

## Form ADV Part 3 – Client Relationship Summary

Date: March 27, 2024

KENNON-GREEN & CO. is an investment adviser registered with the U.S. Securities and Exchange Commission (“SEC”). Brokerage and investment advisory services and fees differ, and it is important that you understand the differences. Please visit [www.investor.gov/CRS](http://www.investor.gov/CRS) for free, simple tools to research firms and financial professionals, as well as educational materials about broker-dealers, investment advisers, and investing.

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

Kennon-Green & Co. offers investment advisory services to retail investors and designs, constructs, monitors, and maintains bespoke portfolios with an emphasis on serving affluent and high net worth individuals and families. These portfolios are structured as individually managed accounts and are held by a qualified third-party custodian. Upon you signing an investment advisory agreement with us, accounts are managed on a discretionary basis, which means the firm makes capital allocation and investment decisions for the account and does not seek client permission prior to placing trades. Our minimum account size differs by investment strategy and ranges from \$500,000 to \$10,000,000. Client accounts are reviewed periodically, generally at least once per quarter, as part of our standard services.

Portfolios are built from the ground up, component by component. The types of securities and asset classes held in a client account at any given time will depend upon numerous factors including the account’s investment strategy, mandate, market conditions, and the needs, circumstances, and preferences of the client. Generally, portfolios are constructed either exclusively, or in some combination, of common stocks, preferred stocks, fixed-income securities such as those issued by the U.S. government, agencies, foreign governments, corporations, and municipalities, warrants, derivatives (e.g., written cash-secured equity puts or written covered calls), real estate investment trusts, master limited partnerships, royalty unit trusts, mutual fund shares, exchange traded fund shares, commercial paper, certificates of deposit, money market funds, and any other security or asset that the firm believes to be appropriate, in the best interest of the client, and permitted by applicable regulations. The firm may also utilize forward contracts in certain cases in an attempt to hedge currency exchange risk on foreign securities if requested by a client with at least \$10,000,000 in assets under management.

Although portfolios are generally tailored to the individual client’s unique needs, circumstances, and preferences – for example, the firm may allow a client to place reasonable restrictions on an account such as honoring a request to abstain from ownership of securities issued by tobacco companies in accordance with the client’s moral and ethical beliefs – the firm adheres to a philosophy known as value investing.

Please also see our Form ADV Part 2A (“[Brochure](#)”), specifically Items 4 & 7.

*Questions to ask us: Given my financial situation, should I choose an investment advisory 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?*

### What fees will I pay?

Our fees vary depending on the services you receive, including an advisory fee that is typically a quarterly asset-based fee, but could also be a monthly performance-based fee, or alternatively, a fixed-fee. Investment advisory fees are generally calculated and charged quarterly in advance at rates equal to 1/4th the annual rate shown in the investment advisory agreement and are based upon the total net market value of an account inclusive of cash, cash equivalents, and accrued income such as dividends and interest as reported by the client’s custodian as of the end of the prior quarter. Additionally, the amount of assets in your account affects our advisory fee; the more assets you have in your advisory account, the more you will pay us and thus we have an incentive to increase those assets in order to increase our fee. Moreover, for performance-based fee arrangements that are typically billed monthly in arrears, we make more money the better your investment returns are, so we have an incentive to invest in riskier investments due to the higher risk/higher reward attributes. Our fixed fee arrangements are based on the amount of work we expect to perform for you, so material changes in that amount of work will affect the advisory fee we quote you. You pay our fees

even if you do not have any transactions and the advisory fee paid to us generally does not vary based on the type of investments selected. Please also see Items 4, 5, 6, 7 & 8 of our [Brochure](#).

Some investments (e.g., mutual funds, American Depository Securities / Receipts (ADS/ADR), etc.) impose other additional fees (e.g., transactional fees, product-level fees, and ADS/ADR fees) that reduce the value of your investment over time. The same goes for any additional fees you pay to a custodian. You will pay transaction fees, if applicable, when we buy or sell an investment for your account. *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.*

Please also see our [Brochure](#) for additional details.

Questions to ask us: *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 acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

When we act as your investment adviser, we have to 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. Here are some examples to help you understand what this means:

- For asset-based fees, the more assets you have in your advisory account, the more you will pay us and thus we have an incentive to increase those assets in order to increase our fee.
- For performance-based fees, we make more money the better your investment returns are, so we have an incentive to invest in riskier investments due to the higher risk/higher reward attributes.
- For fixed fees, the more work we expect to perform for you, the higher our fee would be and thus we have an incentive for you to agree to have us complete more work for you.

Please also see our [Brochure](#) for additional details.

Questions to ask us: *How might your conflicts of interest affect me, and how will you address them?*

## How do your financial professionals make money?

Primarily, our financial professionals receive cash compensation from the advisory services we provide to you because of the advisory fees we receive from you. This compensation may vary based on different factors, such as those listed above. Please also see Item 10 of our [Brochure](#) for additional details.

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

No. Please visit <https://www.investor.gov/CRS> for a free and simple search tool to research us and our financial professionals.

Questions to ask us: *As a financial professional, do you have any disciplinary history? For what type of conduct?*

## Additional Information

For additional information on our advisory services, up-to-date information, or a copy of this Client Relationship Summary, please contact us at (949) 356-9787.

Questions to ask us: *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?*