



# Customer Relationship Summary

Helping you make an informed decision

Form CRS

## Introduction

Kalos Capital and Kalos Management are financial services companies that provides advice and guidance to help you achieve your financial goals. Kalos Capital is a broker/dealer registered with FINRA and Kalos Management is an investment advisory firm registered with the Securities Exchange Commission. Most of the financial professionals licensed with Kalos can serve in either capacity to help you invest. The services and fees differ between our brokerage and investment advisory services. It's important for you to understand the differences. This document provides answers to questions you may have about ways to work with us, the services and products we offer, and the fees we charge.

**Access Educational Tools:** Free and simple tools are available for you to use at [Investor.gov/CRS](https://investor.gov/CRS), a website maintained by the SEC. These tools can provide you with educational materials about broker-dealers, investment advisers, and investing.

To learn more about Kalos Capital, Inc. and Kalos Management, Inc. you may go to FINRA's broker check at: <https://brokercheck.finra.org/>

*This relationship summary provides information that helps you make an informed decision about whether to invest with us and will answer the following questions:*

- *What investment services and advice can you provide me?*
- *What fees will I pay?*
- *What are your legal obligations to me when providing recommendations as my broker-dealer, or when acting as my investment adviser? How else does the firm make money and what conflicts of interest do you have?*
- *How do your financial professionals make money?*
- *Do you or your financial professionals have legal or disciplinary history?*
- *Where can I find additional information?*

## Terms to know

- A **broker-dealer** (Kalos Capital, Inc) is a firm that acts as an intermediary between buyers and sellers of securities for which they will usually receive a commission.
- An **investment adviser** (Kalos Management, Inc) is generally any person or group that provides investment advice or conducts securities analysis in exchange for a fee.

## What investment services and advice can you provide me?

We offer both brokerage services and investment advisory services.

### Ways to work with us:

A dedicated Financial Advisor in a branch office setting can help you with both brokerage and investment advisory services. They can provide investment strategies, recommendations, and guidance specific to your needs and goals. You will also have full access to our full suite of products and services and in person full-service access, by phone, and by email.

### Services Provided:

**Our Brokerage Services:** The primary service we offer retail investors in a brokerage relationship is the execution of transactions for your account. We may also provide other services, such as custody of your assets, market updates, and recommendations to buy, sell, or hold securities in your account.

**Our Investment Advisory Services:** The primary service we offer retail investors in an advisory relationship is investment advice. Our investment advisory services are available through different relationships, including discretionary managed account programs where we, affiliate,

## Conversation corner

Questions you might wish to ask when considering our services:

- Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?
- How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?

Securities offered through Kalos Capital, Inc., Member FINRA/SIPC/MSRB. Investment advisory services offered through Kalos Management, Inc., an SEC Registered Investment Adviser. Insurance products offered through Kalos Financial, Inc., a licensed insurance agency. These members of the Kalos Family of Companies are separate affiliated firms that share common ownership and are represented by the Kalos Financial service mark.

or a third party provide portfolio construction and management of your money and financial planning and consulting services. The services provided in our advisory programs are detailed in our advisory brochures.

### **Monitoring:**

We do not offer or agree to provide monitoring in our brokerage relationships.

We provide periodic monitoring in our advisory programs, but not when providing financial planning services. Financial plans are provided on a one-time basis and do not include ongoing advice.

### **Investment Authority:**

On the brokerage side when we make a recommendation to buy, sell, or hold securities in your account, you make the ultimate decision whether to follow the recommendation.

In discretionary managed account programs, we, an affiliate, or third party make the investment recommendations for you based on your investment objectives and risk tolerance. This authority to manage the account on your behalf lasts as long as you are enrolled in the program.

### **Limited Investment Offerings:**

On the brokerage side our firm offers a broad spectrum of investment products, but we do not make available every investment product in the market. We offer third-party products and we do not seek to offer products that are necessarily the least expensive.

Each advisory program has its own unique set of products available. Thus, the products available in each advisory may be limited. We do not seek to offer products that are necessarily the least expensive.

### **Account Minimums and Other Requirements:**

There is no minimum initial account balance to establish a brokerage account with us. However, you must sign and return a Client Agreement and fund the account or it will be closed.

Our advisory programs, except for financial planning services, each have minimum investment requirements. The advisory relationship is subject to the terms of the advisory agreement that you sign and does not begin until the agreement is accepted by us.

### **Services we do not provide:**

We do not:

- Maintain proprietary accounts
- Conduct any investment banking business
- Write or disseminate any first party research reports
- Make markets in any securities
- Exercise discretion over commission-based brokerage accounts, or
- Provide investment monitoring on brokerage accounts (except for investment advisory accounts)
- Conduct sales contests

The investment products we offer are subject to minimum deposits and may vary between the products. The minimum deposits are outlined in each product's respective prospectus, agreement, and contract summaries.

You may obtain more detailed information about our investment advisory services in our:

- [Form ADV in Kalos' Website](#)

### **What fees will I pay?**

The services and fees for each type of service differ and it is important for you, the retail investor, to understand these differences.

- **Our Brokerage Services:** In a brokerage relationship, you are charged for each trade you make, also known as transaction-based charges. These transaction-based charges include commissions, which differ based on the product purchased, size of the transaction, overall value of your account, and frequency of trading activity in your account. You will pay higher total transaction-based charges when there are more trades in your account. Therefore, we have an incentive to encourage you to trade more often.
- As stated in your Client Agreement, you will be charged annual account fees and custodial fees that are based on the number and type of accounts you hold in your household.
- **Our Investment Advisory Services:** In most of our investment advisory relationships, you are charged an agreed-upon percentage of the assets held in your account, also known as an asset-based fee, each quarter. The standard fee varies by advisory program and

### **Conversation corner**

Questions you might wish to ask when considering our services:

- Help me understand how these fees and costs might affect my investments.
- If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

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covers the cost of our advice, custody of assets, manager fees (if applicable), and execution of most transactions. Because the fee is typically based on the value of your account, we have an incentive to encourage you to increase the assets in your account.

- We also offer advisory programs with other fee structures. In one program, you elect to pay for our services with either an asset-based fee or a commission for each transaction. Consulting services are available for a one-time flat fee, an ongoing flat fee, or an asset-based fee. Financial planning services are subject to a one-time flat fee, which does not cover the cost to implement the plan.
- Depending on the level of trading in your account, paying an asset-based fee could cost more or less than separately paying for each transaction.

- **Other Fees – Applicable to both Brokerage and Investment Advisory Services**

You may also incur other fees and costs related to your investments and brokerage or investment advisory services. These include: Mortality and Expense Fees associated with your annuity investments, mutual fund distribution fees, account maintenance fees, account termination fees, brokerage account trade ticket fees. You will be charged interest on the amount borrowed through margin loans and securities-based loans.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. You can find more detailed information about fees and costs related to our services as a broker-dealer and investment advisor in our:

- [Form ADV in Kalos' Website](#)
- [Regulation Best Interest \(BI\) Disclosure Document in Kalos' Website](#)

The asset-based fees associated with the wrap fee program under the Investment Advisory program will include most transaction costs and fees to a broker-dealer or bank that has custody of these assets, and therefore are higher than a typical asset based advisory fee.

## What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment adviser? How else does the firm make money and what conflicts of interest do you have?

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

- **Third-Party Payments:** Some third-party product providers pay us additional compensation as an incentive to sell their products. This creates an incentive for us to recommend third-party product providers that pay us additional compensation over those that do not pay additional compensation or that pay smaller amounts of additional compensation. Some third-party product providers pay us additional compensation in the form of a marketing allowance for the sale of their products.
- **Revenue Sharing:** Some managers or sponsors of products or other intermediaries share with us the revenue they earn on products, known as revenue sharing. This creates an incentive for us to recommend products where we receive revenue sharing over products for which we do not receive revenue sharing or receive smaller revenue sharing payments.

### Conversation corner

Questions you might wish to ask when considering our services:

- How might your conflicts of interest affect me, and how will you address them?

You can find more detailed information about fees and costs related to our services as a broker-dealer and investment advisory services in a variety of ways, including (but not necessarily limited to) the following:

- Form CRS (Relationship Summary)
- Form ADV
- Confirmations
- Monthly statements
- Account agreements
- Disclosures specific to types of accounts (e.g., margin, option, IRAs, etc.)
- Disclosures specific to certain securities or products (e.g., risk, conflicts of interest, material limitations)
- Agreements for services including costs
- Prospectuses
- Oral disclosures by your Financial Professional

## How do your financial professionals make money?

The amount of compensation your financial advisor receives is dependent upon several factors: the amount of client assets they service; the time and complexity required to meet a client's needs; the products they sell and associated commissions; and revenue the firm earns from advisory services and recommendations. Typically, a financial advisor's payout schedule increases with revenue generation and asset levels. Noncash compensation is provided to most financial advisors. They may attend educational meetings and recognition trips sponsored by external vendors, such as mutual fund companies, insurance carriers, or money managers. Financial advisors could also receive

promotional items, meals, entertainment, and other noncash compensation from product providers. The receipt of noncash compensation and other from product providers creates an incentive for financial advisors to recommend those providers' products over other products

In a brokerage relationship, financial advisors receive a percentage of the fees, charges, and certain other revenue our firm collects from transactions in your account. As a result, financial advisors have an incentive to provide brokerage recommendations that result in selling more investment products and services, as well as investment products and services that carry higher fees and charges.

In an investment advisory relationship, financial advisors receive a percentage of the ongoing fees you pay. As a result, they have an incentive to recommend that you invest more assets in an advisory program, and depending on your anticipated level of trading activity, can have an incentive to recommend advisory programs instead of brokerage services when you engage in a limited number of transactions.

Our financial professionals also have moral, ethical, regulatory and legal obligations that work to counterbalance conflicts. These obligations are considered as they adjudicate any conflicts that arise. Kalos has established extensive policies and a Code of Conduct that creates robust controls to conform to our required regulatory requirements. We do all this in service of you, our client, and in honor of the deeply personal relationship you hold with your financial professional.

In many cases the financial professional conducting your brokerage relationship may also be serving in an advisory capacity. In this case the highest standard, that of fiduciary, applies. Our financial professionals work every day to serve their clients to the best of their ability, placing the client's best interest above their own. Their moral and ethical duties are to apply their vast experience and knowledge to your personal situation and construct a portfolio that takes your unique needs and outlook into account to the extent possible. The fees and commissions we earn are inextricably linked to the value you extract from the personal relationship you hold with your financial professional.

### **Do you or your financial professionals have legal or disciplinary history?**

Yes. Visit [www.investor.gov/CRS](http://www.investor.gov/CRS) for a free and simple search tool that you can use to research us, our financial advisors and financial professionals.

### **How to find additional information:**

To obtain additional information about our brokerage and investment advisory services, request a copy of Form CRS, or discuss the "Questions to guide your conversations with us" within Form CRS, contact your Financial Advisor or Financial Professional directly or call us at 678-356-1100 or go to our website at [www.Kalosfinancial.com](http://www.Kalosfinancial.com) for our Form CRS (Customer Relationship Summary), Form ADV and Regulation BI (Best Interest) Disclosures.

### **Conversation corner**

Questions you might wish to ask when considering our services

- As a financial professional, do you have any disciplinary history? For what type of conduct?
- Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Whom can I talk to if I have concerns about how this person is treating me?