

# kANU Asset Management, LLC Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of kANU Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at (513) 769-2700 or by email at: [admin@kanuasset.com](mailto:admin@kanuasset.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about kANU Asset Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). kANU Asset Management, LLC's CRD number is: 168070.*

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*Registration does not imply a certain level of skill or training.*

Version Date: 08/30/2017

## Item 2: Material Changes

The material changes in this brochure from the last annual updating amendment of kANU Asset Management, LLC on March 24, 2017 are described below. This list summarizes changes to policies, practices or conflicts of interests only.

- kANU Asset Management, LLC has updated Item 12 to disclose the names of the custodians that the firm currently utilizes.
- Shawn Lee Valentine is no longer an Investment Adviser Representative of the firm.
- Enyi Kanu is no longer a Registered Representative of the Calton & Associates, Inc.
- Enyi Kanu is a Registered Representative with Capital City Partners.

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

kANU Asset Management, LLC is a Limited Liability Company organized in the State of Ohio. The firm was formed in June 2013, and the principal owner is Enyi Kanu.

### B. Types of Advisory Services

kANU Asset Management, LLC (hereinafter “kANU”) offers the following services to advisory clients:

#### *Investment Supervisory Services*

kANU offers Portfolio Management Services globally to Institutions and Accredited Investors based on their specific Investment Policy Mandate, goals, objectives, time horizon, and risk tolerance. Money Management and Investment Supervisory Services could include, but are not limited to, the following:

- Investment Strategy
- Asset Allocation
- Risk Tolerance
- Investment Policy
- Asset Selection
- Portfolio Monitoring

kANU requires discretionary authority from clients to select securities and execute transactions without permission from and its proprietary strategies.

Risk Tolerance Levels are documented in the Investment Policy Statement, which is given to each client.

#### *Selection of Other Advisers*

kANU may direct clients to third-party investment advisers. Before selecting other advisers for clients, kANU will always ensure those other advisers are properly licensed or registered as investment adviser.

#### *Pension Consulting Services*

kANU offers consulting and training services globally, to Pension Regulators, Pension Plan Operators and other employee benefit plans (including but not limited to 401(k) plans) based on the demographics, goals, objectives, time horizon, and/or risk tolerance of the plan’s participants.).

## *Financial Planning*

Financial plans and financial planning may include, but are not limited to: investment planning, life insurance; tax concerns; retirement planning; college planning; and debt/credit planning. These services are based on fixed fees or hourly fees and the final fee structure is documented in Exhibit II of the Financial Planning Agreement.

## *Services Limited to Specific Types of Investments*

kANU generally limits its investment counsel and money management services directly, or through institutional affiliates on equities, fixed income, mutual funds, closed end funds, debt securities, ETFs, real estate, hedge funds, private equity, alternative investments, REITs, insurance products including annuities, private placements, direct investments, and government securities. kANU may use other investments and strategies when deemed appropriate to help diversify a portfolio.

## **C. Client Tailored Services and Client Imposed Restrictions**

kANU tailors its programs specifically for Institutions and Accredited Investors, or for a specific mandate in a clients' Investment Policy or Asset Allocation Policy. kANU may use its proprietary "Model Portfolios and/or Investment Sleeves" together with a specific set of recommendations for each client based on their investment objectives.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their mandates, policies, values or beliefs. However, if the restrictions prevent KANU from properly managing the client account, or if the restrictions would require KANU to deviate from its standard suite of services, kANU reserves the right to end the relationship.

## **D. Wrap Fee Programs**

kANU participates in wrap fee programs, which are investment programs where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. kANU manages the investments and the managers in the wrap fee program, but does not manage those wrap fee accounts any differently than non-wrap fee accounts. A portion of the fees paid to the wrap account program will be given to kANU as a management fee.

## E. Amounts Under Management

kANU has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$4,466,000.00	\$0.00	12/31/2016

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Investment Supervisory/Pension Consulting Services Fees*

Total Assets Under Management	Annual Fee
\$0 - \$499,999	2.00%
\$500,000 - \$999,999	1.50%
\$1,000,000 - \$1,999,999	1.00%
\$2,000,000 - \$4,999,999	0.75%
\$5,000,000 +	0.60%

These fees are negotiable depending upon the needs of the client and complexity of the strategy; the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Advisory fees are withdrawn directly from the client's accounts with client's written authorization or may be invoiced and billed directly to the client; clients may select the method in which they are billed. Fees are charged daily, monthly or quarterly in arrears.

Refunds are given on a prorated basis, based on the number of days remaining in the billing period at the point of termination. The fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee by 365.)

Clients may terminate the contract without penalty, for full refund, within five business days of signing the contract. Thereafter, clients may terminate the contract with thirty days' written notice.



### ***Selection of Other Advisers Fees***

kANU may direct clients to third-party investment advisers. kANU will be compensated via a fee share from the advisers to which it directs those clients. This relationship will be memorialized in each contract between kANU and each third-party adviser. The fees shared are negotiable and will not exceed any limit imposed by any regulatory agency. The notice of termination requirement and payment of fees for third-party investment advisers will depend on the specific third-party adviser selected.

### ***Financial Planning Hourly Fees***

Depending upon the complexity of the situation and the needs of the client, the hourly fee for these services is between \$275 and \$485. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Fees are paid in advance, but never more than six months in advance, with the remainder due upon presentation of the plan. The fee refunded will be the balance of the fees collected in advance minus the hourly rate times the number of hours of work that has been completed up to and including the day of termination. Clients may terminate their contracts without penalty within five business days of signing the agreement.

## **B. Payment of Fees**

### ***Payment of Investment Supervisory Fees***

Advisory fees are withdrawn directly from the client's accounts with client's written authorization or may be invoiced to the client and paid by check. Clients may select the method in which they are billed. Fees are paid monthly or quarterly in advance.

### ***Payment of Selection of Other Advisers Fees***

The timing, frequency, and method of paying fees for selection of third-party managers will depend on the specific third-party advisor selected and will be disclosed to the client prior to entering into a relationship with the third-party advisor.

### ***Payment of Sub-advisor Fees***

Sub-advisor fees may be withdrawn from client's accounts or clients may be invoiced for such fees, as disclosed in each contract between kANU and the applicable third-party advisor.

## *Financial Planning Fees*

Hourly Financial Planning fees are paid by check in advance, but never more than six months in advance, with the remainder due upon presentation of the plan.

## *Payment of Subscription Fees*

Subscription fees will be paid in advance via check.

### **C. Clients Are Responsible For Third Party Fees**

For kANU's non-wrap fee offerings, clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by kANU. Please see Item 12 of this brochure regarding broker-dealer/custodian.

For wrap fee offerings, third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.) will not be charged to the client. Instead, kANU will charge clients one fee and all transaction fees will be paid by the sponsor of the wrap fee program.

### **D. Prepayment of Fees**

kANU may collect fees in advance. Refunds for fees paid in advance will be made within fourteen days, into the client's account.

For all asset-based fees paid in advance, the fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee by 365.)

For hourly financial planning fees that are collected in advance, the fee refunded will be the balance of the fees collected in advance minus the hourly rate times the number of hours of work that has been completed up to and including the day of termination.

### **E. Outside Compensation For the Sale of Securities to Clients**

Enyi Kanu in his role as a registered representative accepts compensation for the sale of securities to kANU clients.

### ***1. This is a Conflict of Interest***

The supervised persons will accept compensation for the sale of securities or other investment products, including asset based sales charges or service fees from the sale of mutual funds to its clients. This presents a conflict of interest and gives the supervised person an incentive to recommend products based on the compensation received rather than on the client's needs. When recommending the sale of securities or investment products for which the supervised persons receives compensation, they will document the conflict of interest in the client file and inform the client of the conflict of interest.

### ***2. Clients Have the Option to Purchase Recommended Products From Other Brokers***

Clients always have the option to purchase kANU recommended products through other brokers or agents that are not affiliated with kANU.

### ***3. Commissions are NOT the Primary Source of Income for this RIA***

Commissions are not kANU's primary source of compensation.

### ***4. Advisory Fees in Addition to Commissions or Markups***

Advisory fees that are charged to clients are not reduced to offset the commissions or markups on securities or investment products recommended to clients.

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

kANU does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

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

kANU generally provides advisory services to the following types of clients:

- ❖ Individuals and High Net Worth/ Accredited Investors
- ❖ Sovereign Wealth Banks and Thrift Institutions
- ❖ Pension and Profit Sharing Plans
- ❖ Trusts, Estates, or Charitable Organizations
- ❖ Corporations, Business Entities, Family Offices
- ❖ Pooled Investment Vehicles

## *Minimum Account Size*

Subject to certain exceptions, the kANU minimum account is one million dollars (\$1,000,000.00) for individuals, and five million dollars (\$5,000,000.00) for institutions. Account minimums could vary by strategy and type of client. The minimum account size is subject to negotiation.

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

## **A. Methods of Analysis and Investment Strategies**

### *Methods of Analysis*

kANU's proprietary trading strategies include different methods of analysis which include charting analysis, fundamental analysis, technical analysis, cyclical analysis, algorithms, and 'Convixquant'.

*Charting analysis* involves the use of patterns in performance charts. kANU uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

*Fundamental analysis* involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

*Technical analysis* involves the analysis of past market data; primarily price and volume.

*Cyclical analysis* involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.

*Convixquant* is a kANU proprietary trading program.

### *Investment Strategies*

kANU's employs an "Active Global Macro" trading strategy, layering an active tactical quant driven process on a long term global strategy. Trading strategies include but are not limited to long term trading, short term trading, short sales, margin transactions, and options trading (including covered options, uncovered options, or spreading strategies). The portfolios are active, involving continuous tactical disciplined portfolio trading. This could affect performance; create higher transaction costs and taxes.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## B. Material Risks Involved

### *Methods of Analysis*

*Charting analysis* strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in solely using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

*Fundamental analysis* concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

*Technical analysis* attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

*Cyclical analysis* assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns and 2) if too many investors begin to implement this strategy, it changes the very cycles these investors are trying to exploit.

*Convixquant* is proprietary and uses a combination of algorithms, charts, quantitative, fundamental and technical data points to determine investment strategies and tactics.

### *Investment Strategies*

Short term trading, short sales, margin transactions, and options trading generally hold greater risk and clients should be aware that there is a material risk of loss using any of those strategies.

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Short term trading** risks include liquidity, economic stability and inflation, in addition to the long term trading risks listed above. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

**Short sales** entail the possibility of infinite loss. An increase in the applicable securities' prices will result in a loss and, over time, the market has historically trended upward.

**Margin transactions** use leverage that is borrowed from a brokerage firm as collateral. When losses occur, the value of the margin account may fall below the brokerage firm's threshold thereby triggering a margin call. This may force the account holder to either allocate more funds to the account or sell assets on a shorter time frame than desired.

**Options** writing or trading involves a contract to purchase a security at a given price, not necessarily at market value, depending on the market. This strategy includes the risk that an option may expire out of the money resulting in minimal or no value and the possibility of leveraged loss of trading capital due to the leveraged nature of stock options.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

kANU generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. However, it will utilize short sales, margin transactions, and options trading, which generally hold greater risk of capital loss. Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. They can be of bond "fixed income" nature (lower risk) or stock "equity" nature (mentioned above).

**Equity** investment generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

**Treasury Inflation Protected/Inflation Linked Bonds:** The risk of default on these bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal.

**Fixed Income** is an investment that guarantees fixed periodic payments in the future that may involve economic risks such as inflationary risk, interest rate risk, default risk, repayment of principal risk, etc.

**Debt securities** carry risks such as the possibility of default on the principal, fluctuation in interest rates, and counter parties being unable to meet obligations.

**Stocks & Exchange Traded Funds (ETFs):** Investing in stocks and ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock filing bankruptcy).

**Real Estate Investments** face several kinds of risk that are inherent in this sector of the market. Liquidity risk, market risk and interest rate risk are just some of the factors that can influence the gain or loss that is passed on to the investor. Liquidity and market risk tend to have a greater effect on investments that are more growth-oriented, as the sale of appreciated properties depends upon market demand. Conversely, interest rate risk impacts the amount of income that is paid by income-oriented investments.

**Hedge Funds** are not suitable for all investors and involve a high degree of risk due to several factors that may contribute to above average gains or significant losses. Such factors include leveraging or other speculative investment practices, commodity trading, complex tax structures, a lack of transparency in the underlying investments, and generally the absence of a secondary market.

**REITs** have specific risks including valuation due to cash flows, dividends paid in stock rather than cash, and the payment of debt resulting in dilution of shares.

**Private placements** carry a substantial risk as they are largely unregulated offerings not subject to securities laws. Liquidity risk and the absence of a secondary market are significant risk factors.

**Precious Metal ETFs** (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal): Investing in precious metal ETFs carries the risk of capital loss.

**Options** are contracts to purchase a security at a given price, risking that an option may expire out of the money resulting in minimal or no value. An uncovered option is a type of options contract that is not backed by an offsetting position that would help mitigate risk. The risk for a “naked” or uncovered put is not unlimited, whereas the potential loss for an uncovered call option is limitless. Spread option positions entail buying and selling multiple options on the same underlying security, but with different strike prices or expiration dates, which helps limit the risk of other option trading strategies. Option writing also involves risks including but not limited to economic risk, market risk, sector

risk, idiosyncratic risk, political/regulatory risk, inflation (purchasing power) risk and interest rate risk.

**Trading and holding Inverse and Leveraged ETF's** Inverse and leveraged ETFs can be a valuable trading tool. There are however many risks associated with using these ETFs and investors should be aware of these beforehand. Inverse and Leveraged ETFs are active trading tools and not designed for long term investing. Inverse ETFs may not match one for one their respective indexes. Leveraged ETFs use financial derivatives and are therefore inherently riskier than their unleveraged counterparts. There are indeed many key risks that traders and investors should keep in mind, ranging from basic risks associated with correlation and leverage, to complex risks associated with compounding returns on a daily basis.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There is currently none to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Enyi Kanu is also a registered representative of Capital City Partners, Inc.



## **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither kANU nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

## **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Enyi Kanu is also a registered representative and investment adviser representative of Capital City Partners, Mr. Kanu is also a licensed insurance agent, and an owner of several non-investment related businesses, descriptions of which are set forth below.

1. Blue Chip Parking is a kANU Investments Parking, Parking Management and Valet Services Company.
2. kANU Investments LLC is a Real Estate Investment, and a business strategy Management and Consulting Services Company.
3. kANU Holdings, LLC is a Real Estate Development Company.
4. Arête Capital Partners, LLC invests in opportunistic Public and Private Transactions, and provides investment advisory services.
5. Enyi Kanu serves on The Faith Community United Methodist Church Strategic Planning Committee.

Mr. Kanu may offer clients advice or products from his other activities. Clients should be aware that these services may pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. kANU Asset Management, LLC always acts in the best interest of its clients. Clients are in no way required to utilize the services of any representative of kANU Asset Management, LLC in the individual's outside capacity.

any representative of kANU Asset Management, LLC in connection with such individual's activities outside of kANU Asset Management, LLC.

## **D. Selection of other Advisors or Managers and how this Adviser is compensated for those selections**

kANU may direct clients to third-party money managers. kANU will be compensated via a fee share from the advisers to which it directs those clients. This relationship will be disclosed in each contract between kANU and each third-party advisor. The fees shared will not exceed any limit imposed by any regulatory agency. This could create a conflict of interest in that kANU has an incentive to direct clients to the third-party money managers that provide kANU with a larger fee split. kANU will always act in the best interests of the client, including when determining which third-party manager to

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recommend to clients. kANU will ensure that all recommended advisors or managers are licensed or notice filed in the states in which kANU is recommending them to clients.

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

### **A. Code of Ethics**

kANU has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Record keeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

### **B. Recommendations Involving Material Financial Interests**

kANU may recommend that clients buy or sell a security in which a related person to kANU or kANU has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of kANU may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of kANU to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions are prohibited by kANU. Neither kANU nor its representatives are allowed to purchase or sell any securities ahead of its clients. kANU will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of kANU may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of kANU to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, kANU will never engage in

trading that operates to the client's disadvantage when similar securities are being bought or sold.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians are chosen based on best execution, relatively low transaction fees and access to global markets, funds available on platform, and ETFs. kANU will never charge a premium or commission on transactions, beyond the actual cost imposed by the custodian. Interactive Brokers and Folio Institutional and Trust Company of America are current custodians used by kANU. These custodians are used for our Private Client and Institutional Client accounts and portfolios.

#### **1. *Research and Other Soft-Dollar Benefits***

kANU receives no research, product, or services other than execution from a broker-dealer or third-party in connection with client securities transactions ("soft dollar benefits").

#### **2. *Brokerage for Client Referrals***

kANU receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

#### **3. *Clients Directing Which Broker/Dealer/Custodian to Use***

kANU may allow clients to direct brokerage; however, kANU may recommend custodians. kANU may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost clients money because without the ability to direct brokerage kANU may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices. Not all investment advisers allow their clients to direct brokerage.

### **B. Aggregating (Block) Trading for Multiple Client Accounts**

kANU maintains the ability to block trade purchases across accounts. Block trading may benefit a large group of clients by providing kANU the ability to purchase larger blocks resulting in smaller transaction costs to the client. Declining to block trade can cause more expensive trades for clients.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed at least monthly by Enyi. KANU, President and CIO or his qualified designee. Enyi. KANU is the Chief Investment Officer (CIO) and reviews client accounts with regard to clients' respective investment policies and risk tolerance levels.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Enyi. KANU, President and CIO. There is only one level of review and that is the total review conducted to create the financial plan.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive at least quarterly a written statement from the custodian that details the client's account including assets held and asset value, etc. Each Financial Planning client will receive a financial plan upon completion.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

kANU or its advisory personnel may receive economic benefits from third parties for advice rendered to kANU clients.

### **B. Compensation to Non - Advisory Personnel for Client Referrals**

kANU may compensate non-advisory personnel for client referrals.

## **Item 15: Custody**

kANU, with client written authority, has limited custody of client's assets through direct fee deduction of kANU's fees only. If the client chooses to be billed directly by the client's chosen custodian, kANU would have constructive custody over that account and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

## **Item 16: Investment Discretion**

kANU will have investment discretion and the client has given kANU written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides kANU discretionary authority via a discretionary investment management clause in the Investment Advisory Contract and/or a limited power of attorney clause in the contract between the client and the custodian.

## **Item 17: Voting Client Securities (Proxy Voting)**

kANU will accept voting authority for client securities in certain cases. When kANU does accept voting authority for client securities, it will always seek to vote in the best interests of its clients. kANU does not maintain preapproved voting guidelines but relies on the Chief Compliance Officer to determine the appropriate course of action in voting client securities that is in the best interest of the client. Clients may direct kANU on how to vote client securities by communicating their wishes in writing or electronically to kANU. When voting client proxies the Chief Compliance Officer will always hold the interests of the clients above its own interests. Clients of kANU may obtain the voting record of kANU on client securities by contacting kANU at phone number or e-mail address listed on the cover page of this brochure. Clients may obtain a copy of kANU's proxy voting policies and procedures upon request.

## **Item 18: Financial Information**

### **A. Balance Sheet**

kANU neither requires nor solicits prepayment of more than \$500 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither kANU nor its management is in any financial condition that is likely to reasonably impair kANU's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

kANU has never been the subject of a bankruptcy petition.

## **Item 19: Requirements For State Registered Advisers**

### **A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background**

kANU currently has only one management person/executive officer: Enyi Kanu. Enyi Kanu's education and business background can be found on the Form ADV Part 2B brochure supplement for such individual.

### **B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)**

Enyi Kanu's other business activities can be found on the Form ADV Part 2B brochure supplement for such individual.

Form ADV 2A Version: 9/5/2017

### **C. How Performance-based Fees are Calculated and Degree of Risk to Clients**

kANU accepts performance-based fees, fees based on a share of capital gains on or capital appreciation of the assets of a client. Qualified clients are charged an asset based management fee of 2.00% on all assets under management and a performance-based fee of 20% of net profits above the hurdle rate and high water mark. The high water mark will be highest value of the client's account on the last day of any previous quarter or year, after accounting for the client's deposits or withdrawals for each billing period. The hurdle rate will be the benchmark on the client's account, after accounting for the client's deposits or withdrawals. Specifically, the client will receive all profits up to their benchmark (the hurdle rate). Thereafter, profits are split 20/80 between the client and kANU (20% for kANU, 80% for the client) split for portfolio gains.

Clients that are paying a performance-based fee should be aware that investment advisors have an incentive to invest in riskier investments when paid a performance-based fee due to the higher risk/higher reward attributes.

### **D. Material Disciplinary Disclosures for Management Persons of this Firm**

There was a dispute where a client alleged unsuitable trading and investments by Wells Fargo and Enyi Kanu. Mr. Kanu denied the allegations in their entirety, however Wells Fargo elected to settle the dispute out of their pocket for \$10,000 on July 24, 2014 to avoid the legal costs that would be involved in litigating the case. Mr. Kanu had no financial responsibility or obligation with regard to the settlement.

### **E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)**

Neither kANU, nor its management persons, has any relationship or arrangement with issuers of securities.