Part 2A Appendix 1 of Form ADV: *Wrap Fee Program Brochure for Sub-Advisory Relationships*

Kelsey Financial, LLC

Alpha Optimization Program

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This brochure provides information about the qualifications and business practices of Kelsey Financial, LLC ("Kelsey Financial"). If you have any questions about the contents of this brochure, please contact us at (833) 4 KELSEY or steve@kelseyfinanical.net. 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 Kelsey Financial also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 171901.

While Kelsey Financial is a California state-registered investment adviser, registration does not imply a requisite level of skill or training.

Item 2 Material Changes

The SEC adopted "Amendments to Form ADV" in July, 2010. This Wrap Fee Program Brochure ("Wrap Fee Brochure"), dated "Annual 2017", is our new disclosure document prepared according to the SEC's new requirements and rules. As a state-registered investment adviser, our firm is required to comply with the new reporting and filing requirements. Although the format of this document is similar in many respects to prior Schedule H wrap fee program brochures, it does contain additional new information that was not previously required.

After our initial filing of this Wrap Fee Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

- On January 1st 2020, Kelsey Financial updated the fact that it will no longer be offering socially responsible (SRI) trading models as noted in Item 4 of this brochure.
- On January 1st 2020, Kelsey Financial updated the fact that our discretionary AUM (assets under management) is now approximately $63,426,757 and we currently do not have any AUM with any third-party money manager as noted in Item 4 if this brochure.
- On January 1st 2020, Kelsey Financial updated the fact of not pre-billing fees of more than $500 to an amount of $5000 as noted in Item 6 and Item 9 of this brochure.
- On January 1st 2020, Kelsey Financial updated the fact that Kiel Holmes is now an employee of the firm and has been named as the Marketing Manager as noted in Item 10 of this brochure.

In addition to the above changes, Kelsey Financial has taken the required action to comply with new regulation issued by the Department of Labor regarding accounts we managed for the benefit of retail Individual Retirement Account (IRA) holders. Kelsey Financial, in its capacity as a fee-only, California state registered independent advisor, is not permitted to charge commissions and other forms of conflicted compensation to account holders covered by these regulations, unless we acknowledge in writing in our contract, or in a separated contract, with these clients, that Kelsey Financial is a fiduciary to the clients and Kelsey Financial will comply with the following impartial conduct standards with respect to these clients; (a) investment advice, when given by Kelsey Financial, is in the best interest of the clients, (b) Kelsey Financial will not make materially misleading statements to the clients, (c) Kelsey Financial will earn no more than reasonable compensation, and (d) Kelsey Financial will provide disclosure regarding how a client pays for services directly or indirectly through any third-party payments, all material conflicts of interest, and measures adopted by Kelsey Financial to follow these impartial conduct standards.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Wrap Fee Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary. To obtain our firm brochure and brochure supplements (information regarding each of our financial Advisers), our Code of Ethics, or our Privacy Policy, please e-mail us at steve@kelseyfinancial.net telephone us at (833) 4 KELSEY or mail to us.

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Item 4 Services Fees and Compensation

SERVICES

Kelsey Financial, LLC is a California state-registered investment adviser with its principal place of business located in California. Kelsey Financial began conducting business in 2014. We sponsor the Alpha Optimization Program (the "Program"), a wrap fee program. A wrap fee program is an advisory program under which a specified fee or fees not based directly on transactions in the client's account is charged for advisory services, which may include portfolio management or advice concerning the selection of other investment advisers, and the execution of client transactions. This Wrap Fee Program Brochure is limited to describing the services, fees, and other necessary information clients should consider prior to becoming a client within the Program. For a complete description of the other services and fees offered by our firm, clients should refer to our Form ADV Part 2: Firm Disclosure Brochure.

You may obtain a copy of our Firm Brochure by contacting us at:

Kelsey Financial, LLC
Attn: Steven Hoppel, Chief Executive Officer | Chief Compliance Officer
485 E. High Street, Moorpark, CA 93021

steve@kelseyfinancial.net

(833) 4 KELSEY

Kelsey Financial provides the following services:

MODEL AND WRAP FEE BASED PORTFOLIO MANAGEMENT SERVICES

The main focus of our firm is offering investment management services to predominantly individuals, high net-worth individuals and institutional clients utilizing various model portfolios. Clients may utilize Folio Institutional in the wrap fee program that we sponsor. Each model portfolio is designed to meet a particular investment goal. Kelsey Financial will manage these portfolios and the client's separate account on a discretionary basis only.

AOP Tactical Sector Stock & Inverse Model
A tactically managed equity portfolio consisting of sector stocks, identified for purchase in a top-down manner that may contain up to 30 individual equity positions. If necessary, the model will also use Precious Metal ETFs, Unleveraged Inverse Market ETFs and Cash and Cash Equivalents.

AOP Growth Sector Stock Model
An actively managed total equity portfolio consisting of sector stocks, identified for purchase in a top-down manner that may contain up to 30 individual equity positions. If necessary, the model will also use Precious Metal ETFs and/or Index ETFs as a substitute for the individual equity positions.

AOP Established Momentum Sector Stock Model
An actively managed total equity portfolio consisting of sector stocks, identified for purchase in a bottom-up manner that may contain up to 30 individual equity positions. If necessary, the model will also use Precious Metal ETFs and/or Index ETFs as a substitute for the individual equity positions.

AOP Dynamic Fixed Income ETF Model
A tactically managed fixed income portfolio consisting of fixed income ETFs, identified for purchase in a bottom-up manner that may contain up to 5 positions. If necessary, the model will also us Unleveraged Inverse Market ETFs and Cash and Cash Equivalents.

AOP Tactical Market Capitalization ETF Model
A tactically managed equity portfolio consisting of index ETFs (SPY, MDY & IWM), identified for purchase as the three-major market capitalization index ETFs. If necessary, the model will also use Unleveraged Inverse Market ETFs and Cash and Cash Equivalents.

AOP Index ETF Asset Preservation Model
A passively managed Index ETF portfolio designed to mirror the performance and risk of a diversified 75% Bond / 15% Equity / 10% Cash allocation. This model is rebalanced at least quarterly.

AOP Index ETF Income Model
A passively managed Index ETF portfolio designed to mirror the performance and risk of a diversified 65% Bond / 30% Equity / 5% Cash allocation. This model is rebalanced at least quarterly.

AOP Index ETF Enhanced Income Model
A passively managed Index ETF portfolio designed to mirror the performance and risk of a diversified 45% Bond / 50% Equity / 5% Cash allocation. This model is rebalanced at least quarterly.

AOP Index ETF Growth and Income Model
A passively managed Index ETF portfolio designed to mirror the performance and risk of a diversified 36% Bond / 60% Equity / 4% Cash allocation. This model is rebalanced at least quarterly.

AOP Index ETF Growth Model
A passively managed Index ETF portfolio designed to mirror the performance and risk of a diversified 17% Bond / 80% Equity / 3% Cash allocation. This model is rebalanced at least quarterly.

AOP Index ETF Aggressive Growth Model
A passively managed Index ETF portfolio designed to mirror the performance and risk of a diversified 3% Bond / 94% Equity / 3% Cash allocation. This model is rebalanced at least quarterly.

AOP Gaming Industry 10 Model
A passively managed stock portfolio designed to mirror the performance and risk of the VanEck Vectors Gaming ETF, while only buy securities on U.S. equity exchanges. This model consists of 10 equally weighted gaming stocks and is rebalanced at least quarterly.

AOP Sector Reversion ETF Model
Period managed sector EFT models consisting of SPDR Sector ETFs, identified and weighted for purchase based on the prior similar period's performance versus the S&P 500. Periods of rebalancing consist of 3 month, 6 months, 1 year, 3 years and 5 years.

RTG AOP Models
Ready-to-Go Folios (RTGs), created by Folio Institutional and some of their money managers, offer over 100 strategy diverse equity, ETF and fixed income models; some active and some passive. Through our custodial arrangement with Folio Institutional our clients can participate in pre-built RTGs that we manage based on instruction from the money manager. Each RTGs methodology, list of holding and performance can be seen at https://www.folioinvesting.com/folioinvesting/rtg/

As previously stated, Kelsey Financial participates in wrap fee programs by providing portfolio management services. Where clients are direct clients of our advisor, the client's investment strategies will be managed through discussions with the respective consultant and the client, in which the client's goals and objectives are established, the client along with the investment advisor representative of Kelsey Financial will determine which of the model portfolios is suitable to the client's particular circumstances or would be most appropriate. The clients will determine if they prefer an aggressive, moderate or conservative approach. Once we determine the suitability of the portfolio, the portfolio is managed based on the portfolio's goal, rather than on each client's individual needs. In this instance, clients should be aware that Kelsey Financial and its investment adviser representatives also receive a portion of the wrap fee for our services.

Sub Advisory Relationship in the Wrap Fee Program

Kelsey Financial is the Sponsor of the AOP Wrap Fee Program. As such, Kelsey Financial may act as a sub-advisor to other independent, unaffiliated advisors, Kelsey Financial relies on the independent advisors to determine the appropriate models for their clients. Through discussions with the respective consultant, in which the client's goals and objectives are established, the client, along with the investment advisor representative, will determine which of the model portfolios is suitable to the client's particular circumstances or would be most appropriate. The clients will determine if they prefer an aggressive, moderate or conservative approach.

General Information for Wrap Account Clients (either directly managed or sub-advisory)

The separately managed clients will not have the ability to place restrictions on the types of investments to be held in the client's specific AOP model(s). Clients will retain an undivided, individual ownership of all account securities. We will maintain current client suitability information in the client’s file in order to ensure that the investment plan continues to be suitable and that the client's account continues to be managed in a manner appropriate to the client's financial circumstances. Our firm manages the portfolios on the Folio Institutional platform. To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

- at least annually, contact each participating client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions;
- be reasonably available to consult with the client; and
- maintain client suitability information in each client's file.

THIRD PARTY MONEY MANAGER PROGRAM (TPMM)

SELECTION AND MONITORING OF THIRD-PARTY MONEY MANAGERS

The Advisor provides the client with an asset allocation strategy developed through personal discussions in which goals and objectives based on the client's particular circumstances are established. Based on the client's individual circumstances and needs the Advisor will then perform management searches of various unaffiliated registered investment advisers to identify which registered investment adviser's portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance, the opinion of each client and the investment philosophy of the selected registered investment adviser. Clients should refer to the selected registered investment adviser's Firm Brochure or other disclosure document for a full description of the services offered. The client's Advisor is available to meet with clients on a regular basis, or as determined by the client, to review the account. The Advisor will monitor the performance of the selected registered investment adviser(s). If the Advisor determines that a particular selected registered investment adviser(s) is not providing sufficient management services to the client or is not managing the client's portfolio in a manner consistent with the client's goals and objectives, the Advisor may suggest that the client contract with a different registered investment adviser and/or program sponsor. In that case, the Advisor will assist the client in selecting a new registered investment adviser and/or program. However, any move to a new registered investment adviser and/or program is solely at the discretion of the client.

INVESTMENT SUPERVISORY SERVICES

Although we endeavor to meet our client’s goals and objectives in an effective and efficient manner through the use of model portfolios, on occasion we are called upon to provide continuous management of one or more of a client’s portfolios on an individual basis, i.e. in a non-model portfolio. Such instances may occur when the client’s primary goal is current income, rather than capital appreciation, when the account has non-traditional or closely held assets and, in other instances, where the model portfolios would not facilitate the achievement of the client’s long-term financial goals and objectives, when the client has legacy assets with substantial capital gains and when the client wants to direct his own trades. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client’s individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background. We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Clients may impose reasonable restrictions of any type on these accounts. Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- ETFs/Mutual fund shares

VARIABLE ANNUITY MANAGEMENT PROGRAM

In this program, the Advisor may manage variable annuity sub accounts. After consultation with their Advisor, clients may select appropriate services and enter into an agreement for asset management services. Management of variable annuity sub accounts is generally limited to the sub-account models designated by Kelsey Financial from the available investment vehicles provided by the annuity company. The Advisor may assist the client with selecting the account assets within the annuity sub account or assist with selecting a Third-Party Money Manager to select assets within an annuity sub account. Clients may allocate account assets within the annuity sub-accounts based on their investment objectives and financial situations. As RIA Advisors, not registered with a broker-dealer, Kelsey Financial will have never sold the variable annuity to the client and would have never received a commission on the purchase. In some cases, fees for managing the sub-accounts may be deducted from the annuity. Fee deductions are generally considered distributions from the annuity, and may affect the annuity contract terms, and may have tax consequences. Clients are encouraged to consult with a tax professional regarding any tax ramifications related to variable annuity. Given the complexity of many variable annuity contracts, including elected guarantees and/or riders, internal management fees, and surrender charges, clients should discuss the contract terms of their annuity with their Advisor to determine the impact fee deductions will have on contract terms. Clients may receive an invoice for payment of fees, or, subject to certain restrictions, elect to have fees deducted from a different account.

ALTERNATIVE INVESTMENT MANAGEMENT PROGRAM

In this program, the Advisor may manage alternative investments within clients' managed account custodianed at Folio Institutional. After consultation with their Advisor, clients may select appropriate alternative investments and enter into an agreement for asset management of those products. Management of alternative investments is generally limited to the due diligence, tracking and assisting clients in selecting alternative investment that is appropriate based on their investment objectives. The Advisor may assist clients with selecting the alternative investment to be placed in their managed account. As RIA Advisors, not registered with a broker-dealer, Kelsey Financial, LLC will have never sold the alternative investment to clients as a front-end loaded, commission product and would have never received a commission on the purchase of the alternative investment. Kelsey Financial, LLC intends to charge a reasonable advisory fee based on the assets of the alternative investment. Advisory fees on the alternative investments will never be withdrawn from the product but rather from the available cash within clients' managed accounts. Clients are encouraged to consult with a tax professional regarding any tax ramifications related to investing in an alternative investment. Given the complexity of many alternative investments, including tax implications, internal management fees, and surrender charges, clients should discuss the product prospectus of their alternative investment with any of their trusted Advisors. As any and all alternative investments solicited and/or purchase will be available on the Folio Institutional platform, clients will receive a similar online invoice and calculations of fees as they would for their other managed assets with Kelsey Financial, LLC.

Additional California Disclosures

"All material conflicts of interest under CCR Section 260.238(k) are disclosed regarding Kelsey Financial, our representatives and any employees, which could be reasonably expected to impair the rendering of unbiased and objective advice."

"Pursuant to §260.235.2 CCR, where a conflict exists between the interests of the investment adviser or associated persons and the interest of the client; the client is under no obligation to act upon the investment adviser's or associated person's recommendation; if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through the investment adviser, the associated person when the person is an agent with a licensed broker-dealer or through any associate or affiliate of such person."

AMOUNT OF MANAGED ASSETS

As of 1/1/2020, we have approximately $63,426,757 of assets under our discretionary management, and no assets under the management by a third party.

Fees

As this is a wrap fee program, the fees are "wrapped" into one fee. Kelsey Financial is the sponsor of the wrap fee program and acts as a sub-advisor to your advisor. The client's independent, unaffiliated advisor will charge the client a separate fee for advisory services and will provide Kelsey Financial with a copy of the client's agreement with that specific advisor, which outlines the fee the client and the unaffiliated, independent advisor have agreed upon. As the program sponsor, Kelsey Financial collects the total fee "wrap fee" from the client and pays your advisor the fee that was agreed upon in your separate contract with that advisor. Specifically, and on the client's behalf, Kelsey Financial pays a portion of the fee we receive from the client to the selected investment adviser(s) for that independent and unaffiliated investment adviser's advisory services to the client participating in the wrap fee program, calculated by Kelsey Financial, on the value of assets in the client's account managed by that particular investment advisor. Although these amounts may be changed from time to time with notice to clients. Clients' fees will be increased by the addition of advisory fees, which are wrapped into the overall Program fee. Kelsey Financial's wrap based combined total fees will not exceed the industry standard total of 3%. The annualized fees for this program are charged as a percentage of the value of the client's portfolio, according to the following schedule: Kelsey Financial has a variety of standard fee structures and reserves the right to create custom fee schedules based on individual clients' needs. All of Kelsey Financial standard base fee plans contain breakpoints as assets under management increase and begin at the following ranges:

Maximum fee to client for each plan:

Plan # 1 = 1.50%, Plan # 2 = 1.25%, Plan # 3 = 0.95%, Plan # 4 = 0.85% Plan # 5 = 0.75%, Plan # 6 = 0.50%, Plan # 7 = 0.20%

How are Fees charged? Program fees will be payable monthly in advance (or quarterly or in arrears if otherwise stated by Third-Party Manager) and on a prorated basis upon deposit of any additional funds or securities in the client's account. Fee payments are assessed at the beginning of each month based on the reasonable market value of the assets (securities, cash and cash equivalents) in the client's account as of the close of business on the last business day of the preceding month. If assets are deposited into the client's account after the inception of the month, the account fee payable will begin on the first of the following month. Additional deposits of funds and/or securities will be subject to the same billing procedures. When authorized by the client, fees will be debited from the account in accordance with the terms set forth in the Investment Management Agreement ("IMA"). Kelsey Financial also acts as an investment manager for its own clients in the wrap fee program. These fees are disclosed in this Wrap Fee Brochure for Kelsey Financial's Managed Clients.

What services are covered by the Program fees? The Program fees pay for our firm's advisory services to clients under the Program, administrative expenses of the Program, custody charges for clients' assets custodied at Folio Institutional and brokerage services for Program accounts to the extent trades are conducted through Folio Institutional.

What services are <u>not</u> covered by the Program fees? The Program fees do not cover brokerage to the extent trades are conducted through brokers or dealers other than Folio Institutional custody charges if client assets are custodied anywhere other than Folio Institutional. The Program fees do not include expenses of mutual funds and electronically traded funds such as fund management fees charged to each fund's investors, mark-ups, mark-downs, or spreads paid to market makers, and/or odd-lot differential fees.

Other Fees and Expenses. Clients may incur charges for other account services provided not directly related to the execution and clearing of transactions, including, but not limited to, IRA custodial fees, safekeeping fees, wire transfer fees, interest charges on margin loans, exchange fees, and fees for transfers of securities.

Additional Information about Program fees. Under the Program, the participant receives investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified Program Fee. Clients are cautioned that depending on the level of fees charged by the executing broker-dealer, and the amount of portfolio activity in the clients' account, the value of the services provided under this Program may exceed the total cost of such services had they been provided separately. In addition, the Program Fee may be higher or lower than that charged by other sponsors of comparable wrap fee programs. Moreover, a disparity in wrap fees may exist between the wrap fees charged to other clients. Clients should be aware that our representatives who recommend our wrap fee programs receive compensation as a result of the client's participation in our wrap fee program. The amount received by the recommending investment adviser representative may be more than what the investment adviser representative would have received if the client had paid separately for investment advice, brokerage and other services. Therefore, the investment adviser representative recommending the wrap fee program may have a financial incentive to recommend the wrap fee program over other services offered by other advisers.

GENERAL INFORMATION

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

CA State Requirements: Termination of the Advisory Relationship - the client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

Mutual Fund Fees: All fees paid to Kelsey Financial for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each 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, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Exchange-Traded Funds. Shares of ETFs held in client accounts are bought and sold on an exchange and not, like mutual funds, directly from the fund itself. The price of ETF shares fluctuates in accordance with changes in the net asset value (NAV) per share, as well as in response to market supply and demand. Accordingly, ETF shares may trade at a price which differs from NAV per share of the ETF.

Grandfathering of Minimum Account Requirements: Pre-existing advisory clients are subject to Kelsey Financial's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

ERISA Accounts: Kelsey Financial is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Kelsey Financial may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Kelsey Financial's advisory fees.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of $5000 more than six months in advance of services rendered.

Additional California Disclosures

“All material conflicts of interest under CCR Section 260.238(k) are disclosed regarding Kelsey Financial, our representatives and any employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.”

“Pursuant to §260.235.2 CCR, where a conflict exists between the interests of the investment adviser or associated persons and the interest of the client; the client is under no obligation to act upon the investment adviser's or associated person's recommendation; if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through the investment adviser, the associated person when the person is an agent with a licensed broker-dealer or through any associate or affiliate of such person.”

COMPENSATION

We may receive referrals, and we may pay referral fees. Our firm and our related persons are engaged in other financial industry activities and have other industry affiliations as defined in Item 9 of this brochure. We may have any referral arrangements with any other registered investment advisers or and any other referral arrangements. Kelsey Financial may recommend or select investment advisers and receive compensation, either directly or indirectly, for such recommendations.

Item 5 Account Requirements and Types of Clients

MINIMUM ACCOUNT REQUIREMENTS

Clients should note that Folio Institutional does not require a minimum account size and charges a 20-basis point platform fee, that is paid by Kelsey Financial as part of the Wrap Agreement. Additionally, each Third-Party Money Manager will dictate each of their account size minimums. These account size restrictions are subject to change and are negotiable by our firm, at any time and in our sole discretion. We may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee. Nevertheless, from time to time our minimum separate account size may require that the firm decline to accept particularly small accounts. Alpha Optimization Program clients must direct Kelsey Financial as to the custodian to be used in managing their account. As a condition for program participation, clients are required to direct us to custody their assets with and to place trades through Folio Institutional. Kelsey Financial has negotiated an arrangement with Folio Institutional to provide custodial services as part of the Alpha Optimization Program. As such, we reserve the right to decline acceptance of any client account for which the client directs the use of a custodian other than Folio Institutional.

TYPES OF CLIENTS

Kelsey Financial provides advisory services in the Alpha Optimization Program, where appropriate, to:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Other Advisers
- Pension and Profit Sharing Plans
- Charitable Organizations
- Corporations and Other Businesses

Item 6 Portfolio Manager Selection and Evaluation

PORTFOLIO MANAGER SELECTION

As previously disclosed, all participating clients' assets are managed by advisory personnel of our firm. Kelsey Financial does not select outside portfolio managers to manage our strategies. As such the Kelsey Financial Portfolio Managers must possess, minimally, a college degree and/or appropriate business experience and all required licenses. *Please refer to Item 4 - Services, Fees and Compensation, of this wrap fee disclosure brochure for detailed disclosures regarding all of the portfolio management services we provide to clients.

PORTFOLIO PERFORMANCE REPORTING

PERFORMANCE-BASED FEES

Our firm does not accept performance-based fees from Program clients.

METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Economic and Market Analysis. We attempt to review, summarize and interpret broad global economic and market tends and themes for the purpose of risk identification and opportunity recognition. Not so much as to market timing but as an aid to overall asset allocation analysis, market-wide trends and developing themes are considered. Recently increased levels of market volatility are considered as are technical and other factors including funds flows, currency movements, commodity prices, inflation, employment, political or regulatory changes.

Quantitative Analysis. We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a price or earnings per share, and predict changes to that data. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

Tactical Asset Allocation. We use an active management portfolio strategy that rebalances the percentage of assets held in various categories in order to take advantage of market pricing anomalies or strong market sectors.

Tactical asset allocation can be described as a moderately active strategy, since the overall strategic asset mix is returned to when it is judged that the advantageous conditions no longer exist. This strategy demands some discipline, as we must first be able to recognize when tactical opportunities have run their course, and then rebalance the portfolio back to the long-term asset allocation approach.

ETF Analysis. We look at the product design, experience and track record of the manager of the ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in an ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in ETFs, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the ETF, which could make the holding(s) less suitable for the client's portfolio.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long-term purchases. We purchase securities with the idea of holding them in the client's account for a year or longer. Typically, we employ this strategy when:

1. we believe the securities to be currently undervalued, and/or

2. we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases. When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase. A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, if clients are not participating in a wrap fee based program, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs. In addition, clients should be aware of the potential for less favorable tax treatment of short-term capital gains.

Trading. We purchase securities with the idea of selling them very quickly (typically within 60 days or less). We do this in an attempt to take advantage of our predictions of brief price swings. The risk involved with a Trading strategy is that we may not always see the opportunity at the best price available and therefore, we may not be able to take full advantage of short term opportunities.

Risk of Loss. Securities investments are not guaranteed, and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

VOTING CLIENT SECURITIES

As a matter of firm policy, we do not vote proxies on behalf of clients; however, clients will receive proxy information directly from their custodians. Therefore, although our firm may provide investment Advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client’s investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client’s investment assets. We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

Item 7 Client Information Provided to Portfolio Managers

The third party financial consultant/manager responsible for determining that a client utilize our Program will typically complete an account evaluation questionnaire for each newly opened managed account. Answers are formed through in-depth conversations with clients. Questions are specific and relate to such items as annual income, net-worth, liquidity requirements, portfolio strategy, objectives, risk tolerance, performance horizon, among other things. The relevant information is submitted to Kelsey Financial and a determination is made as to whether participation in this program is appropriate for the client. On an ongoing basis, the participating client's financial consultant is responsible for obtaining and communicating to us any changes in the client's financial circumstances and/or objectives. Kelsey Financial does not accept any client-imposed restrictions. Kelsey Financial requests that the client's investment consultant/manager review the questionnaire annually and confirm with the client that there are no changes in the client's investment objectives to ensure the selected investment strategy(ies) remain appropriate for the client's circumstances and consistent with the client’s investment objectives.

Item 8 Client Contact with Portfolio Managers

Kelsey Financial's investment Portfolio Managers are reasonably available to consult with clients regarding the status of their account, during regular business hours. In addition, the client's separate, independent account representative is available to discuss the management and performance of the client's account and changes in the client's situation which may have an impact on the management of the client's account. The client's investment management representative will also communicate this information to Kelsey Financial's Portfolio Managers, as part of their fiduciary duty to the client.

Item 9 Additional Information

Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our firm and management persons have no reportable disciplinary events to disclose.

Other Financial Industry Activities and Affiliations

MANAGEMENT PERSONNEL Registrations. One registered individual with our firm is separately licensed with the state of California to solicit fixed insurance. This individual, in his separate capacity, can affect insurance transactions for which he will receive separate, yet customary compensation. While Kelsey Financial endeavors at all times to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of this individual when making recommendations. Kelsey Financial endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict: we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees; we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies; we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance; our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances; we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed; we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

In evaluating such an arrangement, the client should recognize that brokerage commissions for the execution of transactions in the client's account are not negotiated by Kelsey Financial on a trade-by-trade basis, and best execution may not be achieved. In addition, as noted above in Item 4, transactions in the client's account are affected "net" (i.e., without separate commission charge to the client) and a portion of the wrap fee is generally considered as being in lieu of commissions. Not all advisers require clients to direct it to use a particular broker dealer, though the sponsors of wrap fee programs typically do.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Kelsey Financial and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code. Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions. Kelsey Financial's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity. A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to steve@kelseyfinancial.net, or by calling us at (833) 4 KELSEY. Kelsey Financial and individuals associated with our firm are prohibited from engaging in principal transactions. Kelsey Financial and individuals associated with our firm are prohibited from engaging in agency cross transactions. Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts. We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation. As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest: No principal or employee of our firm may put his or her own interest above the interest of an advisory client. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer. We have established procedures for the maintenance of all required books and records. All clients are fully informed that related persons may receive separate commission compensation when effecting transactions during the implementation process. Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. We have established policies requiring the reporting of Code of Ethics violations to our senior management. Any individual who violates any of the above restrictions may be subject to termination. As previously disclosed, related persons of our firm are separately registered as securities representatives of a broker-dealer, investment adviser representatives of another registered investment adviser. Please refer to the preceding section for a detailed explanation of these relationships and important conflict of interest disclosures.

Review of Accounts

Kelsey Financial reviews client accounts no less often than annually. More frequent reviews may be triggered in the event of changes in management style or fund closures. Account reviews are conducted by Steve Hoppel, Chief Executive Officer | Chief Compliance Officer and/or Robert Kelsey, Chief Investment Officer. At least annually, the designated investment adviser representative of the client's account will meet with the client (either in person or over the phone) to review and update, as necessary, the client's investment profile. However, should there be any material change in the client's personal and/or financial situation, we should be notified immediately to determine whether any review and/or revision of the client's investment profile is warranted. On at least a quarterly basis, typically monthly, the custodian is required to send to clients and/or post to clients' online custodial account portal a statement showing all transactions within the account during the reporting period.

Client Referrals and Other Compensation

Our firm may pay and/or receive referral fees to and/or from independent persons or firms ("Solicitors") for introducing clients to us and/or them. Whenever we pay and/or receive a referral fee, the Solicitor is required to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information: • the Solicitor's name and relationship with our firm; • the fact that the Solicitor is being paid a referral fee; • the amount of the fee; and • whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid by clients referred by solicitors are not increased as a result of any referral.

Other Compensation

Except as noted above, in the "Other Financial Industry Activities and Affiliations" section of this Item 9, our firm and/or our officers and representatives have no other compensation arrangements.

California Specific Disclosures - "Pursuant to §260.235.2 CCR, a conflict exists between the interests of the investment adviser or associated persons and the interest of the client; the client is under no obligation to act upon the investment adviser's or associated person's recommendation; if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through the investment adviser, the associated person when the person is an agent with a licensed broker-dealer or through any associate or affiliate of such person."

Financial Information

As an advisory firm that maintains discretionary authority over client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. Kelsey Financial has no additional financial circumstances to report. Under no circumstances do we require or solicit payment of fees in excess of $5000 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Kelsey Financial has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 10 Requirements for State-Registered Advisers

Our firm and management persons have no reportable disciplinary events to disclose.

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