

## A Summary of Your Investment Advisory Relationship with Kahala Financial Advisors, LLC

### Item 1: Introduction

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

*Conversation Starters:*

*Given my financial situation, should I choose and investment advisory service? Why or why not?*

*How will you choose investments to recommend to me?*

*What is your relevant experience, including licenses, education, and other qualifications? What do these qualifications mean?*

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

*Conversation Starter:*

*Help me understand how these fees and costs 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?*

Kahala Financial Advisors, LLC (KFA) is registered with the U.S. Securities & Exchange Commission (SEC) as an Investment Advisor. We are “fee-only” and hired by our clients for objective advice with no product sales.

Investment firms may be registered with the SEC as Broker-Dealers and/or as Investment Advisors. The services and fees offered by each type are different and is important for retail investors to understand the differences. Free and simple tools as well as educational materials about broker-dealers, investment advisers and investing are available at <https://Investor.gov/CRS>.

### Item 2: Relationship and Services

We offer investment advisory services to retail investors who have at least \$1 million to invest. If you hire us, we will require that your accounts be held at Charles Schwab & Company (Schwab), a discount broker.

We employ a long-term buy and hold strategy using low-cost, mutual funds and/or exchange traded funds (ETFs) consisting of stocks, bonds, and cash equivalents. We offer portfolios with different risk/return characteristics ranging from conservative to aggressive. Accounts are monitored daily and are rebalanced as needed to maintain their prescribed allocations. All work is done in-house. For trading and service efficiency, we require discretionary trading authority from you. We will provide you with simple-to-understand quarterly performance reports. We also offer personal financial planning services to you at no additional cost.

You will find additional information about our firm’s services on the SEC’s website at <https://Investor.gov/CRS> by searching CRD #108564.

### Item 3: Fees, Costs, Conflicts and Standards of Conduct

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.

**Advisor:** Our annual fee is 1.00% on the first \$500,000 of assets under management, 0.75% on the next \$500,000 and 0.50% over \$1 million. We will bundle your household’s accounts to calculate the lowest fees. We will calculate your fees at the start of each calendar quarter and automatically deduct them from each of your accounts. The State of Hawaii’s General Excise Tax of 4.712% (on the fee amount) is also deducted.

**Custodian:** Schwab’s charges \$15 per mutual fund trade but ETFs trades are free. Schwab also earns management fees on its sweep money market funds and the interest-rate spread on its Schwab Bank sweep accounts.

**Mutual Funds and Exchange Traded Funds:** Generally, the mutual funds and ETFs we select have operating expenses that are well below the industry averages. The actual fees for each mutual fund (including Schwab’s money market funds) are available upon request.

***What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?***

*Conversation starters:*

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

*How do your financial professionals make money?*

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

*Conversation starter:*

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

*Conversation starters:*

*Who is my primary contact person? Is he or she a representative of an investment advisor or a broker-dealer?*

*Who can I talk to if I have concerns about how this person is treating me?*

As your investment adviser, we must act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you.

Requiring you to use Schwab for the investment accounts you want us to manage may pose a conflict: We receive support services and/or products from Schwab, certain of which assist us to better monitor and service your account while a portion may be for the benefit of our firm. We do not receive special payments, kickbacks, bonuses or special favors from Schwab or any other entity.

Encouraging you to invest monies with us may be a conflict if it results in you paying higher fees, such as moving monies from a 401(k) plan to us. You should weigh the benefits of our services against our costs.

We are paid solely by our clients. Our compensation arrangement aligns our interest with yours since our fee income rises and falls along with the value of your accounts. As owners of KFA, Ryan Miyashiro and Greg Miyashiro share the net profits of the firm, taken quarterly as draws. Our administrative employee is paid by the hour. We have no other business activities.

You will find additional information about our firm's fees and compensation on the SEC's website at <https://Investor.gov/CRS> by searching CRD #108564.

**Item 4: Disciplinary History**

No. We have no history of any legal or disciplinary actions and are not aware of any pending actions.

You will find additional information about our firm's disciplinary history on the SEC's website at <https://Investor.gov/CRS> by searching CRD #108564.

**Item 5: Additional Information**

You will find additional information about our firm's services on the SEC's website at <https://Investor.gov/CRS> by searching CRD #108564.

For additional information about our services, please visit: [www.kahalafinancialadvisors.com](http://www.kahalafinancialadvisors.com)

You may also contact Ryan or Greg at (808) 734-7665 to request up-to-date information on the firm and/or a hard copy of this disclosure form.