you are entitled to a prorated refund of any pre-paid quarterly fees based on the number of days remaining in the quarter after termination. If you close the account within the first six months as a result of withdrawals bringing the account value below the required minimum, we, along with LPL, reserve the right to retain the pre-paid quarterly fees for the current quarter in order to cover the administrative cost of establishing an OMP

account. These fees may include costs to transfer positions into and out of the account, data entry costs to open the account, costs associated with reconciling positions in order to issue quarterly performance reports and the cost of re-registering positions.

This section is intended as a summary of OMP. If you contract for OMP services, you receive the OMP Form ADV Part 2A Appendix 1 which provides detailed information regarding OMP.

### ***Model Wealth Portfolios***

The maximum annual fee charged through the program is 2.00% of the total value of assets held in your account(s). Fees are negotiable depending on the market value of the account, asset types, your financial situation and trading activity. The annual fees are divided and paid quarterly in advance through a direct debit in your account(s). LPL is responsible for calculating and debiting all fees from your accounts. You must provide LPL written authorization to debit advisory fees from your accounts and pay those fees to us. Fees are based on the account's asset value as of the last business day of the prior calendar quarter. Fees for accounts opened at any time other than the beginning of a quarter are prorated based on the number of days remaining in the initial quarter. If you participate in MWP, you must execute the MWP Client Agreement.

We receive 55% to 85% of the fee charged to you. The portion we receive is based on the fees that LPL charges and they consider the amount of money in the program and the costs of trading and other internal expenses. Fees are not negotiable. We may also receive other compensation for participating in MWP such as bonuses, awards, or other things of value offered by LPL. The amount of this compensation may be more or less than if you had participated in our other advisory programs or if you paid separately for investment advice, brokerage and other client services. Therefore, we may have an incentive to recommend MWP over other programs.

You may also incur certain charges imposed by LPL or third parties other than us in connection with investments made through MWP accounts, including among others, the following types of charges: mutual fund management fees and administrative servicing fees, omnibus processing fees, sub-transfer agent fees, networking fees, other transaction charges and service fees, IRA and Qualified Retirement Plan fees, administrative servicing fees for trust accounts, and other charges required by law. LPL and our representatives, in their capacity as LPL registered representatives, may receive a portion of these third party fees.

You may incur certain charges imposed by third parties other than us in connection with investments made through the account, including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges. Our representatives, in their separate capacities as registered representatives of LPL, may retain 12b-1 fees paid. However, unless otherwise stated in the MWP client agreement, advisory fees charged in retirement accounts are reduced by 12b-1 fees paid to LPL and our representatives in their capacity as LPL registered representatives.

You can terminate an MWP account by providing written notice to LPL. Upon termination, you are entitled to a prorated refund of any pre-paid quarterly fees based upon the number of days remaining in the quarter after termination. If you close the account within the first six months as a result of withdrawals bringing the account value below the required minimum, both Keystone Financial Group and LPL reserve

the right to retain the pre-paid quarterly fees for the current quarter in order to cover the administrative cost of establishing an MWP account. The fees may include costs to transfer positions into and out of the account, data entry costs to open the account, costs associated with reconciling positions in order to issue quarterly performance reports and the cost of re-registering positions.

This section is intended as a summary of MWP. If you contracting for MWP services, you receive the MWP Form ADV Part 2A Appendix 1 providing detailed information regarding MWP.

### ***Manager Access Program***

You are required to execute a Manager Access client agreement and establish a brokerage account through LPL who provides you with quarterly account statements (provided monthly when activity occurs), confirmations and performance reports. Third party investment advisors seek to obtain the best execution possible given the direction to trade through LPL. In some cases, third party investment advisors, in connection with their duty to seek to achieve best execution, may choose to execute transactions through a broker/dealer other than LPL.

In considering whether or not to restrict the execution of transactions through LPL, LPL evaluated its capacities to execute, clear and settle transactions. When securities transactions are effected through LPL, there are no brokerage commissions charged to the account. If the third party investment advisor chooses to execute a transaction through a broker/dealer other than LPL, the execution price may include a commission or fee imposed by the executing broker/dealer. In evaluating whether to execute a trade through a broker/dealer other than LPL, the third party investment advisor considers the fact that the account is not charged a commission if it is effected through LPL.

You should consider whether or not appointing LPL as the broker/dealer may or may not result in certain costs or disadvantages to you as a result of possibly less favorable executions. In particular, you should understand that your Manager Access account may not be able to participate in block trades affected by a third party investment advisor for its other accounts, which may result in a difference between prices charged to a Manager Access account and the third-party investment advisor's other accounts.

Transactions in fixed income securities may involve mark-up or mark-downs or other charges in addition to the advisory fee. LPL may act as a principal on fixed income trades in Manager Access accounts. In cases where LPL acts as a principal on fixed income trades, LPL may receive additional compensation to the extent it is able to sell fixed income securities for a price higher than what is paid. This may result in higher costs and lower performance than you would have otherwise received.

LPL may aggregate your transactions with other clients' to improve the quality of execution. When transactions are aggregated, the actual prices applicable to the aggregated transactions are averaged, and your account is deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained.

The minimum investment amount required to participate in Manager Access is \$25,000. However, some third-party investment advisors may have higher account minimum requirements. Account minimums are generally higher on fixed income accounts than equity based accounts. A complete description of the third-party investment advisor's services, fee schedules and account minimums is disclosed in the third

party investment advisor's Form ADV Part 2A Appendix 1 which is provided to you at the time a third-party investment advisor is selected.

The maximum annual fee charged through the program is 2% of the total value of assets held in your account(s). Fees are negotiable depending on the market value of the account, asset types, your financial situation and trading activity. The annual fees are divided and paid quarterly in advance through a direct debit in your account. LPL is responsible for calculating and debiting all fees from your account(s). You must provide LPL written authorization to debit advisory fees from your accounts and pay those fees to us. Fees are based on the account's asset value as of the last business day of the prior calendar quarter. Fees for accounts opened at any time other than the beginning of a quarter are prorated based on the number of days remaining in the initial quarter. If you participate in Manager Select, you must execute the Manager Access Client Agreement.

We receive 35% to 80% of the total fee charged to you. Fees are negotiable depending on the market value of the account, asset types, your financial situation and trading activity. We may also receive other compensation for participating in Manager Access such as bonuses, awards, or other things of value offered by LPL. The amount of this compensation may be more or less than if you had participated in our other advisory programs or if you paid separately for investment advice, brokerage and other client services. Therefore, we may have an incentive to recommend Manager Access over other programs.

Clients may also incur certain charges imposed by LPL or third parties other than us in connection with investments made through Manager Access accounts, including among others, the following types of charges: mutual fund management fees and administrative servicing fees, omnibus processing fees, sub-transfer agent fees, networking fees, other transaction charges and service fees, IRA and Qualified Retirement Plan fees, administrative servicing fees for trust accounts, and other charges required by law. LPL and our representatives, in their capacity as LPL registered representatives, may receive a portion of certain of these third party fees.

Clients are advised that we may have a conflict of interest by only offering those third-party investment advisors that have agreed to participate in Manager Access. In addition, we may receive additional compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or advertising or marketing initiatives.

You are advised that there may be other third-party managed programs that may be suitable to you that may be more or less costly. No guarantees can be made that your financial goals or objectives are achieved. Further, no guarantees of performance can be offered. Investments involve risk, including the possible loss of principal.

You can terminate a Manager Access account by providing written notice to LPL. Upon termination, you are entitled to a prorated refund of any pre-paid quarterly fees based on the number of days remaining in the quarter after termination. If you close the account within the first six months as a result of withdrawals bringing the account value below the required minimum, both Keystone Financial Group and LPL reserve the right to retain the pre-paid quarterly fees for the current quarter in order to cover the administrative cost of establishing a Manager Access account. Those fees may include costs to transfer positions into

and out of the account, data entry costs to open the account, costs associated with reconciling positions in order to issue quarterly performance reports and the cost of re-registering positions.

### **Third-Party Money Managers**

Third-party managers generally have account minimum requirements that will vary among third-party money managers. Account minimums are generally higher on fixed income accounts than for equity based accounts. A complete description of the third-party money manager's services, fee schedules and account minimums will be disclosed in the third-party money manager's disclosure brochure which will be provided to you prior to or at the time an agreement for services is executed and the account is established.

The actual fee charged to you will vary depending on the third-party money manager. All fees are calculated and collected by the third-party money manager who will be responsible for delivering our portion of the fee paid by you to us.

Under this program, you may incur additional charges including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, and IRA and qualified retirement plan fees.

We have a conflict of interest by only offering those third-party money managers that have agreed to pay a portion of their advisory fee to us and have met the conditions of our due diligence review. There may be other third-party money managers that may be suitable for you that may be more or less costly. No guarantees can be made that your financial goals or objectives will be achieved. Further, no guarantees of performance can be offered.

### **Retirement Plan Services**

For retirement plan sponsor clients, Keystone Financial Group will charge an annual fee that is calculated as a percentage of the value of plan assets. This fee is not negotiable.

If Keystone Financial Group charges an annual fee based upon the value of the plan assets, we charge an annual fee that ranges between ranges from 0.10% to 2.00% per year.

For individual participants, we charge a percentage of the participant's account value. The percentage fee also ranges from 0.10% to 2.00% per year.

For retirement plan sponsors and participants, fees are billed in advance (at the start of the billing period) on a monthly basis and calculated based on the fair market value of your account as of the last business day of the previous billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period.

Fee will be directly deducted from clients' accounts. Clients are required to provide the custodian with written authorization to deduct the fees from the account and pay the fees to Keystone Financial Group. We will provide the custodian with a fee notification statement.



Either party may terminate services by providing written notice of termination to the other party. If services are terminated within five business days of signing the client agreement, services are terminated without penalty. Any prepaid but unearned fees are promptly refunded to the client at the effective date of termination.

Keystone Financial Group does not reasonably expect to receive any other compensation, direct or indirect, for its Services. If we receive any other compensation for such services, we will (i) offset that compensation against our stated fees, and (ii) will disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

### **Newsletters**

Newsletters are provided to clients and prospective clients free of charge.

### **Seminars**

We may charge up to \$100 for attending one of our seminars. If you cancel prior to attending the seminar, a complete refund of any fee paid in advance is made. In addition, if we are hired by larger groups, such as corporations, we reserve the right to charge fees to cover the expenses incurred by us for presenting the seminars. In this case, all fees and payment provisions will be fully disclosed to you prior to the seminar being presented.

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

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. *Item 6* is not applicable to this Disclosure Brochure because we do not charge or accept performance-based fees.

## **Item 7 – Types of Clients**

Keystone Financial Group generally provides investment advice to the following types of clients:

- Individuals
- High net worth individuals
- Banks or thrift institutions
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

You are required to execute a written agreement with Keystone Financial Group specifying the particular advisory services in order to establish a client arrangement with Keystone Financial Group.

### **Minimum Investment Amounts Required**

Keystone Financial Group generally requires a minimum of \$10,000 in order to open an account. To reach this account minimum, clients can aggregate all household accounts. Exceptions may be granted to this minimum for type of client, the complexity of the client's situation, the composition of the client's account, the potential for additional account deposits, and the relationship of the client with the investment adviser representative, and the total amount of assets under management for the client.

The minimum account size to open any KEYMAP Program account is \$10,000, although exceptions may be granted upon request. Factors considered when granting an exception include the total value of the overall engagement, the types of assets in the account, the time and resources expended on the services and the relationship between the adviser providing services and the client.

The minimum fee generally charged for financial planning services provided on an hourly basis is \$500. The minimum fixed fee generally charged for financial planning services on a fixed fee basis is \$500.

The minimum hourly fee generally charged for consulting services is \$75. The minimum fixed fee generally charged for consulting services is \$500.

Third-party money managers may have minimum account and minimum fee requirements in order to participate in their programs. Each-third party money manager will disclose its minimum account size and fees in its Form ADV Part 2A Disclosure Brochure.

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

### **Methods of Analysis**

Keystone Financial Group uses the following methods of analysis in formulating investment advice:

Charting - This is a set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

Charting is likely the most subjective analysis of all investment methods since it relies on proper interpretation of chart patterns. The risk of reliance upon chart patterns is that the next day's data can always negate the conclusions reached from prior days' patterns. Also, reliance upon chart patterns bears the risk of a certain pattern being negated by a larger, more encompassing pattern that has not shown itself yet.

Fundamental – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the

security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

Technical – This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

There are risks involved in using any analysis method.

To conduct analysis, Keystone Financial Group gathers information from financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses and filings with the SEC, and company press releases.

## **Investment Strategies**

Keystone Financial Group uses the following investment strategies when managing client assets and/or providing investment advice:

Long term purchases. Investments held at least a year.

Short term purchases. Investments sold within a year.

Frequent trading. This strategy refers to the practice of selling investments within 30 days of purchase.

Short sales. A short sale is generally the sale of a stock not owned by the investor. Investors who sell short believe the price of the stock will fall. If the price drops, the investor can buy the stock at the lower price and make a profit. If the price of the stock rises and the investor buys it back later at the higher price, the investor will incur a loss. Short sales require a margin account.

Margin transactions. When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest of the purchase price from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from Keystone Financial Group.

## **Primarily Recommend One Type of Security**

We do not primarily recommend one type of security to clients. Instead, we recommend any product that may be suitable for each client relative to that client's specific circumstances and needs.

## **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and

perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When investing in a an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- Margin Risk - When you purchase securities, you may pay for the securities in full or borrow part of the purchase price from your account custodian or clearing firm. If you intended to borrow funds in connection with your Account, you will be required to open a margin account, which will be carried by the clearing firm. The securities purchased in such an account are the clearing firm's collateral for its loan to you.

If those securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and as a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in your account. The brokerage firm may issue a margin call and/or sell other assets in your account.

It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you may maintain, including any margin account that may be established as part of the Asset Management Agreement established between you and Keystone Financial Group and held by the account custodian or clearing firm.

These risks include the following:

- You can lose more funds than you deposit in your margin account.
  - The account custodian or clearing firm can force the sale of securities or other assets in your account.
  - The account custodian or clearing firm can sell your securities or other assets without contacting you.
  - You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call.
  - The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities.
  - The account custodian or clearing firm can increase its “house” maintenance margin requirements at any time and they are not required to provide you advance written notice.
  - You are not entitled to an extension of time on a margin call.
- Cybersecurity Risk  
 There are a number of operational and systems risks involved in investing, including but not limited to “cybersecurity” risk. As the use of technology has increased, your account(s) have become potentially more susceptible to operational risks through breaches in cybersecurity. A breach in cybersecurity refers to both intentional and unintentional events that may cause Keystone to lose proprietary information, suffer data corruption, or lose operational capacity. This in turn could cause Keystone and/or your account(s) to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial loss. If a cybersecurity breach were to occur it could result in a third party obtaining unauthorized access to your information, including Social Security numbers, home addresses, account numbers, account balances, and account holdings. Cybersecurity breaches may involve unauthorized access to digital information systems (e.g., through “hacking” or malicious software coding), and may also result from outside attacks such as denial-of-service attacks (i.e., efforts to make network services unavailable to intended users). In addition, cybersecurity breaches of third-party service providers (e.g., an account’s custodian) or issuers of securities in which an account invests can subject your account(s) to many of the same risks associated with direct cybersecurity breaches. Although Keystone has put in place systems designed to reduce the risks associated with cybersecurity threats, there is no guarantee that such efforts will succeed.

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

*Item 9* is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client’s or prospective client’s evaluation of our business or integrity.

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

Keystone Financial Group is **not** and does **not** have a related person that is a broker/dealer, municipal securities dealer, government securities dealer or broker, an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust,

private investment company or "hedge fund," and offshore fund), another investment adviser or financial planner, a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, a lawyer or law firm, an insurance company or agency, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

We are an independent registered investment registered adviser and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our representatives may sell other products or provide services outside of their role as investment adviser representatives with us.

### **Registered Representative of a Broker-Dealer**

Certain employees of Keystone Financial Group are Dually Registered Persons. LPL Financial is a broker-dealer that is independently owned and operated and is not affiliated with Keystone Financial Group. Please refer to Item 12 for a discussion of the benefits Keystone Financial Group may receive from LPL Financial and the conflicts of interest associated with receipt of such benefits.

You may work with your investment adviser representative in his or her separate capacity as a registered representative of LPL Financial, LLC. When acting in his or her separate capacity as a registered representative, your investment adviser representative may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to you. As such, your investment adviser representative may suggest that you implement investment advice by purchasing securities products through a commission-based brokerage account in addition to or in lieu of a fee-based investment-advisory account. This receipt of commissions creates an incentive to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as a registered representative of a securities broker-dealer. Consequently, the objectivity of the advice rendered to you could be biased.

You are under no obligation to use the services of our representatives in this separate capacity or to use LPL Financial, LLC and can select any broker/dealer you wish to implement securities transactions. If you select our representatives to implement securities transactions in their separate capacity as registered representatives, they must use LPL Financial, LLC. Prior to effecting any such transactions, you are required to enter into a new account agreement with LPL Financial, LLC. The commissions charged by LPL Financial, LLC may be higher or lower than those charged by other broker/dealers. In addition, the registered representatives may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that you maintain the mutual fund investment.

### **Third-Party Money Managers**

Keystone Financial Group has developed several programs, previously described in *Item 5* of this disclosure brochure, designed to allow us to recommend and select third-party money managers for you. Once you select the third-party money manager to manage all or a portion of your assets, the third-party money manager will pay us a portion of the fees you are charged. Please refer to *Items 4 and 5* for full details regarding the programs, fees, conflicts of interest and materials arrangements when Keystone Financial Group selects other investment advisers.

### **Insurance Agent**

You may work with your investment adviser representative in his or her separate capacity as an insurance agent. When acting in his or her separate capacity as an insurance agent, the investment adviser representative may sell, for commissions, general disability insurance, life insurance, annuities, and other insurance products to you. As such, your investment adviser representative in his or her separate capacity as an insurance agent, may suggest that you implement recommendations of Keystone Financial Group by purchasing disability insurance, life insurance, annuities, or other insurance products. This receipt of commissions creates an incentive for the representative to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as an insurance agent. Consequently, the advice rendered to you could be biased. You are under no obligation to implement any insurance or annuity transaction through your investment adviser representative.

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

### **Code of Ethics Summary**

According to the *Investment Advisers Act of 1940*, an investment adviser is considered a fiduciary and has a fiduciary duty to all clients. Keystone Financial Group has established a Code of Ethics to comply with the requirements of Section 204(A)-1 of the *Investment Advisers Act of 1940* that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. The Code of Ethics covers all individuals that are classified as “supervised persons”. All employees, officers, directors and investment adviser representatives are classified as supervised persons. Keystone Financial Group requires its supervised persons to consistently act in your best interest in all advisory activities. Keystone Financial Group imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm’s fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of the Code of Ethics of Keystone Financial Group. If you wish to review the Code of Ethics in its entirety, you should send us a written request and upon receipt of your request, we will promptly provide a copy of the Code of Ethics to you.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

Keystone Financial Group or associated persons of the firm may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a potential conflict of interest. It is the express policy of Keystone Financial Group that all persons associated in any manner with our firm must place clients’ interests ahead of their own when implementing personal investments. Keystone Financial Group and its associated persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry.

We are now and will continue to be in compliance with applicable state and federal rules and regulations. To prevent conflicts of interest, we have developed written supervisory procedures that include personal



investment and trading policies for our representatives, employees and their immediate family members (collectively, associated persons):

- Associated persons cannot prefer their own interests to that of the client.
- Associated persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts.
- Associated persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry.
- Associated persons are prohibited from purchasing or selling securities of companies in which any client is deemed an “insider”.
- Associated persons are discouraged from conducting frequent personal trading.
- Associated persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted to the Chief Compliance Officer of Keystone Financial Group.

Any associated person not observing our policies is subject to sanctions up to and including termination.

### **Item 12 – Brokerage Practices**

Clients are under no obligation to act on the financial planning recommendations of Keystone Financial Group. If the firm assists in the implementation of any recommendations, we are responsible to ensure that the client receives the best execution possible. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions considered, the transaction execution is in your best interest. When considering best execution, we look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with our existing systems, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back office services, technology and pricing of services offered.

#### **Directed Brokerage**

Clients should understand that not all investment advisors require the use of a particular broker/dealer or custodian. Some investment advisors allow their clients to select whichever broker/dealer the client decides. By requiring clients to use a particular broker/dealer, Keystone Financial Group may not achieve the most favorable execution of client transactions and the practice requiring the use of specific broker/dealers may cost clients more money than if the client used a different broker/dealer or

custodian. However, for compliance and operational efficiencies, Keystone Financial Group has decided to require our clients to use broker/dealers and other qualified custodians determined by Keystone Financial Group.

**Broker/Dealer Affiliation (LPL Financial)**

Keystone Financial Group will generally recommend that clients establish a brokerage account with LPL Financial to maintain custody of clients' assets and to effect trades for their accounts. LPL Financial provides brokerage and custodial services to independent investment advisory firms, including Keystone Financial Group. For Keystone Financial Group's accounts custodied at LPL Financial, LPL Financial generally is compensated by clients through commissions, trails, or other transaction-based fees for trades that are executed through LPL Financial or that settle into LPL Financial accounts. For IRA accounts, LPL Financial generally charges account maintenance fees. In addition, LPL Financial also charges clients miscellaneous fees and charges, such as account transfer fees. LPL Financial charges Keystone Financial Group an asset-based administration fee for administrative services provided by LPL Financial. Such administration fees are not directly borne by clients, but may be taken into account when Keystone Financial Group negotiates its advisory fee with clients.

While LPL Financial does not participate in, or influence the formulation of, the investment advice Keystone Financial Group provides, certain supervised persons of Keystone Financial Group are Dually Registered Persons. Dually Registered Persons are restricted by certain FINRA rules and policies from maintaining client accounts at another custodian or executing client transactions in such client accounts through any broker-dealer or custodian that is not approved by LPL Financial. As a result, the use of other trading platforms must be approved not only by Keystone Financial Group, but also by LPL Financial.

Clients should also be aware that for accounts where LPL Financial serves as the custodian, Keystone Financial Group is limited to offering services and investment vehicles that are approved by LPL Financial, and may be prohibited from offering services and investment vehicles that may be available through other broker-dealers and custodians, some of which may be more suitable for a client's portfolio than the services and investment vehicles offered through LPL Financial. Please be advised that Hybrids may only offer LPL approved products, even if they are held at an LPL approved External Custodian.

Clients should understand that not all investment advisers require that clients custody their accounts and trade through specific broker-dealers.

Clients should also understand that LPL Financial is responsible under FINRA rules for supervising certain business activities of Keystone Financial Group and its Dually Registered Persons that are conducted through broker-dealers and custodians other than LPL Financial. LPL Financial charges a fee for its oversight of activities conducted through these other broker-dealers and custodians. This arrangement presents a conflict of interest because Keystone Financial Group has a financial incentive to recommend that you maintain your account with LPL Financial rather than with another broker-dealer or custodian to avoid incurring the oversight fee.

### **Benefits Received by Keystone Financial Group Personnel**

Keystone Financial Group receives support services and/or products from LPL Financial, many of which assist the Keystone Financial Group to better monitor and service program accounts maintained at LPL Financial; however, some of the services and products benefit Keystone Financial Group and not client accounts. These support services and/or products may be received without cost, at a discount, and/or at a negotiated rate, and may include the following:

- 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
- consulting services
- attendance at conferences, meetings, and other educational and/or social events
- marketing support
- computer hardware and/or software
- other products and services used by Keystone Financial Group in furtherance of its investment advisory business operations

LPL Financial may provide these services and products directly, or may arrange for third party vendors to provide the services or products to Advisor. In the case of third party vendors, LPL Financial may pay for some or all of the third party's fees.

These support services are provided to Keystone Financial Group based on the overall relationship between Keystone Financial Group and LPL Financial. It is not the result of soft dollar arrangements or any other express arrangements with LPL Financial that involves the execution of client transactions as a condition to the receipt of services. Keystone Financial Group will continue to receive the services regardless of the volume of client transactions executed with LPL Financial. Clients do not pay more for services as a result of this arrangement. There is no corresponding commitment made by the Keystone Financial Group to LPL or any other entity to invest any specific amount or percentage of client assets in any specific securities as a result of the arrangement. However, because Advisor receives these benefits from LPL Financial, there is a potential conflict of interest. The receipt of these products and services presents a financial incentive for Advisor to recommend that its clients use LPL Financial's custodial platform rather than another custodian's platform.

### **Transition Assistance Benefits**

LPL Financial provides various benefits and payments to Dually Registered Persons that are new to the LPL Financial platform to assist the representative with the costs (including foregone revenues during account transition) associated with transitioning his or her business to the LPL Financial platform (collectively referred to as "Transition Assistance"). The proceeds of such Transition Assistance payments are intended to be used for a variety of purposes, including but not necessarily limited to, providing working capital to assist in funding the Dually Registered Person's business, satisfying any outstanding debt owed to the Dually Registered Person's prior firm, offsetting account transfer fees (ACATs) payable to LPL Financial as a result of the Dually Registered Person's clients transitioning to LPL Financial's custodial platform, technology set-up fees, marketing and mailing costs, stationary and

licensure transfer fees, moving expenses, office space expenses, staffing support and termination fees associated with moving accounts.

The amount of the Transition Assistance payments are often significant in relation to the overall revenue earned or compensation received by the Dually Registered Person at the advisors prior firm. Such payments are generally based on the size of the Dually Registered Person's business established at the advisors prior firm and/or assets under custody on the LPL Financial. Please refer to the relevant Part 2B brochure supplement for more information about the specific Transition Payments your representative receives.

Transition Assistance payments and other benefits are provided to associated persons of Keystone Financial Group in their capacity as registered representatives of LPL Financial. However, the receipt of Transition Assistance by such Dually Registered Persons creates conflicts of interest relating to Keystone Financial Group's advisory business because it creates a financial incentive for Keystone Financial Group's representatives to recommend that its clients maintain their accounts with LPL Financial. In certain instances, the receipt of such benefits is dependent on a Dually Registered Person maintaining its clients' assets with LPL Financial and therefore Keystone Financial Group has an incentive to recommend that clients maintain their account with LPL Financial in order to generate such benefits.

Keystone Financial Group attempts to mitigate these conflicts of interest by evaluating and recommending that clients use LPL Financial's services based on the benefits that such services provide to our clients, rather than the Transition Assistance earned by any particular Dually Registered Person. Keystone Financial Group considers LPL Financial's trading platform, research capabilities, and best execution described previously, when recommending or requiring that clients maintain accounts with LPL Financial. However, clients should be aware of this conflict and take it into consideration in making a decision whether to custody their assets in a brokerage account at LPL Financial.

Please also see *Item 5, Fees and Compensation*, for additional information about advisory services and implementing recommendations.

### **Soft Dollar Benefits**

An investment adviser receives soft dollar benefits from a broker-dealer when the investment adviser receives research or other products and services in exchange for client securities transactions or maintaining an account balance with the broker-dealer.

Keystone Financial Group does not have a soft dollar agreement with a broker-dealer or a third-party.

### **Handling Trade Errors**

Keystone Financial Group has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of Keystone Financial Group to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client is responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client is made whole and any loss resulting from the trade error is absorbed by

Keystone Financial Group if the error is caused by Keystone Financial Group. If the error is caused by the broker-dealer, the broker-dealer is responsible for handling the trade error. If an investment gain results from the correcting trade, the gain remains in the client's account unless the same error involved other client account(s) that should also receive the gains. It is not permissible for all clients to retain the gain. Keystone Financial Group may also confer with a client to determine if the client should forego the gain (e.g., due to tax reasons).

Keystone Financial Group will never benefit or profit from trade errors.

### **Block Trading Policy**

We may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by our firm when Keystone Financial Group believes such action may prove advantageous to clients. If and when we aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently.

Keystone Financial Group uses the pro rata allocation method for transaction allocation.

Under this procedure, pro rata trade allocation means an allocation of the trade at issue among applicable advisory clients in amounts that are proportional to the participating advisory client's intended investable assets. Keystone Financial Group will calculate the pro rata share of each transaction included in a block order and assigns the appropriate number of shares of each allocated transaction executed for the client's account.

If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which Keystone Financial Group or our associated persons may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* Neither we nor our associated persons receive any additional compensation as a result of block trades.

### **Agency Cross Transactions**

Our associated persons are prohibited from engaging in agency cross transactions, meaning we cannot act as brokers for both the sale and purchase of a single security between two different clients and cannot receive compensation in the form of an agency cross commission or principal mark-up for the trades.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

Managed accounts are reviewed at least quarterly. While the calendar is the main triggering factor, reviews can also be conducted at your request. Account reviews will include investment strategy and objectives review and making a change if strategy and objectives have changed. Reviews are conducted

by the assigned Investment Advisor Representative, with reviews performed in accordance with your investment goals and objectives.

Accounts established and maintained with other third-party money managers are reviewed at least quarterly, usually when statements and/or reports are received from the money manager.

Our financial planning services terminate upon the presentation of the written plan. Our financial planning and consulting services do not include monitoring the investments of your account(s), and therefore, there is no ongoing review of your account(s) under such services.

Keystone investment advisor representatives seek to have at least one annual meeting with each client to conduct a formal review of the clients' accounts. Accounts are reviewed for consistency with the investment strategy and other parameters set forth for the account and to determine if any adjustments need to be made.

### **Statements and Reports**

For our asset management services, you are provided with transaction confirmation notices and regular quarterly account statements directly from the qualified custodian.

Whether reports by an outside money manager are provided to you will depend upon the outside money manager.

Financial planning clients do not receive any report other than the written plan originally contracted for and provided by Keystone Financial Group.

You are encouraged to always compare any reports or statements provided by us, a sub-advisor or third-party money manager against the account statements delivered from the qualified custodian. When you have questions about your account statement, you should contact our firm and the qualified custodian preparing the statement.

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

Keystone Financial Group has arrangements in place with certain third parties, called promoters, under which such promoters refer clients to us in exchange for a percentage of the advisory fees we collect from such referred clients. Such compensation creates an incentive for the promoters to refer clients to us, which is a conflict of interest for the promoters. Rule 206(4)-1 of the Advisers Act addresses this conflict of interest by, among other things, requiring disclosure of whether the promoter is a client or a non-client and a description of the material conflicts of interest and material terms of the compensation arrangement with the promoter. Accordingly, we require promoters to disclose to referred clients, in writing: whether the promoter is a client or a non-client; that the promoter will be compensated for the referral; the material conflicts of interest arising from the relationship and/or compensation arrangement; and the material terms of the compensation arrangement, including a description of the compensation to be provided for the referral.

The investment advisory fee charged to a client will not increase as a result of compensation being shared by Keystone Financial Group with any promoter.

*Please see Item 5, Fees and Compensation, Item 10, Other Financial Industry Activities and Affiliations and Item 12, Brokerage Practices, for additional discussion concerning other compensation.*

We may from time to time receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as client appreciation events, advertising, publishing, and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for which sales have been made or for which it is anticipated sales will be made. This creates a conflict of interest in that there is an incentive to recommend certain products and investments based on the receipt of this compensation instead of what is in the best interest of our clients. We attempt to control for this conflict by always basing investment decisions on the individual needs of our clients.

### **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

Keystone Financial Group is deemed to have custody of client funds and securities whenever Keystone Financial Group is given the authority to have fees deducted directly from client accounts, and for maintaining Standard Letters of Authorization (SLOA's) for payment to 3<sup>rd</sup> parties, according to SEC Rule 206(4)-2. However, these are the only forms of custody Keystone Financial Group will ever maintain, and these forms of custody do not require a surprise asset exam be conducted. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which Keystone Financial Group is deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from Keystone Financial Group. When clients have questions about their account statements, they should contact Keystone Financial Group or the qualified custodian preparing the statement.

As discussed previously, certain associated persons of the Keystone Financial Group are registered representatives of LPL Financial. As a result of this relationship, LPL Financial may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about Keystone Financial Group's clients, even if client does not establish any account through LPL. If you would like a copy of the LPL Financial privacy policy, please contact (859) 317-8316.

## Item 16 – Investment Discretion

When providing asset management services, Keystone Financial Group maintains trading authorization over your Account and can provide management services on a **discretionary** basis. When discretionary authority is granted, we will have the authority to determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if we are not able to reach you or you are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

You will have the ability to place reasonable restrictions on the types of investments that may be purchased in your Account. You may also place reasonable limitations on the discretionary power granted to Keystone Financial Group so long as the limitations are specifically set forth or included as an attachment to the client agreement.

## Item 17 – Voting Client Securities

### Proxy Voting

Keystone Financial Group does not vote proxies on behalf of Clients. We have determined that taking on the responsibilities for voting client securities does not add enough value to the services provided to you to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in Account.

You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided. Although we do not vote client proxies, if you have a question about a particular proxy feel free to contact us. However, you will have the ultimate responsibility for making all proxy-voting decisions.

With respect to assets managed by a third-party money manager, we will not vote the proxies associated with these assets. You will need to refer to each third-party money manager's disclosure brochure to determine whether the third-party money manager will vote proxies on your behalf. You may request a complete copy of third-party money manager's proxy voting policies and procedures as well as



information on how your proxies were voted by contacting the third-party money manager or by contacting Keystone Financial Group at the address or phone number indicated on Page 1 of this disclosure document.

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

Keystone Financial Group does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Keystone Financial Group has not been the subject of a bankruptcy petition at any time.