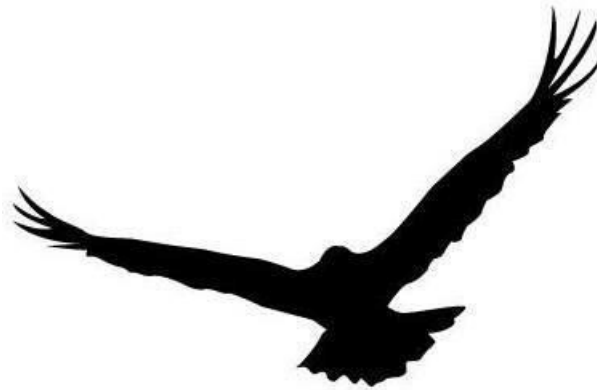


## Item 1: Cover Page



## Koenig Investment Advisory, LLC

739 N. Main Street,  
Ashland, OR 97520  
Phone: 541-608-0551  
Fax: 541-608-0423

Website: [www.koeniginvestment.com](http://www.koeniginvestment.com)

January 28, 2025

This Form ADV Part 2A (“firm brochure”) provides information about the qualifications and business practices of Koenig Investment Advisory, LLC (“Koenig”). If you have any questions about the contents of this firm brochure, please contact us at (541) 608-0551. The information in this firm brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Please note that the use of the term “registered investment advisor” and description of our firm and/or our associates as “registered” does not imply a certain level of skill or training. Clients are encouraged to review this brochure and any brochure supplements (“brochure supplements”) for more information on the qualifications of our firm and our associates.

Additional information about the firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Our searchable IARD/CRD number is 311422.

## Item 2: Material Changes

This brochure contains the following material changes from the prior annual updating amendment dated January 22, 2024:

- Fee Schedule was updated in Item 5: Fees and Compensation.

We will ensure that all current clients receive a Summary of Material Changes to this and subsequent brochures within 120 days of the close of our fiscal year. A Summary of Material Changes is also included within our brochure available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for our firm is set forth on the cover page of this document. Clients will further be provided with disclosure about material changes affecting our firm or a new brochure as may become necessary or appropriate at any time, without charge.

A copy of our brochure may be requested, free of charge, by contacting us at the telephone number reflected on the cover page of this document.

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#### Item 4: Advisory Business

##### **Firm Description**

Koenig Investment Advisory, LLC is an Oregon limited liability company founded in October 2020 by its sole principal, Jeffrey McCullough, CFP®. We became registered as an investment advisor with the SEC in November 2020 and our CRD number is 311422. Our sole offices are located in Ashland, Oregon. We are the successor-in-interest to the client accounts of Koenig Investment Advisory, LLC, CRD number 117098.

The information contained in this firm brochure describes our investment advisory services, practices, and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our services to the needs of our clients. As used throughout this firm brochure, the words “Koenig,” “we,” “our,” “firm,” and “us” refer to Koenig Investment Advisory, LLC, and the words “you,” “your,” and “client” refer to you as either a client or prospective client of our firm.

Prior to forming an investment advisor-client relationship, we may offer you a complimentary general consultation to discuss the nature of our services and to determine the possibility of an advisory relationship. Investment advisory services begin only after the prospective client and Koenig formalize their relationship by the execution of a written advisory agreement.

We are a “fee-only” investment advisor. This means that neither our firm, nor any of our financial professionals receive any commissions, transactions-based fees, referral fees, or any other form of compensation in connection with sale of securities or insurance products to clients. Our only source of income is the advisory fees paid to us by our clients for our investment advice. We believe this method of business best aligns with our fiduciary duty to you.

When we provide you with portfolio management services, you will be required to establish an account with an independent qualified custodian (the “Custodian”), typically a licensed broker-dealer, banking or savings institution, for deposit of the assets you wish us to manage on your behalf. You will typically be required to grant our firm the discretionary authority to buy and sell securities within your account *without* obtaining your consent prior to each transaction as a condition of engaging these services. This is known as discretionary trading authority. The full scope of our authority with respect to your account will be set forth in a written advisory agreement. We act as your fiduciary, responsible for the management of your account held at the Custodian, where assets are custodied in your name. Clients may impose reasonable restrictions on our ability to invest in certain securities, types of securities, or market sectors.

For most clients, ongoing portfolio management is an integral part of our overall advisory services. In addition, we typically advise most clients regarding common financial planning topics such as cash flow planning, college savings planning, retirement planning, tax planning, estate planning and other financial matters, as applicable or requested.

Reviews of client accounts are typically performed quarterly, and their pertinent results communicated to clients to provide reminders of progress made and to advise of any specific courses of future action that may be needed to meet the client’s stated goals. More frequent reviews of client accounts may occur but are not necessarily communicated to the client unless immediate changes are recommended. Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

**Types of Advisory Services**

Koenig offers investment supervisory services to client accounts (encompassing ongoing investment strategy selection, portfolio design, investment implementation, supervision, monitoring, and reporting services); furnishes financial planning and consulting advice; issues economic commentary to clients on a periodic basis; issues special reports about securities; and issues, charts, graphs, formulas, or other devices which clients may use to evaluate securities. The specific services to be provided to the client will be set forth in a written investment advisory agreement.

Most clients choose to have us manage their assets in order to obtain ongoing in-depth investment advice and life planning. All aspects of the client's financial affairs are reviewed, including those of their children. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis. These services are set forth in an Advisory Service Agreement.

The scope of work and fee for an Advisory Service Agreement is provided to the client in writing prior to the start of the relationship. An Advisory Service Agreement includes: cash flow management; insurance review; investment supervisory services; education planning; retirement planning; estate planning; and tax preparation, as well as the implementation of recommendations within each area, where applicable.

Clients who are small business owners can create SEP, SIMPLE, 401(k), or other similar accounts for themselves and/or employees to be managed by our firm. Accounts may be employer-directed, employee-directed, or jointly directed, dependent on individual plan regulations. 401(k) plans must be administered by a qualified outside party. We will actively work with the third-party plan administrator to ensure that the management of plan assets conforms to plan rules and investment policies. There is typically no separate contract or fee for these services.

On an occasional basis, Koenig furnishes limited advice to clients on matters not involving securities, such as financial planning matters and trust services that often include estate planning. Clients may be referred to knowledgeable professionals, such as attorneys and tax advisors, for in depth information on such topics on an as needed basis. We do not charge any additional fees for these services or accept any compensation for referring our clients to any third-party professionals, however clients are separately responsible to pay any fees charged by third party professionals they decide to separately engage.

**Types of Investments**

Client portfolios are typically constructed primarily of no-load or low-load mutual funds and exchange-traded funds ("ETFs"). Other investments may include, without limitation, individual stocks, corporate bonds, master limited partnerships ("MLPs"), preferred stocks, cash and cash equivalents. Less commonly recommended investments may include, without limitation, options, U.S. government and municipal securities, variable life insurance policies and variable annuities, futures contracts, and interests in partnerships. We generally do not recommend initial public offerings to our clients.

**Tailored Relationships**

The goals and objectives for each client are customized according to household needs. They generally include an individual mix of income and account growth designed to meet both the short-term and long-term financial objectives of each client. We strive to balance current needs and future planning with an amount of market risk comfortable for each individual.

Clients often modify their investment objectives and/or risk comfort levels over time and Koenig strives to adapt its investment advice to the unique needs of the client. As described above, clients may always impose reasonable restrictions on our ability to invest their accounts in specific securities, types of securities, or market sectors.

**No Participation in Wrap Fee Programs**

Koenig does not offer, sponsor, or act as a portfolio manager to any wrap fee program.

**Assets Under Management**

As of January 7, 2025, we manage approximately \$240,549,891 of client assets on a discretionary basis and \$0 of client assets on a non-discretionary basis.

**Termination of Our Services**

Clients may terminate any of our advisory services within 5 business days of the signing our client agreement without incurring any fees from Koenig. There may be ticket charges, account transfer fees, account termination fees, and similar charges initiated by the client’s Custodian(s) that are not subject to refund. Thereafter, a client may terminate any of our services at any time by notifying us in writing and paying a pro-rated fee for services rendered prior to notification of termination. Koenig may terminate any of its services to the client at any time by notifying the client in writing.

[Item 5: Fees and Compensation](#)

**Description of Advisory Fees**

Koenig charges annual advisory fees which are based on a percentage of the client’s assets under management. There is generally no separate fee for financial planning advice, newsletter publication, or any other service provided to clients.

The annual advisory fee is based on a percentage of the investable household assets according to the following schedule:

Assets Under Management	Annual Asset-Based Fee
Assets up to \$500,000	1.00%
Assets \$500,000 - \$1,000,000	0.75%
Assets in excess of \$1,000,000	0.50%

Our advisory fees are typically billed quarterly, in arrears. Households will be assessed fees based on the combined market value of all accounts (as such market value is calculated by the Custodian) as of the close of business as of the last day of each quarter. Deposits and withdrawals will be credited or debited on a pro-rata basis based on the date they become or are no longer available for management.

Advisory fees for new clients are generally not negotiable; however, certain clients may pay advisory fees at lower rates (or which are otherwise materially different) based on legacy arrangements with our firm. Koenig reserves the right, in its sole discretion, to adjust its advisory fees for certain clients based upon various factors (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.) it deems relevant.

Clients may have inherited or previously purchased securities that they do not wish to sell upon entering into a relationship with Koenig due to tax considerations, or for other reasons. Such securities may be excluded from our management and oversight and thus from our calculation of advisory fees on a case-by-case basis. Employer-directed and employee-directed accounts are billed at the same rate as any other account up to \$2 million in assets for a household. Households in an employer-based plan with more than \$2 million in assets will pay a flat 0.5% fee. Each employee is considered a separate household. Lower fees for comparable services may be available from other sources.

**Fee Billing Procedures**

Our advisory fees shall typically be directly deducted from the client's designated account held at the Custodian upon the client's written approval of such arrangement and our quarterly submission to the Custodian of a written invoice or statement reflecting the amount of advisory fees to be charged. Your authorization for our direct deduction of advisory fees is set forth in our written investment advisory agreement and/or the account opening documents of your Custodian(s). In instances where we may agree to bill the client manually for our services, we will invoice you by mail, e-mail, or other agreed upon delivery method on a quarterly basis. All manually billed fees shall be due upon invoice receipt.

The Custodian will independently send an account statement to you at least quarterly, identifying the amount of funds and each security in your account at the end of the period and setting forth all transactions in the account during the period, including the amount of any advisory fees paid directly to us. *We encourage you to review the Custodian's account statements carefully and promptly upon receipt and to compare them to any account statements or reports provided by Koenig.* If you believe we have miscalculated our advisory fees or if there is any other issue with your account, you should contact us immediately at the phone number listed on the cover page of this firm brochure.

**Other Fees and Costs**

Our advisory fees cover the costs of our investment advice only. You will be separately responsible to pay all of the following costs (as applicable): transaction-based fees, commissions, and other charges traditionally paid to broker-dealers as a result of activity in your investment account(s); custodial fees and charges, margin fees, taxes, wire transfer fees, reporting fees, and similar charges of the Custodian; and all internal management fees, redemption/surrender charges, and other costs and expenses associated with the purchase and sale of pooled investment vehicles such as mutual funds, ETFs, and/or variable products for your account. To fully understand the total cost you will incur when engaging our services, you should review the prospectus of each mutual fund, ETF, and variable product in which you invest and the contractual arrangement entered with your account Custodian. While we do not share in any of the foregoing additional fees and expenses, their impact on the overall performance of client accounts is always analyzed before trades are placed.

Clients retain the right to purchase investment products that we recommend through third parties not affiliated with Koenig.

**Past Due Accounts and Failure to Provide Information**

Koenig reserves the right to stop work on any account that is more than 30 days overdue. In addition, Koenig reserves the right to terminate any relationship where we have determined that the client has willfully concealed or has refused to provide pertinent information related to their financial circumstances which we view as necessary to provide proper financial advice and/or to comply with our fiduciary duty.

**No Compensation For Sales of Securities or Insurance Products**

As described above, we are a “fee-only” investment advisor. This means that neither our firm, nor any of our financial professionals receive any commissions, transactions-based fees, referral fees, or any other form of compensation in connection with sale of securities or insurance products to clients. Our only source of income is the advisory fees paid to us by our clients for our investment advice.

**Individual Retirement Account Rollover Disclosure**

As part of our advisory services to you, we may recommend that you withdraw or “roll over” assets from an employer’s retirement plan to an individual retirement account (“IRA”) that we may advise on and which may therefore result in additional advisory fees payable to us. This type of recommendation represents a conflict of interest for our firm. If we make this type of recommendation you are under no obligation to follow such advice. Alternatively, you may have the options of (1) maintaining your retirement plan as is, (2) rolling over your account to the employer’s new retirement plan, (3) taking a taxable distribution, or (4) rolling over your account to a new IRA. It is important to understand the advantages and disadvantages of each approach, which will depend on individual financial circumstances. Prior to proceeding with any such action, we encourage you to contact us and your independent legal and/or tax professionals for more information.

**Item 6: Performance-Based Fees and Side-By-Side Management**

We do not charge performance-based fees to our clients, nor do we participate in side-by-side management of accounts.

Performance-based fees refer to fees paid to an investment advisor that are based on a share of the capital gains on or the capital appreciation of a client’s assets. Side-by-side management refers to an investment advisor’s simultaneous management of accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or fixed fee or an asset-based fee. Performance-based fee arrangements create an incentive for our firm to make investments that are riskier or more speculative than would be the case absent such arrangements. Likewise, side-by-side management of accounts creates an incentive for us to allocate limited and/or high growth investment opportunities to clients who are charged performance-based fees over clients who are charged asset-based fees only. We do not engage in either practice.

**Item 7: Types of Clients**

Koenig generally provides investment advice to individuals, high net worth individuals, pension and profit-sharing plans, trusts, estates, and charitable organizations, corporations, and other business entities. Client relationships vary in scope and length of service.

The minimum account size is \$250,000 of assets under management, which equates to an annual fee of \$2,500. Koenig has the discretion to waive these minimums. For example, accounts of less than \$250,000 may be accepted when the client and the firm anticipate the client will add additional funds to the account, bringing the total to \$250,000 within a reasonable time. Other exceptions will apply to employees of Koenig and their relatives, existing clients, or relatives of existing clients.



## Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

### Methods of Analysis

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information we rely on in making investment recommendations to clients include financial newspapers and magazines, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the SEC, and company press releases.

Other sources of information that Koenig may use include Morningstar Office mutual fund information, Morningstar Office stock information, ValueLine, and other proprietary services specializing in securities analytics and financially oriented websites.

### Investment Strategies

The primary investment strategy used in client accounts is strategic asset allocation utilizing a core and satellite approach. This means that we use a selection of mutual funds as the core investments, and then add specialized funds, individual stocks and bonds, and other similar investment vehicles where appropriate to meet client objectives. We attempt to globally diversify client portfolios as a means to control the risk associated with focusing investment purely within traditional markets.

The investment strategy for a specific client is based upon the objectives and risk comfort level stated by the client during consultations. The client may change these criteria at any time. Each client outlines objectives and risk tolerances on their account application, which serves as documentation of their objectives and their desired investment strategy.

Strategies may include long-term purchases, short-term purchases, trading, and margin transactions. Short sales, the use of futures contracts, and option writing (including covered options, uncovered options or spreading strategies) are not asset classes currently used but may be made available upon specific client request.

### Risk of Loss

Our investment approach is designed with managing the risk of loss in mind. Irrespective of our approach, *investing in securities involves a risk of loss that clients should be prepared to bear*. Investors may face the following investment risks:

- Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Market Risk: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic, and social conditions may trigger market events.
- Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (*i.e.*, interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

**The foregoing list of risks is not intended to be an exhaustive description of all risks you may encounter in engaging our firm for advisory services. We encourage you to inquire with us frequently about the risks related to any investments in your account and to promptly advise us of any material changes in your financial circumstances.**

#### Item 9: Disciplinary Information

Koenig is required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of our firm, or the integrity of our management. The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients. Accordingly, no principal or person associated with our firm has any information to disclose which is applicable to this Item.

#### Item 10: Other Financial Industry Activities and Affiliations

Neither Koenig, nor any of its financial professionals are registered or have an application pending to register, as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or representative of any of the foregoing.

From time-to-time, we may recommend other third-party professionals (attorneys, CPAs, insurance professionals, etc.) to you based on your investment needs and objectives. We do not receive any compensation for such referrals and will only offer third parties to you when we believe such referrals to be in your best interests. You retain the sole discretion to engage any third-party professionals we recommend.

#### Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

##### **Code of Ethics**

The employees of Koenig have committed to a Code of Ethics that is available for review by clients upon request. Please contact us at the telephone number found on the cover page of this firm brochure to receive a copy of our Code of Ethics, free of charge. Our Code of Ethics clarifies how employees should go about putting client needs above their own personal needs and preferences and the needs and

preferences of our firm. Details include “common sense” measures as well as regulatory organization best practices, and procedures which are intended to assure compliance with applicable laws and rules governing our role as an investment advisor.

LorrieAnne Miller is the Chief Compliance Officer of our firm, responsible for overseeing and administering the firm’s compliance policies and procedures. Ms. Miller and/or Jeffrey McCullough, CFP®, our sole principal, periodically evaluate employee performance to ensure compliance with our Code.

We act in a fiduciary capacity. If a conflict of interest arises between us and you, we shall make every effort to resolve the conflict in your favor. Conflicts of interest may also arise in the allocation of investment opportunities among the accounts that we advise. We will seek to allocate investment opportunities according to what we believe is appropriate for each account. We strive to do what is equitable and in the best interest of all the accounts we advise.

We will disclose to advisory clients any material conflict of interest relating to us, our representatives, or any of our employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

#### **Participation or Interest in Client Transactions**

Koenig and its employees may buy or sell securities that are also recommend to clients. Employees may not trade their own securities ahead of client trades and must always place the interests of clients ahead of their own interest or preferences. Employees must comply with the applicable provisions of the Koenig Policies and Procedures and Code of Ethics manuals with respect to trading in any personal accounts. In general, most employee trades are expected to consist of small mutual fund trades or ETF trades that do not affect the securities markets.

#### **Item 12: Brokerage Practices**

##### **Recommendation of Brokerage Firms and Client-Directed Brokerage**

Koenig primarily recommends that clients engage the custodial and trade execution services of Charles Schwab Institutional (“Schwab”), a division of Charles Schwab & Co, Inc, an independent SEC registered broker-dealer and Member, FINRA/SIPC. Custodians are recommended to clients based upon client needs. Criteria such as, but not limited to, fees, responsiveness to client requests, and ability to provide professional level service, and other factors are all considered when recommending a brokerage firm to a client.

While our firm recommends that clients use Schwab as their custodian/broker, clients will decide whether to do so and open an account with Schwab by entering into an account agreement directly with SCHWAB. Our firm does not open the account. Once a custodian and executing broker is engaged by the client, the client authorizes our firm to direct the execution of any transactions for the client’s account through the client’s chosen custodian. Clients should note they may pay higher or lower fees if choosing a brokerage firm other than those we recommend. In addition, client trades for accounts utilizing our recommended custodian may be placed before client trades for accounts utilizing other custodians.

Koenig does not have any affiliation with any product sales firms. Specific custodian recommendations are made to Clients based on their need for such services. Koenig recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable fee rates.

From time-to-time we receive client referrals that do not meet our minimum account threshold. In such cases we often refer them to a qualified broker who may advise opening an account directly at a mutual fund company such as, but not limited to, Franklin Templeton or American Funds.

Recommendations are based upon asset analysis, not the promise of any type of preferential compensation from the referred party.

Koenig does not receive fees or commissions from any of these arrangements. We do not receive client referrals from any referred party.

**Best Execution**

Koenig reviews the execution of trades at each custodian on a periodic basis. The review is documented in our files. Trading fees charged by the custodian are also reviewed periodically. Koenig does not receive any portion of the trading fees.

**Receipt of Certain Benefits from Schwab**

Clients should be aware that there is no direct link between Schwab and Koenig in connection with the advice we provide to clients. However, we are required to disclose that we receive certain economic benefits through the custody and operating relationships we maintain with Schwab that are not typically available to retail investors. These benefits include the following products and services provided by Schwab (or its affiliates) without cost or at a discount: duplicate client statements and confirmations, research related products and tools, consulting services, access to a trading desk serving our representatives, access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares directly to or from client accounts), the ability to have advisory fees deducted directly from client accounts, access to an electronic communications network for client order entry and account information, access to mutual funds with no transaction fees, and discounts or no fees on compliance, marketing, research, technology, and practice management products and services provided by third-party vendors.

Schwab may also pay for business consulting, professional services, and research received by Koenig and may also pay or reimburse expenses (travel, lodging, meals, and entertainment expenses) for our personnel to attend conferences or meetings relating to Schwab's service platforms or to their advisor custody and brokerage services generally. Some of these products and services made available by Schwab, may benefit Koenig, but may not benefit its clients. Such other services made available by Schwab are intended to help us manage and further develop our business enterprise, and such services depend on the amount of brokerage transactions directed to Schwab and/or the amount of client assets under Schwab's custody.

Clients should be aware that the receipt of the foregoing benefits and services by Koenig, in and of itself, creates a conflict of interest, and may directly or indirectly influence our recommendation of Schwab for custody and brokerage services. The firm attempts to mitigate this conflict by acting in the best interest of its clients.

**Order Aggregation**

Most trades are of mutual funds where trade aggregation does not garner any client benefit. Occasionally, trades of stocks, ETFs, or other instruments that trade like stocks may be aggregated. In such cases, all accounts receive the same averaged price.

### Item 13: Review of Accounts

#### **Periodic Reviews**

Client account reviews are performed at least quarterly by Jeffrey McCullough, CFP®. Account reviews are performed more frequently when family situations and/or market conditions dictate. Account reviews are conducted to consider whether the client's current security positions and asset allocation align with their financial objectives and restriction, time horizon, risk tolerance level, and the likelihood that the performance of each security will continue to contribute to the achievement of the client's investment objectives.

#### **Additional Review Triggers**

Other conditions that may trigger an additional review are changes in the tax laws, new investment information, changes in a client's financial circumstances, the markets generally, or with respect to specific securities.

#### **Reports**

Clients receive periodic communications from Koenig on at least an annual basis. The written updates we provide will include a net worth statement and summary of annual performance. Additional materials may be provided in order to provide personalized context or explanations where applicable. A summary of objectives and progress towards meeting those objectives will be given orally in annual reviews. Annual reviews are recommended for all clients, however, they are optional for the client. In addition, the Custodian of your assets will directly send each client a written account statement, at least quarterly, identifying the amount of funds and each security in your account at the end of the period and setting forth all transactions in the account during the period.

### Item 14: Client Referrals and Other Compensation

We have no arrangements, written or oral, in which we compensate others or are compensated for client referrals. When we refer you to any third-party professional, we will only do so when we believe such referral to be in your best interests.

### Item 15: Custody

#### **Direct Fee Deduction; Custodial Account Statements**

Koenig does not have physical custody of any client funds and/or securities and does not take custody of client accounts at any time. Client funds and securities will be held with the Custodian selected by the client. However, Koenig is deemed to exercise a limited form of custody over client accounts where the client provides us with written authorization to directly deduct our advisory fees from the client's accounts held at the Custodian. The Custodian will send an account statement to you at least quarterly, identifying the amount of funds and each security in your account at the end of the period and setting forth all transactions in the account during the period, including the amount of any advisory fees paid directly to us. *We encourage you to review the Custodian's account statements carefully and promptly upon receipt.*

#### **Standing Letters of Authorization**

Some clients may elect to execute limited powers of attorney or other standing letters of authorization (a "SLOA") that permit the firm to transfer money from their account with the client's independent qualified Custodian to third-parties. This authorization to direct the Custodian to transfer client funds may be deemed to cause our firm to exercise custody over your funds or securities and for regulatory reporting purposes, we are required to keep track of the number of clients and accounts for which we may have

this ability. Where a client has elected to execute a SLOA, our firm follows the guidance and additional safeguards set forth in the SEC's no-action letter to the Investment Adviser Association dated February 21, 2017. A copy of that no-action letter can be viewed at the following link:

<https://www.sec.gov/divisions/investment/noaction/2017/investment-adviser-association-022117-206-4.htm>.

#### Item 16: Investment Discretion

##### **Discretionary Authority for Trading**

Koenig accepts discretionary authority to manage securities accounts on behalf of clients. Koenig has the authority to determine, without obtaining prior specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold, and the timing of all such transactions within the client's account. However, Koenig consults with the client prior to each trade to obtain consent if a blanket trading authorization has not been given.

The client approves the Custodian to be used. Custodians can charge fees for trades, annual custody, postage and handling, alternative asset custody, and other similar types of fees. Koenig does not receive any portion of these fees.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved.

##### **Limited Power of Attorney**

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades following the criteria, objectives, risk parameters, and restrictions that you have approved.

#### Item 17: Voting Client Securities

Koenig does not vote proxies on securities held in client accounts or provide clients with advice or recommendations on how to vote proxies. Clients are responsible to vote their own proxies. Clients will receive their proxies directly from the custodian of their account.

#### Item 18: Financial Information

Koenig does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because Koenig does not serve as a custodian for client funds or securities and does not require prepayment of fees of more than \$1,200 per client, six months or more in advance.

We have never filed for bankruptcy.