BROCHURE

THE KELLY GROUP

FOR EVERY BRANCH OF LIFE

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This Brochure provides information about the qualifications and business practices of Kelly Financial Group, LLC. If you have any questions about the contents of this Brochure, please contact us at 410.893.0560 and/or info@kellygrouponline.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. Registration of an Investment Adviser does not imply any level of skill or training. The verbal and written communications of an Advisor provide you with information that you can use to determine to hire or retain an Adviser.

Additional information about Kelly Financial Group, LLC, is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This Section addresses only the material changes that have been made to this Brochure since it was last updated. We have updated Items 4 and 10 to reflect that, for a transition period after The Kelly Group is registered with the SEC, Bryan Kelly will not be registered with The Kelly Group, and instead, will remain registered as a representative of Cambridge Investment Research, Inc. and Cambridge Investment Research Advisors, Inc.

We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. To request a Brochure, please contact the Firm's Chief Compliance Officer at the address, phone number or email listed on the cover page.

Item 3 – Table of Contents

Item 4 – Advisory Business

Kelly Financial Group, LLC ("The Kelly Group") is an investment advisory firm that is registered with the U.S. Securities and Exchange Commission. The Kelly Group is principally owned by The Darlington Company, Inc., which is owned by Bryan E. Kelly, CFP®. Chad T. Arrington, CFP®, is a minority owner of The Kelly Group. Please note that for a transition period, Mr. Kelly will remain registered through Cambridge Investment Research, Inc. and Cambridge Investment Research Advisors, so that he can continue to serve clients who have not yet transferred their accounts to the management of The Kelly Group. During the transition period, Mr. Kelly will **not** be registered as an investment adviser representative of The Kelly Group and will not be involved in providing investment advisory services to clients of The Kelly Group. Mr. Kelly anticipates that this transition period will last approximately 60 to 90 days. During the transition period, The Kelly Group's clients will be served by registered investment adviser representatives of The Kelly Group. Mr. Kelly will register through The Kelly Group at the conclusion of the transition period.

The Kelly Group provides ongoing investment advice and management of client assets. We principally provide advice on the purchase and sale of mutual funds that are included in our model portfolios. If clients already hold other types of investments, including equities, fixed income securities, variable annuities and options, we can provide advice on the holding or disposition of those assets. We provide a variety of investment management services, including portfolio management, investment consulting, financial planning, retirement planning, estate planning and cash management services for estates.

INVESTMENT ADVICE

The Kelly Group provides advice that is tailored to the individual needs of the client based on the financial information and the investment objective(s) communicated by the client.

We use a team approach that helps us provide the highest level of service to our clients. In our typical engagement, the client is served by a team consisting of a lead or senior advisor, who is supported by our financial planning department (consisting of CERTIFIED FINANCIAL PLANNER™ professionals (CFP®) and associates working towards their CFP® designation), our operations professionals, and our client services professionals.

We believe that successful investing requires a consistent process, based on the investor's particular financial plan, crafted to take into account the investor's specific circumstances, such as needs, goals, time horizon and risk tolerance. Here is a summary of The Kelly Group's investment process:

Step 1: Creating the financial plan

We believe that a successful investment process must be based on the investor's particular circumstances, including the investor's needs and wants, goals and dreams. We focus on working with the client to understand the client's situation, and then, when needed, we help to develop a financial plan crafted to meet the client's individual circumstances. We follow a dynamic financial planning process utilizing software that facilitates interactive discussions and allows for ongoing updates and modifications.

In the planning process, we ask questions such as (but not limited to):

- How have you handled investment and financial decisions in the past?
- What are your specific financial goals?

- What are your income and expenses, assets and debts?
- What are the risks to your financial success, and are they adequately protected against, for example with adequate and appropriate insurance policies?
- What family circumstances could impact your finances going forward? For example, do you anticipate educational expenses for children or grandchildren, or upcoming life events such as marriage or divorce?
- At what age do you plan to retire?
- Do you have an estate plan? What type of legacy do you wish to leave?
- Are you on the path to financial success, or should course corrections be made?

These are examples of the kinds of questions we address in creating the client's financial plan; we do not necessarily ask all of these questions of all clients.

Step 2: Developing the investment policy.

Armed with the information gleaned from the financial planning process, The Kelly Group develops an investment policy with the client. We also create a governance document summarizing that policy and creating, in effect, an investment road map that can help the client stay on the investment path that we and the client have collaboratively developed. Among the elements that help us develop the investment policy are the client's goals, time horizon and risk tolerance.

Clients may notify us if they would like us to try to avoid investing in certain securities or types of securities. We will attempt to honor those requests if reasonably feasible, but since our clients' portfolios are generally composed of select mutual funds, clients should note that it is not usually feasible for us to do so.

Step 3: Identifying the appropriate, diversified model portfolio.

We believe that asset allocation is a key driver of portfolio returns. We believe that asset allocation is ultimately more important to the long-term success of a portfolio than the selection of specific investments themselves. We also believe that a well-constructed investment portfolio should provide appropriate diversification to help create a sufficient balance of risk and reward while providing exposure to the types of investments that can help the portfolio grow over time and meet the client's long-term investment goals. Although diversification cannot guarantee against loss, and historical results are never a guarantee of investment success, we believe that this process is the best way to optimize the potential returns for a given amount of estimated risk.

The Kelly Group's Investment Committee has developed several model portfolios (described in more detail below and in Item 8). Each model portfolio has a different, diversified asset allocation. They each have a distinct, diversified asset class mix of equities and fixed income, and sub-classes such as domestic, international, and emerging market equities, and corporate, government and foreign fixed income assets. In addition, each model portfolio's equity allocations are diversified by investment style, such as value, growth, or blend, and large, medium and small capitalization. The Kelly Group Investment Committee, from time to time, may modify existing models and develop additional models.

Our model portfolios mainly consist of institutional mutual funds. The use of mutual funds provides cost effective and professionally managed diversification. Each mutual fund generally holds a substantial number of positions. The resulting relatively large number of specific investments in one of our portfolios should help to reduce "non market" systemic risk – the risk of one particular investment's poor performance disproportionately damaging the results of the portfolio as a whole.

Further, we believe that deciding when to buy, sell or hold investments is both an art and a science, best left in the hands of specialists. There are times when solid investments are available at relatively "bargain" prices, or specific attractive opportunities present themselves, or there are warning signs suggesting the need for defensive action. Because managers of active mutual funds are best positioned to make such tactical decisions, we generally prefer to use active mutual funds rather than index or passive funds (hereafter referred to collectively as "passive"). By investing in an actively managed mutual fund, the investor can obtain the benefits of the fund manager's or management team's expertise and skill in selecting, buying and selling individual investments and navigating through economic and market currents.

Nevertheless, we do not consider the decision between active and passive managers to be the primary driver of returns in the long term. We find that the behavior of the investor can be a much greater factor in determining long-term investment success than the choice between active and passive. Thus, we may use passive managers if a client feels more comfortable using passive funds or a combination of passive and active, and we agree that such funds are appropriate for the client's circumstances.

To develop our model portfolios, the Kelly Group's Investment Committee first determines the appropriate, diversified asset allocation for that model. The Investment Committee then identifies mutual funds that could fit the various asset classes, sub asset classes, and styles, that will comprise that model. The Investment Committee engages in a due diligence process to select the specific mutual funds for inclusion in the model portfolio, and to monitor the funds and their managers on an ongoing basis to assure that they continue to meet our guidelines. This process is described in more detail in Item 8 below.

After the discovery and analysis processes described as Steps 1 and 2 above, we identify the model portfolio that we believe would be the best fit for the client. We believe that the greater the time horizon and risk tolerance, and the more ambitious the financial goals, the more growth oriented the allocation should be — usually indicating a higher percentage of equities. We generally recommend that the client stay invested in the selected model portfolio unless the client's personal circumstances change. We do not generally recommend changes of allocation based on economic cycles, market fluctuations and political developments; we do not believe anyone can consistently time the market in the short term and prefer to focus on a long-term investment policy.

We generally recommend only our model portfolios. Absent a specific agreement with a specific client to manage their existing holdings of individual equities or fixed-income securities, we do not do so.

<u>Step 4: Monitoring and rebalancing the portfolio</u>.

Once we have the client's investment portfolio in place, future recommendations for changes are generally driven by changes to the client's goals or circumstances. Our primary benchmark is whether the client is on track to meet the client's financial goals.

We review client accounts on an ongoing basis and rebalance when we believe appropriate based on our internal guidelines such as drift parameters and a preference for rebalancing at least annually. As markets, asset classes and performance fluctuate, an asset allocation will inevitably fluctuate as well. A disciplined rebalancing approach helps bring the client's investment allocation back in line with the client's investment policy. Rebalancing also serves to trim investments that have done well – *i.e.* selling high – and to increase investments that have underperformed -- *i.e.* buying low. This can counter the tendency of many investors to sell low out of panic and buy high out of fear of missing out.

We offer each client a review conversation at least annually. During this review, we update the client's information. If needs or goals have changed, we may suggest a modification of the investment plan. We discourage clients from making investment changes based on short-term developments in the markets or economy.

Step 5: Coaching client behavior.

We believe that successful investing requires adherence to a disciplined process. In our experience, successful investors tend to be patient, resist temptation and do not try to time the market in response to short-term events. Unfortunately, normal human emotions can lead investors to veer from their investment plan out of panic or greed, fear of loss or fear of missing out. That is why The Kelly Group believes that one of our most valuable roles is as our clients' behavioral coach.

We remind our clients that short-term volatility is to be expected and sometimes can provide fruitful investment opportunities. We believe that getting in or out of the stock market in anticipation of what is thought to be just around the corner – such as a "market correction" or a big run-up -- generally detracts from long-term investment success.

In our role as behavioral coach, we try to help our clients stay focused on their long-term goals and committed to a disciplined investment process.

FINANCIAL PLANNING SERVICES

The Kelly Group provides personalized financial planning to clients. Financial planning services are offered on a comprehensive basis as part of our investment management practice, as discussed above, or on an à la carte (limited focus) basis. Among the areas of interest to the client that may be included in a financial plan are:

- Investment Planning
- Asset Allocation Review and Recommendations

- Insurance Planning/Risk Management
- Education Planning
- Employee Benefits Planning (including planning for Federal employee benefits)
- Retirement Planning (including planning for Social Security and Medicare)
- Estate and Legacy Planning

The Firm obtains appropriate information from the client through personal interviews (including a discussion of current financial status, future goals and attitude towards risk) and reviews the documents and data supplied by the client. The implementation of financial plan recommendations is entirely at the discretion of the client. Financial plans are not limited in any way to products or services provided by any particular company. In general, The Kelly Group recommends the use of one of our model portfolios, unless we believe another approach would be in the client's best interest.

INVESTMENT ADVICE TO QUALIFIED PLANS

The Kelly Group provides non-discretionary investment advisory services to qualified plans, including 401(k) Plans, in accordance with the Plan's investment policies and objectives. After review of the Plan's Investment Policy Statement, we assist the plan sponsor with the selection of a broad range of investment options consistent with ERISA section 404(c) and the regulations thereunder. We assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformance to the guidelines set forth in any Investment Policy Statement or similar document, and make recommendations to maintain or remove and replace investment options. We meet with the plan sponsor's Investment Committee periodically to discuss the investments and any recommendations.

We also provide non-discretionary investment advice to the Plan Sponsor with respect to the selection of a qualified default investment alternative for participants who are automatically enrolled in the Plan or who otherwise fail to make an investment election, and we offer assistance with due diligence in the selection of a plan administrator.

Although the client retains the sole responsibility to provide all notices to participants required under ERISA section 404(c)(5), we assist the client in developing a participant education and communication strategy, conducting employee education meetings and group enrollment meetings, and providing telephone/email support to Plan participants. The Kelly Group does not provide investment advice to Plan participants unless they separately engage us and become clients of the Firm. The Kelly Group does not execute transactions at the participant level.

<u>REGULATORY ASSETS UNDER MANAGEMENT</u>

This Brochure is prepared in connection with The Kelly Group's application for registration. It has no assets under management as a new RIA.

Item 5 – Fees and Compensation

<u>FEES FOR FINANCIAL PLANNING SERVICES</u>

The Kelly Group prefers to enter into long-term, holistic relationships with clients, in which its financial planning services are part of its overall engagement for investment management services, but we reserve the right to charge a separate fee for financial plans .

When clients elect to engage us for financial planning only, without also engaging us to provide investment management services, the fees for the financial planning services are negotiated between the Firm and the client on a case-by-case basis. We reserve the right to waive or reduce the financial planning fee, at our discretion, if the client subsequently engages The Kelly Group to manage the client's assets on an ongoing basis. The financial planning fee is charged on a fixed fee basis.[1] The fee arrangement is set forth in the Client Agreement with The Kelly Group.

Fees for financial planning services are typically determined by estimating the number of hours to be spent preparing the plan and taking into account the complexity of the engagement. The Kelly Group then quotes a flat fee. The fee is generally due when the plan recommendations are delivered. As noted above, some or all of the financial planning fees may be waived if the client engages The Kelly Group to manage the client's assets on an ongoing basis.

There is no "typical" plan or fee, as services are customized to the particular needs of the client; thus there is a wide range of fees that may be imposed. Generally, the flat fee ranges from $1,500 to $3,500 but, depending on complexity, can be as much as $10,000 or more.

Should a contract be terminated prior to the service being delivered, The Kelly Group will bill for work completed unless The Kelly Group determines, in its discretion, not to do so. In the case of prepayment of fees, the prorated refund will be based upon the percentage of work completed.

The Kelly Group periodically provides basic financial planning consultation for its investment management clients; this basic service is generally included in the ongoing investment management fee, depending on the compensation generated by the client's assets under management. The Kelly

[1] Some legacy clients of The Kelly Group's representatives are charged on an hourly basis for financial planning services, but The Kelly Group does not offer hourly fees to new clients.

Group reserves the right to charge an additional, separate fee for specialized or more complex financial planning or consultation.

FEES FOR INVESTMENT MANAGEMENT

The fees for asset and investment management are based on Assets Under Management ("AUM"). Fees are billed quarterly in advance. The amount billed quarterly is equal to the applicable annual percentage fee divided by four.

Standard AUM Fee Schedule:

Asset Tier	**Annual Advisory Fee**
up to $100,000	1.50%
$100,001 to $200,000	1.40%
$200,001 to $300,000	1.30%
$300,001 to $400,000	1.20%
$400,001 to $500,000	1.10%
$500,001 to $1,000,000	1.00%
$1,000,001 to $2,000,000	0.95%
$2,000,001 and over	0.50%

These are marginal rates. For example, an account valued at $250,000 would pay, under the fee schedule above, 1.5% on the first $100,000, plus 1.4% on the second $100,000, plus 1.3% on the remaining $50,000. The methodology for calculating the value of AUM for purposes of the fee calculation may be different than the methodology used to calculate Regulatory Assets Under

Management. Clients will also incur custodial fees, transaction fees, and fund administration fees. Additional information on brokerage and other transaction costs is set forth below and in Item 12.

These fees are negotiable at the sole discretion of the Firm.

The Kelly Group has established a separate fee schedule for Qualified Plans, which are charged rates that depend on the total asset value of the Plan as well as the level of services required, generally ranging from 0.95% for lower asset values to 0.25% for higher asset values. The Plan Sponsors or Administrators who are interested in further information about The Kelly Group's services and fees should request a copy of The Kelly Group Qualified Plan Fee and Services Schedule by calling 410.893.0560. Similarly, The Kelly Group has other fee schedules for other services, such as cash management and services for non profits and estates. Clients should call to inquire about the fee for such services.

The Kelly Group reserves the right to charge more or less than the amount set forth in its standard fee schedule, depending on the complexity of the engagement and other factors, in its sole discretion.

The fee to be charged each client will be stipulated within each client's advisory agreement with The Kelly Group and applies to the assets within the portfolio or household (as defined in the agreement). In some circumstances, some assets might be excluded from the fee calculation; this might apply, for example, to certain cash holdings or specific securities being held at the client's request that aren't monitored by The Kelly Group.

Although The Kelly Group generally does not advise that clients use margin, if the client does use margin, assets included in clients' margin balances are included when calculating The Kelly Group's fees. In other words, advisory fees are calculated on the value of the assets in the account, and not on the net liquidating value of the account. Clients who use margin will pay margin interest on these same assets.

GENERAL INFORMATION ON ADVISORY SERVICES AND FEES

Fee Differentials. As indicated above, The Kelly Group prices its services based upon assets under management or other subjective factors, and fees are typically set or negotiated by the Firm, generally based on the standard fee schedule set forth above. As a result, any client could pay fees that are higher or lower than the fees charged to other clients, based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall investment advisory and/or consulting services to be rendered. As a result of these factors, the services to be provided by The Kelly Group to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

Termination. All advisory agreements may be terminated upon written notification by either party at any time, or in accordance with any written advisory agreement. Termination will take effect at the close of the day the termination notice is received. After termination, clients will receive refunds of any prepaid and unearned advisory fees (prorated for the balance of the month, if needed, beginning on the day *after* the date the termination notice is received). If services have been provided, and therefore fees are due and payable, clients will receive an invoice with the amount due. Any transactional or custodial charges levied by the custodian after the termination of The Kelly Group's advisory agreement will remain the client's responsibility and not the responsibility of The Kelly Group. The Kelly Group has no obligation to refund these third-party fees to its clients.

Calculation And Deduction Of Fees. Advisory fees are billed quarterly, based upon the average daily balance in clients' account(s) over the quarter to be billed, in advance. Absent a special arrangement approved by the The Kelly Group, clients must authorize The Kelly Group to deduct its advisory fees from clients' assets managed by The Kelly Group. Each client's billing specifics and elections are set forth in the client's advisory agreement.

Additional Costs. All fees paid to The Kelly Group for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds. The fees and expenses are paid by the fund and are borne by all fund shareholders owning the same share class. These fees and expense can include, but are not limited to, mutual fund servicing fees, sub-accounting fees, management fees, custody fees, portfolio transaction execution costs, administration fees, distribution fees, and shareholder servicing fees. Fees and expenses charged by these funds or institutions are deducted from each fund's net asset value and, as such, are an indirect expense of the client. Actively managed funds, including those recommended by The Kelly Group as part of a model portfolio, generally charge higher fees than passive, non-managed "index" funds. All fees and expenses that are charged directly or indirectly to the client will reduce the client's investment return. Clients should review the additional mutual fund fees and the fees The Kelly Group charges to understand the total amount of fees paid. Clients may purchase investment products that we recommend through other brokers and agents that are not affiliated with The Kelly Group.

The Kelly Group generally recommends and purchases the lowest priced share class available to The Kelly Group for the mutual funds acquired for client advisory accounts. It is possible that clients may own shares of funds that impose an initial or deferred sales charges when they transfer their account(s) to The Kelly Group. The Kelly Group will endeavor to identify these funds or share classes for the client and, to the extent reasonably feasible, to assist the client in ensuring that the client is invested in the lowest cost share class of the fund that is available through the client's custodian. Different fund share classes charge different fees, which means that investors in one share class will pay more for the same fund than investors in other share classes. Further, clients should be aware that not all custodians offer all share classes of all funds.

Clients will also incur brokerage and other costs charged by the client's custodian. Please see Item 12 for further information about brokerage.

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

The Kelly Group does not charge performance-based fees. The Kelly Group is not compensated based on a share of capital gains upon or capital appreciation of the assets or any portion of the assets of any client. The Kelly Group's advisory fees are charged only as described within this Brochure.

Item 7 – Types of Clients

The Kelly Group offers advisory services to the following types of clients:

Individuals

High-Net-Worth Individuals and families

Trusts

Foundations, charitable organizations and other non-profit organizations

Corporations and other business entities

Qualified Plans

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

Investing in securities involves risk of loss that clients should be prepared to bear.

As described in more detail in Item 4, above, we believe that asset allocation and diversification are ultimately more important to the long-term success of a portfolio than the selection of specific investments themselves. While historical results are never a guarantee of investment success, and diversification does not guarantee against loss, we believe that this process is the best way to optimize the potential returns for a given amount of estimated risk over the long term.

The Kelly Group's Investment Committee has developed an array of model portfolios, each of which has a distinct, diversified asset class mix of equities and fixed income, and sub-classes that may include domestic, international, and emerging market equities, and corporate, government and foreign fixed income assets. In addition, each model portfolio's equity allocations are diversified by investment style, such as value, growth, or blend, and large, medium and small capitalization. The Kelly Group's Investment Committee utilizes various resources in its investment due diligence process, including but not limited to Morningstar, Fi360, periodic analyses by third party investment firms, and discussions with mutual fund managers and analysts. We use these resources to help us create a selection of efficient allocations between equities and fixed-income assets based on historical results.

The Investment Committee identifies mutual funds that could fit the various asset classes, sub asset classes, market cap, and styles, that will comprise each model. We generally prefer fundamental/ active managers. The Investment Committee engages in a due diligence process to select the specific mutual funds for inclusion in each model portfolio, and to monitor the funds and their managers on an ongoing basis to assure that they continue to meet our guidelines. We look for:

- a culture of stewardship
- a proven, consistent investment philosophy and process
- a successful long-term track record
- a team approach
- significant management ownership
- comparatively low expenses
- flexibility, and
- a stable, well run parent company.

Our evaluation process includes regularly scheduled discussions of the Investment Committee, conference calls with mutual funds' managers and analysts, and occasional on-site visits to the fund advisors. For each mutual fund we use or monitor, we research their process, changes or potential changes to the fund's advisory team and their current perspectives on recent economic and market developments. We also consider the Qualified Custodian's proprietary funds and products, because it can sometimes be less expensive for our clients overall to use the custodian's products in our model portfolios. We take this into account when evaluating the expenses charged by each fund under consideration. For each fund, we attempt to utilize the lowest-cost share class available through our custodian. We cannot always find a fund that meets all of our criteria for every slot in every model portfolio; in that event, we do the best we can: We identify funds that meet the diversification criteria and then select the appropriate fund that we believe comes closest to meeting as many of our guidelines as possible.

We identify and recommend to each client the model portfolio that we believe best suits the client's needs and circumstances. Once we have implemented the portfolio, we generally intend that it stay in place unless the client's personal circumstances or goals change.

Client Obligations. It is the client's responsibility to provide The Kelly Group with accurate, current information about the client's financial situation and investment objectives, and to notify The Kelly Group promptly upon any material change in the client's financial situation or investment objectives. If the client does not provide this notice or information, The Kelly Group will not be in a position to perform an accurate review, evaluation or revision of its previous recommendations and/or services. In performing its services, The Kelly Group is not required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely on that information.

Investment Risk. There are risks associated with investing in securities. Different types of investments involve varying degrees of risk. Market movements are difficult to predict and are influenced by a number of factors, including: general economic conditions, government fiscal and monetary policies, changing supply and demand relationships, international political and economic events, catastrophic acts of nature, company specific factors, and the inherent volatility of the marketplace. Asset allocation and diversification do not ensure a profit or guarantee against loss. Historical results do not predict future performance. No one should assume that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by The Kelly Group) will be profitable or equal any specific performance level(s).

In addition to market risks, the material risks involved with each of the significant investment strategies that The Kelly Group uses include (but are not limited to):

Volatility Risks. The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

Mutual Funds and ETFs. An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share NAV, plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their *pro rata* NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Use of Leverage. Although the Firm does not recommend the use of leverage (generally, margin borrowing) to clients, Clients should be aware of the risks of the use of leverage. The use of leverage for investments can substantially improve returns, it also increases overall portfolio risk. Leveraged transactions are generally effected using capital borrowed from a financial institution, which is secured by holdings. Under certain circumstances, a lending financial institution may demand an increase in the underlying collateral. If the investor is unable to provide the additional collateral, the financial institution may liquidate account assets to satisfy the outstanding obligations, which could have extremely adverse consequences. In addition, fluctuations in the amount of borrowings and the corresponding interest rates may have a significant effect on the profitability and stability of a portfolio.

Currency Risks. An advisory account that holds investments denominated in currencies other than the currency of the client's home country or region may be adversely affected by the volatility of currency exchange rates.

Interest Rate Risks. Interest rates may fluctuate significantly, causing price volatility with respect to securities or instruments held by clients.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of The Kelly Group or the integrity of its management. The Kelly Group has no information which is applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Bryan E. Kelly, CFP® owns 49% of Kelly CPAs and Consultants, LLC. It has no ongoing business. It owns and collects receivables due as a result of its prior business activities.

Bryan serves on the Board of Directors of Harford Bank and is a past member of the PIMCO Independent Advisory Council. He is the Chair of the Board of University of Maryland Upper Chesapeake Health. He is past chair and vice chair of Harford Community College, a past board member of the Harford Community College Foundation; and past chair of the Academy of Finance. He also served on the board of the Financial Planning Association of Maryland ("FPA of MD") and served as past co-chair of the University of Maryland Baltimore County (UMBC) Economics Advisory Council and as past president and treasurer of the Maryland Association of Community Colleges.

As noted in Item 4 above, Bryan will remain registered through Cambridge Investment Research Advisors, Inc. ("Cambridge"), and will **not** participate in providing investment advisory services for clients of The Kelly Group, during a transition period. During this transition period, Bryan will provide continuity of service while clients are moving their accounts from his management as a registered investment adviser representative of Cambridge to the investment management of The Kelly Group. Cambridge is a registered investment advisor. Further information about Cambridge is available on the SEC website at www.adviserinfo.sec.gov. In addition, during the transition period, Bryan will remain a registered representative of Cambridge Investment Research, Inc., a registered broker-dealer, member of the Financial Industry Regulatory Authority and SIPC. The Kelly Group does not believe that these relationships create a conflict of interest with its clients, but clients and prospective clients should be aware of Bryan's status and be guided accordingly. Clients and prospective clients may call the Chief Compliance Officer with any questions about this transition arrangement.

Chad T. Arrington, CFP® is President-Elect of the FPA of MD, and is on the FPA of MD NexGen committee. Chad also serves on the Board of Directors for the Harford County Chamber of Commerce.

As The Kelly Group provides holistic Financial Planning and Wealth Management services including retirement planning, investment planning, risk management, education planning, and estate and legacy planning, some of the services that The Kelly Group or its registered investment advisor representatives provide include advising on non-investment-related matters. Certain associated persons of The Kelly Group, including Bryan Kelly, are licensed to sell insurance. They receive ongoing compensation on the basis of prior insurance sales. The Kelly Group generally does not recommend insurance or annuity products, but on occasion may assist clients to purchase an insurance or annuity product in a 1035 (tax-free) exchange if The Kelly Group considers the product to be more suitable for the client. Neither The Kelly Group nor the representative will receive commission on clients' insurance or annuity purchases; if the Kelly Group advises on subaccounts or otherwise manages the investment, The Kelly Group will charge its advisory fee based on the market value of the assets in the annuity.

One of The Kelly Group's associated persons, Chuck Wienckowski, is a CPA and provides tax preparation, tax consulting and estate administration services. Some clients of The Kelly Group elect to use Chuck to prepare the client's tax returns or to provide other services.

Although certain of its representatives, including Mr. Wienckowski and Charles R. Wolpoff (a licensed but not practicing attorney), may be separately licensed in other capacities, The Kelly Group is not a law firm or accounting firm, none of its representatives is authorized to act as an attorney or accountant on behalf of the Firm, and no portion of The Kelly Group's services should be construed as legal or accounting services. The Kelly Group or its representatives may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). The Kelly Group is not compensated for referrals to other advisors or service providers. The client is under no obligation to engage the services of any suggested professional. The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation from The Kelly Group. If the client engages any suggested professional, and a dispute relating to that engagement arises later, the client agrees to seek recourse exclusively from and against the engaged professional.

It is always the client's responsibility to notify The Kelly Group promptly upon any change in the client's financial situation or investment objectives. If the client does not provide this notice or information, The Kelly Group will not be in a position to evaluate or reconsider their previous recommendations for products, services or service providers.

Time Spent on Other Activities. Principals of The Kelly Group may spend up to 40% of their time on other related or non-related activities, including management of the firm, recruiting, serving on boards, and other community activities.

Item 11 – Code of Ethics

The Kelly Group has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at The Kelly Group must acknowledge the terms of the Code of Ethics annually, or as amended.

As set forth in more detail above, the investments The Kelly Group recommends primarily consist of mutual funds (including institutional mutual funds, index funds and exchange-traded funds). The Kelly Group is not an investment adviser to any investment company. Thus, although the firm may recommend to clients, or buy or sell for client accounts, funds in which the firm or its personnel may also be invested, this does not constitute a conflict of interest.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of The Kelly Group 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. Generally, the Code of Ethics requires prior written approval for personal securities transactions other than mutual funds (including exchange-traded funds) placed for all employee and employee-related accounts. The Kelly Group's clients or prospective clients may request a copy of the Firm's Code of Ethics by contacting the Firm's Chief Compliance Officer.

Item 12 – Brokerage Practices

The Custodian And Broker We Use

The Kelly Group does not maintain custody of your assets, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account. Your assets must be maintained in an account at a "qualified custodian," generally a broker/dealer or bank.We recommend that our clients use Fidelity Institutional℠ ("FI"), which provides clearing, custody and other brokerage services through National Financial Services LLC and Fidelity Brokerage Services LLC, members NYSE, SIPC. (We refer to the client's qualified custodian as a "QC".)

The QC will hold your assets in a brokerage account and buy and sell securities when we instruct it to. While we recommend that you use FI as custodian/broker, you will decide whether to do so and will open your account with a QC by entering into an account agreement directly with that firm. We do not open the account for you, although we may assist you in doing so. Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor. Even though your account is maintained at a particular QC, we can still use other brokers to execute transactions for your account as described below.

How We Select Brokers/Custodians

We recommend FI as custodian/broker who will hold your assets and execute transactions on terms that we believe are, overall, most advantageous when compared to other available providers and their services. In selecting a QC to recommend to clients, we considered a range of factors, including, among others:

- Availability of the lowest-cost share classes of mutual funds
- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below.

<u>Your Brokerage and Custody Costs</u>

For our clients' accounts that FI maintains, FI generally is compensated by charging the client an asset-based fee that is a percentage of the value of the client's assets in FI's custody. The fee ranges from 0.014% to 0.001% of the account value. It is charged quarterly, in arrears. FI does not charge its asset-based fee on assets that are invested in FI's money market funds or FI's proprietary mutual funds/ ETFs. FI also charges other fees, on certain types of transactions. If clients would like more information about these fees or charges, please contact TKG.

FI charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the FI account. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer. Because of this, in order to minimize your trading costs, we execute most transactions for your account at FI. In some cases, however, we may obtain better pricing on a security or be able to obtain a security that may not be available at FI at a different broker-dealer.

We have concluded that having FI execute client's transactions is consistent with our duty to seek "best execution" of client trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above.

Products and Services Available to Us From FI

FI provides us and our clients with access to institutional brokerage services—trading, custody, reporting, and related services—many of which are not typically available to retail customers, including availability of the lowest-cost share classes of each mutual fund and exchange-traded fund that it offers. FI also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. FI's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of FI's support services:

Services That Benefit Clients. Institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. The services described in this paragraph generally benefit clients and their accounts.

Services That May Not Directly Benefit Clients. Other products and services are available to us that benefit us but may not directly benefit clients or their accounts. These products and services assist us in managing and administering our clients' accounts. They include investment research, both FI's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at FI. In addition to investment research, FI also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate rebalancing of accounts and trade execution, and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting.

Services That Benefit Our Firm. FI also offers other services intended to help us manage and further develop our business. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs

• Publications and conferences on practice management and business succession

• Access to employee benefits providers, compliance and legal service providers, human capital consultants, and insurance providers.

FI provides some of these services itself. In other cases, it arranges for third-party vendors to provide the services to us. FI discounts or waives its fees for some of these services, pays all or a part of a third party's fees, or arranges with the third parties to offer us a discount that would not otherwise be available to us. FI also provides us with other benefits, such as occasional business entertainment of our personnel.

Our Interest in a QC's Services. The availability of these services benefits The Kelly Group because The Kelly Group does not have to produce or purchase them. We don't have to pay for services so long as our clients collectively keep a minimum dollar amount of their assets in accounts at the QC. That minimum dollar amount may vary with each QC. Beyond that, these services are not contingent upon our committing any specific amount of business to a QC in trading commissions or assets in custody. The applicable minimum may give us an incentive to recommend that clients maintain their accounts with a particular QC, based on our interest in receiving services that benefit our business rather than based on clients' interest in receiving the best value in custody services and the most favorable execution of clients' transactions. This is a potential conflict of interest. We believe, however, that our selection of FI as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of services and not by the services that benefit only us.

Block Trading (Mini Blocks) and Trade Allocations. If The Kelly Group buys or sells individual equities (as opposed to funds), the firm may "aggregate" or "block" purchases or sales of the same security for multiple accounts. Each account participating in the block will receive the average price if multiple executions are required to complete the order. The Kelly Group may block multiple client accounts together that qualify for prime brokerage trading activity. Participating clients will receive the average execution price and their pro rata share of transaction costs. However, because of The Kelly Group's practices of managing portfolios on an individual basis, and generally investing in mutual funds, The Kelly Group does not frequently block transactions. Thus, The Kelly Group's ability to take advantage of volume discounts or other potential cost and execution advantages of block trades may be limited.

Brokerage For Client Referrals. The Kelly Group does not consider, in selecting or recommending broker-dealers, whether the Firm receives client referrals from the financial institutions or other third party.

Directed Brokerage. In directing The Kelly Group to use a specific custodian and/or broker/dealer other than FI, clients should understand that The Kelly Group will not have the authority to negotiate commissions among various custodians or obtain volume discounts. In addition, not all custodians make available the lowest-cost share classes of all funds, which means that, if the client purchases a mutual fund through a different custodian, the client may pay more for the same fund at the outset and/or on an ongoing basis. This may affect our ability to achieve best execution.

Item 13 – Review of Accounts

The Kelly Group reviews its portfolio models quarterly and offers each client an account review at least annually (which may be in-person, by telephone, or via video conference) with the client's service team. Additional reviews may be triggered by client request, or by material market, economic or political events, or by changes in the client's financial circumstances (such as retirement, termination of employment, physical move, or inheritance).

Reviews are based on objectives and parameters established by clients, which are generally memorialized through their individual investment policy and governance documents.

Clients receive statements of account, at least quarterly, from the custodian. In addition, The Kelly Group offers all clients online access to a third party portfolio reporting application which shows account performance.

Item 14 – Client Referrals and Other Compensation

The Kelly Group has entered into joint marketing agreements with independent, local financial institutions. The Kelly Group pays one of these financial institutions a portion of the advisory fees paid to The Kelly Group by referred clients. The referral fee will not result in higher costs to the client. The Kelly Group reserves the right to waive its planning fees for referred clients in certain situations.

Item 15 – Custody

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct a QC to deduct our advisory fees directly from your account or if you grant us authority to move your money to another person's account.

Also, we are deemed to have custody if clients give the Firm limited power of attorney in a standing letter of authorization ("SLOA") to disburse funds to one or more third parties as specifically designated by the client. In these circumstances, the Firm will implement the steps in the SEC's no-action letter on February 21, 2017, which includes (in summary): i) Client will provide instruction for the SLOA to the custodian; ii) Client will authorize the Firm to direct transfers to the specific third party; iii) the custodian will perform appropriate verification of the instruction and provide a transfer of funds notice to the client promptly after each transfer; iv) the client will have the ability to terminate or change the instruction; v) the Firm will have no authority or ability to designate or change the identity or any information about the third party; vi) the Firm will keep records showing that the third party is not a related party of the Firm or located at the same address as the Firm; and vii) the custodian will send the client an initial and annual notice confirming the SLOA instructions.

Each client's QC maintains actual custody of the client's assets. Clients will receive account statements directly from the QC at least quarterly. They will be sent to the email or postal mailing address the client provides to the QC. Clients should carefully review those statements promptly upon receipt.

Item 16 – Investment Discretion

The Kelly Group usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. This discretionary authority is set forth in a power of attorney included within the advisory agreement, and is also incorporated in the account documents submitted by the client to the broker-dealer custodian. In all cases in which discretion is used, it will be exercised in a manner consistent with the stated investment objectives for the particular client account.

Because we use model portfolios comprised primarily of mutual funds, clients generally may not impose restrictions on the Firm's discretionary authority. Clients who wish to impose restrictions on the Firm's discretion must make a written request; the Firm reserves the right to refuse to open an account, to reject any requested restriction, or to terminate an account if The Kelly Group believes, in its sole opinion, that the restrictions placed are impractical or would limit its abilities to manage the account effectively and prudently. Clients should also understand that the imposition of portfolio restrictions may affect performance of the affected portfolio(s), either positively or negatively.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, The Kelly Group does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Upon client request, The Kelly Group may agree to provide advice to clients regarding the clients' voting of proxies.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition under certain circumstances. The Kelly Group has no information that is responsive to this Item.