

# KESTRA ADVISORY SERVICES, LLC, KESTRA PRIVATE WEALTH SERVICES LLC AND KESTRA INVESTMENT SERVICES, LLC CLIENT RELATIONSHIP SUMMARY DISCLOSURE

AS OF SEPTEMBER 20, 2021

Kestra Advisory Services, LLC ("Kestra AS") and Kestra Private Wealth Services, LLC ("Kestra PWS") are investment advisers registered with the Securities and Exchange Commission (SEC) and provide investment advisory services. Kestra Investment Services, LLC ("Kestra IS") is a broker-dealer registered with the SEC, is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC) and provides securities brokerage services. Kestra AS, Kestra PWS, and Kestra IS are affiliates. Investment advisory services provided through an investment adviser differ from brokerage services provided through a broker-dealer and the compensation these companies receive differ as well. It is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at [www.investor.gov/CRS](http://www.investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing. In addition to Kestra AS and Kestra PWS, some of Kestra IS's financial professionals are associated with affiliated registered investment advisers Beacon Retirement Planning Services, Inc. (d/b/a Beacon Financial Group) and ProVise Management Group, LLC

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

Kestra AS and Kestra PWS offer investment advisory services to retail investors through their respective financial professionals. These services include managed portfolios and wrap fee programs (collectively, "Advisor Managed Accounts"), the use of third-party investment managers, financial planning, and financial consulting. They can manage your Advisor Managed Account on either a "discretionary" or "non-discretionary" basis. "Discretionary" means you grant them authority to buy and sell securities in your advisory account without asking for your consent in advance, while "non-discretionary" means you authorize each decision regarding the purchase or sale of investments. Not all of their financial professionals are approved to offer discretionary accounts.

As part of their standard services, Kestra AS and Kestra PWS monitor Advisor Managed Accounts and accounts with third-party investment managers on an ongoing basis. They do not limit their menu of investments to proprietary products. While they offer advice on a wide variety of investments, they do not offer advice on every product available in the marketplace. Advisor Managed Accounts are generally subject to a minimum household investment amount of \$25,000. Accounts with third-party investment managers are subject to minimum investment amounts that vary from zero to \$1,000,000. Some of Kestra AS's and Kestra PWS's financial professionals are not registered with Kestra IS and cannot offer brokerage services. Similarly, some financial professionals registered with Kestra IS are not associated with an investment adviser and cannot provide investment advice, except as incidental to the sale of a securities product. **For more information about the advisory services of Kestra AS and Kestra PWS, please visit their website at <https://www.kestrafinancial.com/> and review their Forms ADV, Part 2A (Items 4 and 7).**

Kestra IS's financial professionals can recommend and buy and sell securities for you, but you make the ultimate decision regarding all transactions. Kestra IS offers an array of investment options including mutual funds, exchange traded funds (ETFs), stocks, bonds, variable insurance products and other securities, but does not offer every product or mutual fund share class available in the marketplace. Kestra IS does not sell investments issued, sponsored, or managed by it or its affiliates. Kestra IS does not impose account size minimums or investment amount minimums but some issuers of the products it offers do. Generally, customers' accounts are held in custody with Kestra IS's clearing broker-dealer and custodian of choice or directly at the issuer of the securities you purchase (such as a mutual fund or insurance company) or their affiliate. While as a broker-dealer Kestra IS does not provide ongoing account monitoring services on any set basis, its financial professionals can periodically review your account for purposes of determining whether additional recommendations may be in your best interest. Not all of Kestra IS's financial professionals can offer all investments and services available through Kestra IS. In addition, some of its financial professionals are not registered with an investment adviser and cannot offer investment advisory services.

### Conversation Starters

Ask your Financial Professional:

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

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## What fees will I pay?

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. Additional information related to fees you will pay may be found in ADV, Part 2A (Items 5A-D), investment management agreements, the brokerage account agreement bundle, and other applicable documents. They may also be found on our website at <https://www.kestrafinancial.com/>.

For investment advisory services, Kestra AS and Kestra PWS charge a percentage of assets under management, hourly charges, and fixed fees. The advisory fees you pay can be asset-based, fixed, or a combination of the two. "Asset-based" fees are calculated as a percentage of the value of the assets in your advisory account. Asset-based fees incentivize Kestra AS and Kestra PWS to encourage you to increase your advisory account assets since the increase in assets will increase their compensation. "Fixed" fees are negotiated fees that do not fluctuate with account value.

You typically will pay advisory fees on a quarterly basis, which will be detailed in your advisory agreement. You will also pay transaction fees unless your account is in a "wrap" fee program where certain fees and costs for trading and other services are included in the asset-based fee you pay. A wrap fee is usually higher than the advisory fees for non-wrap programs because it includes costs and charges for investment advice, trading and other services in one fee.

Certain products have their own fees and charges, some of which are paid to Kestra IS. This incentivizes us to choose these products over other products that do not pay or pay less of these fees and charges. For more information about these fees, please see the product offering document or prospectus.

Fees for financial planning or financial consulting services are negotiated and are typically based on the scope of the engagement.

For both brokerage and investment advisory services, you will also pay fees for custodial, management, or administrative services, either as a direct charge or as part of expense ratios or internal costs built into certain investments, such as mutual funds, ETFs, and variable insurance products. You will also pay miscellaneous custodial fees such as transaction charges, account termination, and other operational fees. Kestra IS receives revenue through accounts with its primary custodian, National Financial Services, LLC (NFS), by marking up the cost of certain services. This incentivizes Kestra AS, Kestra PWS, and Kestra IS to recommend accounts with NFS rather than other accounts that do not pay these fees.

For brokerage services, Kestra IS will typically charge you a fee for the execution of securities trades. Also, depending on the investment product you select, it receives an upfront commission payment from the product provider based on the amount you invest, and in many cases it also receives an on-going payment for as long as you hold the investment with or through the broker-dealer. Because Kestra IS is compensated based on the frequency or dollar amount of your investments, the company and its financial professionals have a financial incentive to encourage you to trade more or make larger transactions. The more frequent your transactions, and typically the more you invest, the more they are compensated.

### Conversation Starters

Ask your Financial Professional:

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

## What are your legal obligations to me when providing recommendations? How else does your firm make money and what conflicts of interest do you have?

When Kestra AS and Kestra PWS act as your investment adviser, they are a fiduciary. When Kestra IS acts as your broker-dealer, it is required to act in your best interest and not put its interests ahead of yours.

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At the same time, the way Kestra AS, Kestra PWS, and Kestra IS make money creates some conflicts with your interests. You should understand and ask about these conflicts because they can affect the recommendations provided to you. Here are some examples to help you understand what this means:

- **Third-Party Payments:** Some investments pay Kestra IS commissions and other fees. This incentivizes Kestra IS and its affiliates to recommend these products over other products that make no such payments or make less of them.
- **Revenue Sharing:** Certain product providers share the revenue they earn with Kestra IS, or with NFS which in turn shares revenue with Kestra IS, when you invest in their investment products (primarily mutual funds and variable annuities). This incentivizes Kestra IS and its affiliates to recommend products that make these payments over those that do not or that share less.

When Kestra IS provides investment advice to you regarding your retirement plan account or individual retirement account, they are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way they make money creates some conflicts with your interests, so they operate under a special rule that requires they:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put their financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure they give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

## Conversation Starter

Ask your Financial Professional

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

For additional information regarding our conflicts of interest, please visit our website at <https://www.kestrafinancial.com/>

## How do your Financial Professionals make money?

For advisory services, a portion of the fees you are charged is paid to your financial professional. As assets grow, economies of scale are shared with financial professionals, reducing the amount of fees that Kestra AS and Kestra PWS retain. This incentivizes your financial professional to recommend you open an advisory account or increase the amount of assets in your account. Some third-party investment managers make payments to financial professionals for marketing support. These payments incentivize the financial professional to maintain or place more business with specific managers.

For brokerage services, Kestra IS financial professionals earn commissions from the sale of securities. The more a financial professional sells, the more Kestra IS pays as a percentage of those sales. Therefore, your financial professional has an incentive to encourage you to trade often and make larger purchases. In addition, some financial professionals receive other payments in the form of marketing support from product providers, and some product providers pay higher commissions than others. These payments and their variability from product to product incentivize the financial professional to maintain or place more business with product providers that pay them more.

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

Yes. For information about our legal or disciplinary history, please visit [www.investor.gov/CRS](http://www.investor.gov/CRS) for a free and simple search tool to research us and our financial professionals.

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**Conversation Starter**

Ask your Financial Professional:

*As a Financial Professional, do you have any disciplinary history? For what type of conduct?*

**For additional information about our services, or to request up-to-date information or a copy of this disclosure, please call 844-5-KESTRA or visit our website at <https://www.kestrafinancial.com/>.**

While affiliated, Kestra AS and Kestra PWS are separate registered investment advisers. More detail about their separate services, fees, and the types of clients they serve can be found in the ADV Part 2A brochure of each respective firm. Please visit <https://adviserinfo.sec.gov/> to review their brochures.

**Conversation Starter**

Ask your Financial Professional:

*Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer?  
Who can I talk to if I have concerns about how this person is treating me?*