KENNON-GREEN & CO.®

REGISTERED INVESTMENT ADVISOR

Item 1. Cover Page

Form ADV 2A Brochure

March 18, 2025

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This brochure provides information about the qualifications and business practices of Kennon-Green & Co. If you have any questions about the contents of this brochure, please contact us at (614) 656-3638 or clientservices@kennongreen.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.

Additional information about Kennon-Green & Co. is also available on the SEC's website at www.adviserinfo.sec.gov.

Kennon-Green & Co. is an investment adviser registered with the U.S. Securities and Exchange Commission ("SEC"). Registration with the SEC does not imply a certain level of skill or training.

Item 2. Material Changes

The Firm's most recent Annual Updating Amendment was dated March 27, 2024. It subsequently filed an Other-than-Annual Updating Amendment, dated December 12, 2024, which contained material changes related to the following:

- Updated Address – As previously disclosed in a prior Form ADV filing, Kennon-Green & Company, LLC announced to its private clients on November 27, 2023, that it was relocating from Newport Beach, California to New Albany, Ohio, one of the wealthiest cities in the United States and located within approximately 500 miles of 50% of the population of the United States and Canada. Shortly thereafter, that relocation was effectuated. As a result, the Firm conducted all material operations from the Managing Directors' private residence in New Albany, Ohio - which they had acquired prior to the November 27, 2023 announcement - for the near totality of 2024 as Messrs. Kennon and Green searched for appropriate commercial space in the area to lease, purchase, or construct. Ultimately, towards the end of 2024, the Managing Directors formed a special purpose Ohio real estate holding company that acquired a commercial building which was then leased to the Firm. On December 12, 2024, Kennon-Green & Co. officially updated its address to 5031 Forest Drive, Suite A, New Albany, Ohio 43054.
- Updated Phone Number – While the concept of geographically-specific phone numbers is absurdly anachronistic in the modern world, and bears little to no resemblance to how individuals and companies satisfy their telecommunication requirements (especially in the case of a geographically diversified Firm such as Kennon-Green & Co.), for the sake of cosmetic consistency, the Managing Directors decided to update the Firm's primary telephone number to (614) 656-3638.

In addition, this Annual Updating Amendment includes refinements to Item 8. Methods of Analysis, Investment Strategies, and Risk of Loss based upon changes in regulatory, economic, and political conditions the Firm believes are relevant to capital allocation. It also includes an expansion to Item 5. Fees and Compensation detailing changes to Charles Schwab & Co.'s client statements as well as how Schwab's Portfolio Connect software system may result in immaterial proportionate allocation differences based upon rounding.

Otherwise, the Firm believes that all other updates and changes are non-material.

Item 3. Table of Contents

Item 4. Advisory Business

Kennon-Green & Company, LLC (the "Firm" or "Kennon-Green & Co.") was organized as a Missouri Limited Liability Company on October 9, 2015, and initially became registered with the State of Missouri on September 20, 2016, the State of Texas on October 26, 2016, the State of California on June 7, 2018, and the State of Michigan on November 14, 2019. On July 15, 2022, Kennon-Green & Co. became registered with the United States Securities and Exchange Commission ("SEC"), transitioning from its former registration at the state level. The Firm is located in New Albany, Ohio, which the Managing Directors selected following a nationwide search, because it is one of the wealthiest cities in the world and enjoys substantial geographic advantages due to being located within approximately 500 miles of 50% of the population of the United States and Canada.

The Firm is owned in its entirety by its founders and Managing Directors, Joshua A. Kennon and Aaron M. Green, who are married. Messrs. Kennon and Green compose both the Management Committee responsible for the day-to-day management of the Firm and the Investment Committee responsible for making capital allocation decisions for client accounts. For more information about the members of the Investment Committee, see the Form ADV Part 2B Brochure Supplements at the end of this document.

Kennon-Green & Co. designs, constructs, monitors, and maintains bespoke portfolios with an emphasis on serving affluent and high net worth individuals and families. The Firm will also work with trusts, corporations, partnerships, other business entities, state or municipal government entities, pension and profit sharing plans, educational organizations, endowment funds, charitable organizations and foundations including donor-advised funds, family offices, banks, insurance companies, and other institutions. These portfolios are structured as individually managed accounts and are held by a qualified third-party custodian such as a registered broker-dealer or bank trust company. Accounts are managed on a discretionary basis, which means the Firm makes capital allocation decisions for the account and does not seek client permission prior to placing trades.

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 million in assets under management. To learn more about some of the risks of these securities and strategies, see Item 8. Methods of Analysis, Investment Strategies, and Risk of Loss beginning on page 17.

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 with the particular strategy employed usually focusing on a value, high dividend, defensive balanced, fixed-income, passive, or bespoke approach. These strategies are explained in detail in Item 8. Methods of Analysis, Investment Strategies, and Risk of Loss beginning on page 17.

Kennon-Green & Co. is a fee-only investment advisory firm that is bound by a fiduciary duty to act in the best interest of the client. Clients pay the Firm fees for its services, usually as a percentage of assets under management although the Firm may agree to be compensated on a flat fee basis from time to time at its sole discretion. Kennon-Green & Co. may agree to provide advisory services for so-called "held away" accounts such as work-related retirement plans. In rare cases, at the request of a qualified client, the Firm may agree to manage an account for performance-based fees. As a fee-only advisor, the Firm does not sell financial products, does not

receive any commissions, does not receive any markups, does not receive any spreads, and does not accept referral fees. The Firm feels that this removes many of the incentives and conflicts of interest endemic at other firms because it allows Kennon-Green & Co. to focus on selecting securities that the Investment Committee believes are appropriate for a client's account based upon the strategy and mandate spelled out in the client's Investment Policy Statement. Additionally, the Firm does not sponsor, nor does it participate in, a wrap-fee program.

As of February 11, 2025, Kennon-Green & Co. had $154,558,804 in regulatory assets under management consisting of $154,558,804 in discretionary assets under management and $0 in non-discretionary assets under management.

Item 5. Fees and Compensation

Kennon-Green & Co. is a fee-only investment advisory firm. Clients pay the Firm fees for its services, usually as a percentage of assets under management. The Firm does not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. The Firm manages client assets on a discretionary basis through individually managed accounts, which the Firm refers to as "private accounts". Private accounts are held by an independent third-party custodian such as a registered broker-dealer or bank trust company. Kennon-Green & Co. may also agree to provide advisory services for so-called "held away" accounts such as work-related retirement plans.

Although Kennon-Green & Co. may at times, and under limited circumstances, negotiate rates and terms on a case-by-case basis, including higher, lower, or otherwise different billing rates, minimum fees, and minimum required account sizes, the Firm's basic billing rates are as follows. Kennon-Green & Co. believes its fees are reasonable in light of the types of services it provides, the Firm's experience and expertise, and the sophistication and bargaining power of its clients. Services similar to those provided by the Firm may be available from other sources at lower costs. Descriptions of each strategy can be found in Item 8. Methods of Analysis, Investment Strategies, and Risk of Loss beginning on page 17.

Private Account Investment Strategy	Investment Advisory Fee (Per Annum)	Minimum Account Size	Minimum Annual Fee
Value	1.25% on all amounts*	$500,000 for domestic and global $5,000,000 for international	$5,000 for domestic and global $50,000 for international
High Dividend	1.25% on the first $25 million* 0.75% thereafter	$500,000 for domestic and global $5,000,000 for international	$5,000 for domestic and global $50,000 for international
Defensive Balanced	1.25% on all amounts*	$500,000	$5,000
Passive	0.89% on first $1 million 0.79% on next $2 million 0.69% on next $2 million 0.59% on next $5 million 0.49% thereafter	$500,000 for domestic and global	$5,000 for domestic and global
Fixed-Income	0.75% on first $5 million 0.50% on next $20 million Negotiated thereafter	$500,000 for domestic and global $10,000,000 for international	$4,000 for domestic and global $62,500 for international
Donor-Advised Funds	1.00% on all amounts	$500,000	None
Bespoke	Negotiated on a case-by-case basis depending upon relationship size, geographic mandate, complexity, and other considerations	$1,000,000 for domestic and global $5,000,000 for international	$5,000 for domestic and global $50,000 for international
*The Firm typically targets accounts with at least $500,000 to $10,000,000 in investable assets depending upon investment strategy and geographic mandate but may accept smaller accounts at its discretion. Smaller accounts managed using a value, high dividend, or defensive balanced strategy and that have less than $500,000, or which fall below $475,000 due to withdrawals, will pay 1.50% per annum, instead. For the purposes of fee billing, the Firm may agree to aggregate smaller accounts for some clients to help them qualify for fee breaks.			

In rare circumstances, the Firm may agree to manage a private account on a discretionary basis for a qualified client in exchange for performance-based fees but only on the condition such a fee arrangement conforms with regulatory requirements. Generally, the Firm considers performance-based fee arrangements for private accounts with $5 million or more of initial funding and charges 20% of any net realized and unrealized gains in the capital of the account, inclusive of accrued income such as dividends and interest with the account adjusted for a high water mark, resulting in an 80/20 split in the client's favor. Private accounts managed under a performance-based fee agreement are billed monthly, in arrears, and are typically not subject to minimum fees because the client usually does not pay any fees to the Firm related to the account for a given month unless the account increases in value above the high water mark in effect during that month or the client has negotiated a modified performance-based fee calculation that includes a base fee. For more information, see Item 6. Performance-Based Fees and Side-By-Side Management beginning on page 13.

The Firm may negotiate and agree to certain fee schedules with certain clients at certain times that consist of a fixed rate that applies to all assets under management, which the Firm refers to as a "flat fee". In some rare and limited situations, Kennon-Green & Co. will provide investment advisory services to some clients for substantially reduced or no advisory fees, such as friends and family members of the Managing Directors, employees of the Firm, and relatives or children of existing clients, including waiving or modifying minimum required balances and minimum annual fees.

Fee Billing

Unless the Firm has agreed to an alternative fee billing or calculation methodology with a client, which Kennon-Green & Co. may do from time to time, investment advisory fees are generally calculated and charged quarterly in advance at rates equal to 1/4th those shown in the previous chart and 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.

For clients who have their account(s) held in custody at one or more of the preferred broker-dealers Kennon-Green & Co. may recommend or require (for more information, see Item 12. Brokerage Practices beginning on page 33), which also serves as the broker on those respective accounts, fees are ordinarily deducted directly from the account(s) with the prior written consent of the client. At its sole discretion, the Firm may agree to allow a client to pay fees from a different account or to invoice the client directly. If the Firm agrees to invoice a client directly, payment is due immediately. Depending upon the circumstances and the negotiated terms, invoices not paid promptly may be subject to a late fee that in no event will exceed the lower of 1.50% of the unpaid balance per month or the applicable statutory maximum for the appropriate jurisdiction.

As Kennon-Green & Co. may begin providing investment management services before assets are received into the client's account, fees are typically calculated beginning on the effective date shown in the investment advisory agreement the client signs with the Firm with fees prorated to the end of the quarter based upon a proportional calculation of total days under advisement relative to total days in the quarter and the initial funding amount. In the event the minimum annual fee is applicable, it will be pro-rated in a comparable manner by taking 1/4 the minimum annual fee adjusted by the same date calculation. The initial services the Firm provides may include analyzing the client's unique goals, objectives, assets, and personal circumstances, working with the client to perform an evaluation of which investing strategy or strategies is appropriate for the client's situation, beginning the process of constructing a portfolio for the client by drafting various component lists and asset allocation models, on-boarding the client into the Firm's computer systems, assisting in the process of explaining to the client how to transfer funds into the client's custody account(s), and working to communicate to the client how the Firm approaches capital allocation differently than many other asset management companies.

The date the fees will be deducted from the account for the first partial quarter will depend upon numerous factors including the timing of the initial funding arriving in the account. Kennon-Green & Co. reserves the right to not deduct the fee for the first partial quarter during that first partial quarter but, instead, to combine the fee that would have been owed for the partial quarter with (a) subsequent calendar quarter(s) when a sufficient amount of the initial funding amount has arrived in the account. This deduction may take place as a consolidated

deduction, in which case fees owed may be grouped and deducted, or as individual deductions, in which case fees for different periods are deducted as individual transactions.

Until the assets held in client's account have reached or exceeded the initial funding amount, client's fees will be billed and deducted based upon the initial funding amount and not client's actual account balance with accrued income. If and when this occurs, the effective fee for any relevant period will be higher than the client's usual investment advisory fee when expressed on an equivalent annual basis measured against client's account balance in that moment. For example, if a client were to sign an investment advisory agreement on the first day of a quarter that included an initial funding amount of $1,000,000 and an investment advisory fee rate of 1.25% per annum, the quarterly fee would be $3,125. If the client had only deposited and/or transferred in $750,000 in capital into the account on a date when quarterly fees are calculated, the fee would still be based on the initial funding amount of $1,000,000 that Kennon-Green & Co. has agreed to manage, not the $750,000 figure that had already arrived in the account. This means the $3,125 fee would be billed and deducted. As a percentage of the initial funding amount the Firm has agreed to manage, this is the equivalent of 1.25% per annum. However, on the $750,000 in the account on that particular fee billing date, it is the equivalent of 1.67% per annum. Kennon-Green & Co. will continue to assume that client intends to meet his, her, or its initial funding amount obligation as agreed upon in the client's investment advisory agreement unless notified by client to the contrary. Kennon-Green & Co. believes this assumption is not only reasonable, but a practical necessity; e.g., to provide one illustration, clients may have multiple accounts spread across multiple custodians that require consolidation. During this on-boarding process, the Firm may be required to expend considerable time and effort on behalf of the client, including providing its advisory services to the client, prior to the arrival of all capital in client's account. It is the client's responsibility to contact Kennon-Green & Co. and request a modification to his, her, or its investment advisory agreement if client is unable to meet his, her or its agreed-upon initial funding amount. Note that this paragraph notwithstanding and in order to help clients save money, upon agreement of the Managing Directors at Kennon-Green & Co., the Firm may consider an initial funding amount met and bill as ordinary and customary on the slightly lower amount which arrived if all transfers for an incoming account and/or portfolio have been completed and the amounts deposited were materially equal to the expected initial funding amount, failing to meet the initial funding amount threshold merely as a result of ordinary market fluctuations during the on-boarding period.

In order to efficiently process billing, the Firm may opt to utilize Charles Schwab & Co.'s Portfolio Connect system or similar billing systems from other software vendors from time-to-time. In cases where a client has more than one account under management at the Firm, the software system(s) employed may result in an immaterial difference in the specific allocation of the investment advisory fee assignment to any specific account as a result of its programming methodology than what might have otherwise occurred had the calculation been performed by hand.

To illustrate: Imagine a hypothetical client with three accounts under management at Kennon-Green & Co. The overall portfolio size for the client is $5,000,000 consisting of Account "A", which holds $4,350,000, Account "B", which holds $600,000, and Account "C", which holds $50,000. Further, imagine in this scenario, the Firm has agreed to relationship pricing so the minimum account size and annual fee applies across all three accounts, not on each specific account. Historically, the Firm would calculate its investment advisory fees as follows:

- Account A = $4,350,000.00 x (0.0125 / 4) = $13,593.75
- Account B= $600,000.00 x (0.0125 / 4) = $1,875.00
- Account C = $50,000.00 x (0.0125 / 4) = $156.25

Different software systems, however, may have slightly different orders of operations or methodologies for calculating the exact same fee and assigning it proportionally to specific accounts. For example, Charles Schwab & Co.'s Portfolio Connect system may:

- Sum the Value of Accounts A, B, and C = $5,000,000.00 x (0.125 / 4) = $15,625.00
- Apply a proportionate allocation to each account so that:
    - Account A is billed ($4,350,000 / $5,000,000) x $15,625.00 = $13,593.75

- Account B is billed ($600,000 / $5,000,000) x $15,625.00 = $1,875.00
- Account C is billed ($50,000 / $5,000,000) x $15,625.00 = $156.25

In this illustration, as in nearly all cases, the total fee in both scenarios and the allocation to each specific account was identical. However, due to rounding and the specific mix of account balances in proportion to the overall portfolio, it is possible from time to time that different methodologies may result in immaterial rounding differences. For example, one account may receive an allocation of a few cents more or less under one methodology versus a different methodology based upon the number of decimal places to which the calculation carries proportionate allocation.

Additionally, up until the end of 2024, Charles Schwab & Co. included the "Ending Balance with Accrued Income" on client statements allowing for simple, transparent audit of calculations. Following a forced change in December 2024 to Schwab's back-end software systems that Schwab required Advisors to adopt, an oversight on Schwab's part caused this figure to become unavailable as it is now only reported to Kennon-Green & Co. as the institutional fiduciary within Schwab's Portfolio Connect system. Charles Schwab & Co. informed Kennon-Green & Co. that restoring the "Ending Balance with Accrued Income" to individual client statements was on the list of features it is working to roll out in the future, but otherwise the Statements Team at Schwab could provide no expected release date. This means that until Schwab corrects its oversight, the ending statement balance provided to clients will continue to understate the actual account balance as it ignores accrued dividends and interest belonging to the client and upon which the investment advisory fee calculation is based.

Typically, the client or the Firm may terminate the advisory relationship by providing the other thirty calendar days' written notice. The thirty-day notice period will begin the day following the day notice is received. Advisory fees paid in advance will be promptly refunded to the client no later than five business days following the termination date on a pro-rata basis calculated by the ratio of billing days remaining from the termination date at the end of the notice period to the end of the quarter. For example, if a client were billed $10,000 in quarterly fees for the first quarter of a non-leap year and provided thirty calendar days' written notice of termination of the advisory relationship on January 15, the notice period would begin the following day on January 16. The advisory relationship would be terminated on February 15. The client would receive a refund of fees from February 15 through March 31 for 45 out of 90 days in the quarter, or $5,000, to be mailed, submitted to the custodian for return to the client, or returned in some other manner, no later than five business days following February 15th. During the notice period, Kennon-Green & Co. will use reasonable efforts to assist the client in the process of transferring assets to another institution or advisor or, if the client desires, liquidating the holdings in an account.

Financial Planning Disclosure and Related Conflicts of Interest

Although certain of its investment advisory and asset management activities inherently contain some degree of financial planning – e.g., developing an understanding of a client's financial circumstances and unique needs and preferences to help ensure the investment mandate for an account is appropriate given all relevant known factors – Kennon-Green & Co does not hold itself out as providing financial planning, estate planning, or other planning or financial services such as those related to accounting or taxes. Neither Kennon-Green & Co., nor any of its representatives, is or are an attorney, accountant, financial planner, CPA, tax professional, or licensed insurance agent and no portion of the services offered by Kennon-Green & Co. should be construed as such. In some situations, a client may request that Kennon-Green & Co. recommend the services of another professional for certain implementation purposes, such as the drafting of a trust instrument by an attorney. Kennon-Green & Co. receives no referral or any other revenue from any professional it recommends. The client is under no obligation to use the services of the professional(s) the Firm recommends. In the event a client engages a professional or professionals recommended by Kennon-Green & Co., the client agrees that, should a dispute arise relative to that engagement, the client will seek recourse exclusively from and against the engaged professional or professionals and not the Firm or the employees of Kennon-Green & Co.

To the limited extent that Kennon-Green & Co.'s investment advisory and asset management activities result in what might be construed as a financial plan being developed and implemented, a conflict of interest exists

between the Firm and the client. This conflict arises because Kennon-Green & Co. generates revenue by managing assets for clients and this incentive may result in the Firm and/or the Firm's Investment Advisor Representatives being influenced by a conscious or subconscious desire to increase assets under management. Accordingly, Kennon-Green & Co. informs clients that 1.) client is under no obligation to act upon Kennon-Green & Co.'s recommendation(s) and 2.) if a client does act upon Kennon-Green & Co.'s recommendation(s), the client is under no obligation to effect the transaction(s) through the Firm.

A similar conflict of interest arises between the Firm and a client when the client wishes to make a withdrawal of capital from his, her, or its account. This conflict of interest exists because Kennon-Green & Co.'s business model was designed after careful consideration by Messrs. Kennon and Green, who wished to remove what they believed were many of the vices of Wall Street, including short-term behavior, transaction-oriented relationships, and the lack of fiduciary obligation. Instead, they wished for Kennon-Green & Co. to be structured in a way that encouraged the Firm and the Firm's employees to help clients attempt to accumulate financial wealth over long periods of time through the use of fundamental analysis and a value investing philosophy. This was achieved by implementing a fee-only business model. Put simply, this business model means that the more wealth a given client accumulates under management at Kennon-Green & Co., the more the Firm is rewarded, sharing in the client's success. Likewise, when a client's account balance declines, holding all else equal, Kennon-Green & Co. suffers a decline in revenue generated from that client's account, sharing in the client's pain.

This alignment of interest on one hand creates an almost paradoxical conflict of interest on another in that it means Kennon-Green & Co. and Kennon-Green & Co.'s employees are incentivized to prioritize the attempted accumulation of wealth in client accounts even if a client would rather use funds for alternative purposes such as, but not limited to, reduction of debt, the acquisition of luxury goods, travel, and/or charitable giving. This incentive may consciously or subconsciously influence the Firm and the Firm's employees to encourage a client to over-save and/or over-invest beyond what his, her, or its financial needs might require under most economic and market scenarios, discouraging a client from reducing the market value of the client's account even if that reduction might have resulted in the client deriving more enjoyment from his, her, or its money, and/or experiencing a reduction in interest expenses and/or experiencing a reduction of risk.

Other Fees

Clients may incur other expenses in connection with their investment advisory relationship with Kennon-Green & Co. These fees and expenses are not earned by the Firm and may include, but are not limited to, brokerage commissions payable to prime or executing brokers for trades placed on behalf of clients within client accounts, spreads and markups on fixed-income and other securities, custodian fees payable to the custodian selected to hold account assets, fees assessed by various exchanges and clearinghouses, ADR fees on foreign securities held through American Depository Receipts, currency translation fees, and both certain executing fees and other fees or costs charged and incurred on pooled investment structures such as money market funds, exchange traded funds, mutual funds, and index funds, which may include additional management fees charged to the pooled investment structure by third-party portfolio managers above and beyond what Kennon-Green & Co. charges clients. In some cases, the client's custodian may invest client cash balances in a sweep money market fund, sweep bank deposit, or other cash equivalent. Kennon-Green & Co. does not participate in the investment decisions of the underlying money market funds or other cash equivalents and has no liability in regard to the performance of these holdings.

Certain defensive strategies used by Kennon-Green & Co. may increase trading activity, resulting in additional commissions and recognition, for income tax purposes, of gains and losses compared to accounts that do not employ these techniques. To learn more, see Item 8. Methods of Analysis, Investment Strategies, and Risk of Loss beginning on page 17.

IRA Rollover Considerations

Under the existing retirement system in the United States, it is not unusual for individuals to accumulate significant sums of money within an employer-sponsored retirement plan account such as a 401(k) or other plan.

As part of its investment advisory and asset management services, Kennon-Green & Co. may recommend that a client withdraw assets from his or her employer's retirement plan and roll those assets over into an individual retirement account that the Firm manages on a discretionary basis or, if available, take advantage of a so-called "brokerage window" that achieves much the same ends and that is only available for certain plans by certain sponsors.

When Kennon-Green & Co. does this, there are many reasons the Firm believes it is in the best interest of the client. Depending upon the situation and other relevant factors, those reasons might include, but aren't necessarily limited to, the fact this arrangement allows the Firm the opportunity to select individual investments from among thousands of publicly traded securities rather than a handful of mutual funds or other investments chosen by the plan administrator, employer, or other party. That, in turn, allows the Firm to tailor the portfolio to the specific needs, wants, and preferences of the client, including, in some cases, incorporating the client's moral and ethical values into the portfolio construction methodology, to more finely tune credit risk and cash-flow timing trade-offs such as having the client hold FDIC-insured certificates of deposit or U.S. Treasury bills directly in the client's custody account with a maturity profile specifically designed for the client's projected cash flow needs rather than a generic bond fund or other alternative, and to more finely balance the desire for capital appreciation and current income by selecting what the Firm believes is an ideal mix of underlying components, such as overweighting blue chip stocks that have a history of stable and growing dividends for the equity allocation of an account for a client who is nearing retirement or, depending upon market conditions, more heavily favoring what the Firm believes to be undervalued smaller capitalization stocks for younger clients with a higher probability of long stretches of time ahead of them and the financial capacity to weather economic and capital market storms.

Nevertheless, this presents a conflict of interest for the Firm because Kennon-Green & Co. charges clients investment advisory fees on money rolled over into an IRA that the Firm manages on a discretionary basis whereas Kennon-Green & Co. typically won't receive investment advisory fees on so-called "held-away" assets in a 401(k) plan or other employer-sponsored retirement plan unless the client has such an arrangement with the Firm. Depending upon the circumstances, a client may be able to leave his or her existing assets within the employer or former employer's 401(k) plan or other plan, roll over the money into his or her new employer's 401(k) plan or other plan, take a withdrawal (often taxable and sometimes subject to penalty if done early or not in accordance with IRS regulations) of the money in his or her 401(k) or other plan, roll over his or her money into a so-called Rollover IRA or, if available, use the brokerage window option of the plan that achieves much the same ends while keeping the assets titled in the name of the client's plan. Each of these potential choices has some benefits and some drawbacks. For example, the client's current 401(k) or other plan might have lower fees and expenses than those the client will incur if he or she has the Firm manage the funds but also offer more limited investment choices. Likewise, depending upon the state in which the client resides, his or her 401(k) or other plan could have more asset protection benefits than a Rollover IRA. Yet another difference is that it might be possible for a client to take out a loan against his or her 401(k) or other plan assets whereas the same cannot be done with assets held in a Rollover IRA. Accordingly, the Firm encourages each client to consult with his or her qualified professional tax advisor or CPA to determine what is right for him or her.

In recent years, significant media attention has been devoted to something known as the "Fiduciary Rule", which is a regulatory rule promulgated by the United States Department of Labor during the administration of President Obama. That rule was intended to require financial institutions and wealth managers, including broker-dealers who do not operate under a fiduciary standard of conduct, to act as fiduciaries when recommending IRA rollovers to clients and potential clients. The enforcement of the Fiduciary Rule has been delayed several times with one such delay modifying the first day of enforcement from January 1, 2018 to July 1, 2019 to give the Department of Labor an additional eighteen months to reassess the proposed regulation in light of extensive public commentary. Adding to the questions surrounding the future of the Fiduciary Rule, on March 15, 2018, The United States Court of Appeals for the Fifth Circuit struck down the rule, declaring that the Department of Labor exceeded its

regulatory authority. Following that court decision, a spokesman for the Department of Labor told Bloomberg Law, "Pending further review, the Department will not be enforcing the 2016 Fiduciary Rule"[1].

On December 18, 2020, the Department of Labor once again reversed course. It adopted the Prohibited Transaction Exemption 2020-02, which had the effect of sometimes, under certain circumstances, subjecting 401(k) rollovers to more stringent standards. In summary, completing a rollover from a 401(k) plan into a Rollover IRA could be considered "ERISA advice" unless an exemption were claimed. The exemption, dubbed "Improving Investment Advice for Workers and Retirees", would require financial institutions to prove compliance with the Department of Labor's "Impartial Conduct Standards". The exemption changes went into effect on February 16, 2021. However, the Department of Labor and the Internal Revenue Service both agreed to extend a non-enforcement policy until December 20, 2021.

On October 25, 2021, the Department of Labor issued Field Assistance Bulletin No. 2021-02, announcing a further delay in full enforcement of the new regulations. In that bulletin, the Department of Labor states, "for the period from December 21, 2021 through January 31, 2022, the Department will not pursue prohibited transactions claims against investment advice fiduciaries who are working diligently and in good faith to comply with the impartial conduct standards for transactions that are exempted in PTE 2020-02 or treat such fiduciaries as violating the applicable prohibited transaction rules. In addition, from December 21, 2021 through June 30, 2022, the Department will not pursue prohibited transactions claims against investment advice fiduciaries who are otherwise in compliance with PTE 2020-02 based solely on their failure to comply with the disclosure and documentation requirements set forth in Sections II(b)(3) and (c)(3) of that exemption, or treat such fiduciaries as violating the applicable prohibited transaction rules".

On February 13, 2023, the U.S. District Court for the Middle District of Florida struck down the U.S. Department of Labor's guidance on when rollover advice is viewed as fiduciary under ERISA in *American Securities Association v. U.S. Department of Labor, 22-cv-00330-VMC* (ASA), stating that the Department of Labor's interpretation of when rollover recommendations can satisfy the "regular basis" portion of the five-part test set forth in the existing 1975 regulation was arbitrary and capricious.

The Department of Labor attempted, once again, to implement a new Final Rule on April 23, 2024. On July 26, 2024, this newest iteration of the rule was blocked by a Federal court as it was substantially similar to the Department's attempt to expand its authority beyond Congressionally approved limits that had been ruled unconstitutional by the Fifth Circuit in 2018.

Kennon-Green & Co. believes that it is highly probable there will be continued litigation challenging the regulation on constitutional grounds, the outcome of which cannot be predicted at this time. Regardless of what the future holds for the Fiduciary Rule, Kennon-Green & Co. intends to comply with applicable laws, rules, and regulations. That said, it is the Firm's belief that the regulation is not likely to have any substantive material influence on the way it conducts business because 1.) Kennon-Green & Co. is already a fiduciary that adheres to standards of fiduciary conduct when dealing with all clients and all assets under management, not just IRA rollovers. The Firm's decision to be a fiduciary in all things was purposeful; a fundamental part of the vision the Firm's founders had when establishing Kennon-Green & Co. and their desire to treat clients as they would want to be treated if the roles were reversed.; and 2.) Historically, the Firm has not found it necessary to solicit individuals to transfer their retirement funds into a Rollover IRA but, rather, has found itself on the receiving end

[1] Reference: Castro-Pagan, Carmen, & Alder, Madison (2018, March 16). *Labor Dept. Won't Enforce the Obama-Era Fiduciary Rule*. Bloomberg BNA. Retrieved from https://www.bna.com/labor-dept-wont-n57982089974/ on March 19, 2019 at 3:42 p.m., Pacific Time.

of such unsolicited requests after existing or potential clients approach Kennon-Green & Co. and ask for assistance in doing so, having already made the decision that they wish to have the Firm manage those funds; something that is not a surprise given Kennon-Green & Co. specializes in serving affluent and high net worth investors who, on the whole, are considerably wealthier and more sophisticated than ordinary retail investors and, as such, are more likely to seek out precisely what they desire.

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

As briefly discussed on page 8 as part of Item 5. Fees and Compensation, in rare circumstances and at its sole discretion, but only on the condition such a fee arrangement conforms with regulatory requirements, Kennon-Green & Co. may agree to enter into a performance-based fee arrangement for a private account. In all cases, performance-based fee arrangements will only be made available to a client who is a "qualified client" as defined under SEC Rule 205-3 (Rule 17 Code of Federal Regulations §275.205-3). The SEC Rule 205-3 definition of a "qualified client", as most recently updated for inflation in SEC Release No. 5756 on June 17, 2021, is:

> "(i) A natural person who, or a company that, immediately after entering into the contract has at least $1,100,000 under the management of the investment adviser;
>
> (ii) A natural person who, or a company that, the investment adviser entering into the contract (and any person acting on his behalf) reasonably believes, immediately prior to entering into the contract, either:
>
> (A) Has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than $2,200,000. For purposes of calculating a natural person's net worth:
>
> (1) The person's primary residence must not be included as an asset;
>
> (2) Indebtedness secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time the investment advisory contract is entered into may not be included as a liability (except that if the amount of such indebtedness outstanding at the time of calculation exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess must be included as a liability); and
>
> (3) Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the residence must be included as a liability; or
>
> (B) Is a qualified purchaser as defined in section 2(a)(51)(A) of the Investment Company Act of 1940 (15 U.S.C. 80a-2(a)(51)(A)) at the time the contract is entered into; or
>
> (iii) A natural person who immediately prior to entering into the contract is:
>
> (A) An executive officer, director, trustee, general partner, or person serving in a similar capacity, of the investment adviser; or
>
> (B) An employee of the investment adviser (other than an employee performing solely clerical, secretarial or administrative functions with regard to the investment adviser) who, in connection with his or her regular functions or duties, participates in the investment activities of such investment adviser, provided that such employee has been performing such functions and duties for or on behalf of the investment adviser, or substantially similar functions or duties for or on behalf of another company for at least 12 months."

Full disclosure of all material information regarding the proposed compensation arrangement will be provided to each qualified client prior to entering into the contract.

Typically, the Firm will consider the following performance-based fee arrangements but may agree to other arrangements, including higher, lower, or otherwise modified fees, minimum fees, initial funding amounts, and terms provided they are still within the regulatory requirements:

- The account has at least $5 million of initial funding.
- Any realized and unrealized gains in the capital of the account, including accrued dividends, interest, and other income, are split 80/20 in the client's favor with the client receiving 80% and the Firm receiving 20%. The split occurs from the first penny of increase in value and there is no benchmark or hurdle rate that must be passed first with the exception of any high water mark provision in effect to protect the client from paying performance-based fees on the same gains more than once.
- The measurement period is monthly based on the value of the account at the end of a calendar month. Fees are likewise assessed monthly and deducted in the days or weeks following the end of a measurement period. Any fees owed will be withdrawn automatically from the account by the custodian on the Firm's behalf based on prior written permission from the client. The first measurement period is usually less than a full month unless the client happens to open an account on the first day of a month.
- The account will not be subject to any minimum monthly, quarterly, or annual fee as the client will not pay anything unless the account increases in value as measured by the agreement during a measurement period. However, over an extended period of time, it is possible for an account to incur performance-based fees even if the ultimate value of the account declines or remains the same (see first paragraph after bullet point list).
- When and if a client or the Firm wishes to terminate an advisory agreement managed under a performance-based fee arrangement, it can be done by providing the other party thirty calendar days' written notice. On the day notice is received, the performance calculation of the account is frozen as of the close of the market on the next trading day, and no subsequent changes in the valuation of the account thereafter will influence the calculation of performance-based fees. This means the final measurement period is usually not a full month. During the notice period, the Firm will calculate any performance-based fees that are due and bill the client. If the client has provided written instructions to permit the withdrawal of performance-based fees from the account at the custodian, the final performance-based fees will be withdrawn automatically. There are no refunds of performance-based fees because accounts managed under a performance-based fee arrangement are billed in arrears. As a courtesy, during the notice period, the Firm will assist the client in transferring his, her, or its account to another advisor or institution or, if the client prefers, liquidating the account.

It is important for clients to be aware that the mathematics of such an arrangement make it possible that a client could pay a performance-based fee during one measurement period only to see the value of an account decline in a future measurement period. For example, imagine that an account with $5,000,000 ended the first month at $5,100,000, ended the second month at $4,900,000, and ended the third month at $5,000,000. In the first month, 80% of the $100,000 profit, or $80,000, would be allocated to the client while the remaining 20%, or $20,000, would be paid to the Firm as a performance-based fee. In the second month, there would be no performance-based fee because the account lost value. In the third month, the account increased in value but still had not recovered to its previous high water mark so there is no performance-based fee and the client keeps 100% of the gain, or $100,000, for the period. At the end of this three-month span, the account is worth the same $5,000,000 it was at the beginning, yet the Firm was paid $20,000 in performance-based fees.

Additionally, it is important for clients to be aware that under certain conditions a performance-based fee arrangement could lead to increased activity and higher taxes. For example, imagine that an account with $5,000,000 held a large block of common stock issued by a company that received an unexpected buyout offer from a competitor at a price significantly higher than the cost basis in the account. At the end of the monthly measurement period, the performance-based fee on any gain not subject to the high water mark, realized or unrealized inclusive of accrued income such as dividends and interest, would be owed. Unless the Firm and the client have agreed to an alternative billing arrangement, or the client account contains sufficient cash on hand, the Firm may have to sell the appreciated shares in an amount necessary to cover the performance-based fee owed to Kennon-Green & Co. This could result in the client owing capital gains taxes, including capital gains taxes on short-term capital gains, which are taxed at higher rates than long-term capital gains. Furthermore, it

is possible that, in a future measurement period, the acquisition offer could be rejected or fall through for other reasons, causing the share price to decline below the client's original cost basis. In this scenario, the client would not only have paid performance-based fees despite the shares ultimately losing value during a future measurement period, but owe taxes on any realized gains that were triggered by the sale of shares in order to come up with the liquidity to cover those fees.

Accounts managed on a performance-based fee basis present conflicts of interest. One conflict of interest is that the performance-based fee arrangement could incentivize the Firm to expose the client account to more risk by having the account hold riskier securities than Kennon-Green & Co. otherwise would have selected in an account managed under a more typical fee arrangement. This could lead to bigger losses for the client. Another conflict of interest is that managing accounts that are charged a performance-based fee while simultaneously managing accounts under other fee arrangements, such as a fixed-rate flat fee or a percentage of assets under management, leads to an incentive to favor performance-based fee accounts by allocating to such accounts investment opportunities the Firm believes are particularly favorable.

The Firm attempts to mitigate these conflicts of interest in various ways. For example, regarding the former conflict of interest, the Firm is independently owned and operated by Messrs. Kennon and Green, who subscribe to a long-term, value-based investing philosophy. As such, Kennon-Green & Co. believes it is in its self-interest to manage performance-based accounts prudently in the hope clients do well over periods of many years rather than focusing on short-term results. If successful, and there is no guarantee it will be as investing presents a potential for significant losses of capital (for more information about risks, see Item 8. Methods of Analysis, Investment Strategies, and Risk of Loss beginning on page 17), it would mean the capital base of the client expands and the Firm enjoys higher revenues from future positive performance in the account, if any. Equally as important, the Firm believes that satisfied clients with relationships measured in years, decades, and generations are more likely to recommend the Firm to their friends, family, colleagues, and acquaintances. Kennon-Green & Co. believes this long-term approach ultimately stands to benefit the Firm more not only financially, but in terms of a solid reputation, as well. Regarding the latter conflict of interest, Kennon-Green & Co. has adopted policies and procedures, as well as a Code of Ethics, designed to treat all client accounts fairly and equitably regardless of the fee arrangement governing the account. To provide an illustration, when appropriate, Kennon-Green & Co. may aggregate trades across client accounts, buying or selling in a block trade that is then allocated to the individual accounts. During such allocations, performance-based fee accounts and other accounts managed under different fee arrangements are treated similarly with allocations based upon the underlying appropriateness for the individual client account taking into consideration relevant factors. In cases where trades are placed within individual accounts as opposed to being aggregated as a block trade and then allocated to individual accounts, the Firm attempts to allocate opportunities in a way that is fair to all clients over time with no one client receiving preference over another client. To help ensure these measures are successful, Kennon-Green & Co. reviews trade aggregation and allocation policies as well as its procedures at least annually to verify that such practices are being followed and that no client is being systematically favored. For more information, see Item 11. Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading beginning on page 32 as well as Item 12. Brokerage Practices beginning on page 33. Nevertheless, these and other measures may not always be successful in mitigating a conflict of interest so Kennon-Green & Co. believes it is important for clients to be aware of how the arrangement may bias the Firm.

Item 7. Types of Clients

Kennon-Green & Co. provides investment advisory services to high net worth individuals as well as non-high net worth individuals. The Firm also will work with trusts, corporations, partnerships, other business entities, state or municipal government entities, pension and profit sharing plans, educational organizations, endowment funds, charitable organizations and foundations including donor-advised funds, family offices, banks, insurance companies, and other institutions.

Typically, the Firm requires a minimum investment of $500,000 to $10,000,000 per account depending upon the investment strategy, geographic mandate, and other considerations though Kennon-Green & Co. reserves the

right to waive or modify this minimum on a case-by-case basis at its sole discretion. In some situations, the Firm will agree to combine account values for individuals, members of a family, or other affiliations for the purpose of meeting the minimum account size requirement for a given strategy. Kennon-Green & Co. reserves the right to terminate an account if the account falls below a minimum size that the Firm, in its sole discretion, determines to be too small to manage effectively. For more information about minimum account sizes and related topics, see Item 5. Fees and Compensation beginning on page 7.

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

Methods of Analysis

Kennon-Green & Co. uses qualitative and quantitative tools, calculations, and analysis to examine individual securities, sectors, sub-sectors, industries, and markets to help in the search for investment opportunities the Firm believes are above-average in quality or trading at a discount to the Investment Committee's estimate of intrinsic value. Kennon-Green & Co. relies upon a number of research sources to accomplish this task including extensive use of resources such as computer databases screened for certain characteristics and combinations of characteristics, industry trade publications, general and business publications and periodicals, correspondence, telephone conversations, and, if possible and necessary in the Firm's estimation, interviews with management or other knowledgeable people or persons, specialty publications, analyst reports and other third-party research, company-issued reports, and filings with various regulatory agencies, commissions, and bodies.

Investment Strategies

Kennon-Green & Co. designs, constructs, monitors, and maintains client portfolios using a philosophy known as value investing, often with an emphasis on either a value, high dividend, defensive balanced, or passive approach. The Firm also offers fixed-income and bespoke strategies. Consistent with the client's mandate and as appropriate for the client's unique needs and circumstances, the individual securities the Firm acquires on behalf of a client usually possess one or more of the following characteristics at the time the investment is made:

- High returns on tangible capital both absolutely and/or relatively to peers;
- High "owner earnings" relative to market price, which is a modified free cash flow measure the Firm may use in its analysis that seeks to adjust for things like maintenance capital expenditures and unit volume;
- A low price-to-earnings ratio;
- A low price-to-earnings-to-growth ratio;
- A low dividend-adjusted price-to-earnings-to-growth ratio;
- A low price-to-book ratio;
- An above-average dividend yield;
- A history of above-average dividend growth;
- A low price-to-sales ratio in comparison to companies within the same industry;
- Significant share repurchases;
- Significant purchases of shares by corporate executives and/or directors;
- Moderate to no leverage;
- A stock price that has declined meaningfully from a previously higher price;
- A low share price;
- Cash flow sufficiently ample to comfortably exceed fixed charges;
- An asset or assets that the Firm does not believe is fully reflected in the market price of a security;
- A small market capitalization; and/or
- A characteristic, trait, advantage, or asset that makes possible the maintenance of what the Firm perceives to be a major competitive advantage that allows the issuer of a security to remain dominant in a particular sector, sub-sector, industry, or market.

The Firm's **Value Strategy** is an opportunistic portfolio that seeks to acquire assets Kennon-Green & Co. believes are undervalued relative to the Firm's estimate of intrinsic value or that the Firm believes represents a fair value for assets that appear to be above-average in quality as demonstrated by a number of quantitative and qualitative characteristics. A value portfolio can be managed under a domestic, global, or international geographic mandate. Although the primary emphasis at most times is likely to be on cash and common stocks across a spectrum of market capitalizations, depending upon market and other factors, an account may also invest in preferred stocks, fixed-income securities such as those issued by the U.S. government, agencies, foreign governments, corporations, and municipalities, warrants, certain derivatives (e.g., writing cash-secured equity puts or writing 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 other securities and cash equivalents. These accounts are most appropriate for long-term orientated clients who are able to think like private business owners, who can handle significant volatility even if it means sitting on unrealized losses for several years, and who can focus on the underlying economics of an enterprise or security rather than current market price.

The Firm's **High Dividend Strategy** is employed when the client desires a portfolio made up of a collection of carefully-selected common stocks, and in some cases and under some market conditions, other securities that offer high dividend or distribution yields particularly at the time of acquisition including, but not necessarily limited to, preferred stocks, real estate investment trusts, master limited partnerships, and royalty unit trusts. High dividend portfolios can be managed under a domestic, global, or international geographic mandate. Dividends can be reinvested or, when made available by the client's selected custodian, distributed by the custodian to the client's linked checking or savings account, usually either one business day following receipt of the dividend in the client's custody account or, if the client prefers for the sake of simplicity, aggregated once a month. The Firm may employ certain conservative derivative strategies in an attempt to enhance income or lower risk, such as writing covered calls on positions that Kennon-Green & Co. would be open to selling at higher valuations or writing cash-secured equity puts on positions Kennon-Green & Co. would like to acquire for the client that, if exercised, will result in the client paying a lower price than he, she, or it otherwise would have paid based upon the then-market price at the time the option is originally written or, if not exercised, generating premium income.

The Firm's **Defensive Balanced Strategy** is for clients who desire a traditional mix of equity and fixed-income holdings in a diversified portfolio meant to help weather a myriad of economic conditions while still accepting the sometimes-significant volatility that is part and parcel of holding stocks and bonds. Generally, defensive balanced portfolios will have a combined cash and fixed-income target allocation of no less than 25% and no more than 75% depending upon client-specific factors and economic and capital market conditions. The cash and fixed-income component will be tailored to the client's particular situation and needs but usually consists of investment-grade securities such as, but not necessarily including or limited to, Treasury bills, Treasury notes, Treasury bonds, STRIPs, agency bonds, commercial paper, certificates of deposit, money market funds, municipal bonds, funds including fixed-income mutual funds, fixed-income index funds, and fixed-income exchange traded funds, corporate bonds, and sovereign bonds. The equity component of the portfolio is also tailored to the specific needs and circumstances of the client but at most times, under most conditions, is likely to be primarily constructed from a diversified selection of blue chip stocks that offer a history of stable and growing dividends. The Firm may have the client hold any number of securities aside from, or in lieu of, those mentioned depending upon Kennon-Green & Co.'s assessment of what is in the best interest of the client and market conditions. For example, the Firm may have a client invest in non-blue chip stocks, preferred stocks, real estate investment trusts, master limited partnerships, royalty unit trusts, mutual fund shares, exchange traded fund shares, or any number of other securities. As with the value and high dividend strategies, the Firm may employ certain conservative derivative strategies in an attempt to enhance income or lower risk, such as writing covered calls on positions that Kennon-Green & Co. would be open to selling at higher valuations or writing cash-secured equity puts on positions Kennon-Green & Co. would like to acquire for the client that, if exercised, will result in the client paying a lower price than he, she, or it otherwise would have paid based upon the then-market price at the time the option is originally written or, if not exercised, generating premium income.

The Firm's **Passive Strategy** is designed for clients who wish to combine some of the advantages of individual security ownership and managed accounts, such as potentially better tax efficiency and professional selection of tailored components appropriate for the client, with some of the advantages of an index-like approach, such as lower investment advisory fees than the Firm's other strategies and notable levels of passivity as measured by the portfolio turnover ratio. Though the precise implementation will vary to some degree from client to client, generally, a passive strategy portfolio holds anywhere from thirty to one hundred or more individual common stocks. Each stock is chosen from a hand-selected list of individual components. The Firm believes these components represent businesses of significantly above-average quality or are representative of the overall economy and that, at the time of acquisition, are trading within a reasonable range of the Firm's estimate of intrinsic value. Clients can select from a domestic or global geographic mandate. Dividends are generally pooled with any cash deposited by the client and deployed at the Firm's discretion, either adding additional components or expanding commitments to existing components. Although the Firm remains cognizant of valuation, especially at the time a commitment is made to an individual component, passive strategy portfolios are generally much less concerned with valuation than the other strategies employed by Kennon-Green & Co. as positions, once acquired, are usually expected to be held indefinitely except in cases where the Firm believes the core economic engine of the enterprise has been severely and permanently impaired or it is necessary to raise funds. This means that, over time, natural market weights begin to exert a greater influence on the portfolio and the account may become more heavily concentrated and less diversified than other strategies if certain businesses do much better than other businesses. This emphasis on passivity also means the Firm may have a client continue to hold a business that Kennon-Green & Co. believes is overvalued.

The Firm's **Fixed-Income Strategy** accounts are generally meant for clients who wish to collect a stream of interest income from their capital, often in an attempt to augment retirement income or to prepare for a major expected cash outflow such as paying for a child's education. Fixed-income strategy portfolios are constructed primarily of cash, cash equivalents, as well as fixed-income securities that might include, but are not necessarily limited to, Treasury bills, Treasury notes, and Treasury bonds, STRIPs, agency bonds, certificates of deposit, money market funds, collateralized mortgage obligations, collateralized debt obligations, auction rate securities, commercial paper, municipal bonds, corporate bonds, fixed-income mutual fund shares, fixed-income exchange traded fund shares, and sovereign bonds. The Firm generally focuses on investment grade securities as opposed to so-called "junk bonds" or "high yield bonds" although Kennon-Green & Co. may, at times when both appropriate from the perspective of the individual client and the Firm's assessment of the risk-adjusted returns, have the client acquire and/or hold securities in those categories, as well. Portfolios are tailored to the client's unique needs, circumstances, and preferences. The Firm may seek to optimize risk-adjusted after-tax yields through the management of credit risk, duration exposure, and/or asset placement, such as holding taxable corporate bonds within tax shelters and tax-free municipal bonds within taxable accounts.

The Firm's **Bespoke Strategy** is used for a portfolio that is entirely customized for the client. Bespoke strategies are negotiated on a case-by-case basis and can range from simple to complex. If Kennon-Green & Co. feels a requested bespoke strategy is not compatible with the Firm's investing philosophy or that, for some other reason, accepting the bespoke strategy mandate would make it difficult or impossible to act in the best interest of the client, the Firm will not accept the mandate.

The Firm's **Donor-Advised Strategy** is used when Kennon-Green & Co. works with a client to establish and manage a donor-advised account at a charitable gift fund. A donor-advised fund allows a donor to make an irrevocable, often tax-deductible, charitable gift of cash, securities, or, in some cases, other assets to a charitable gift fund. The donor should be aware that, due to the irrevocable nature of the gift, once assets are given to the donor-advised fund, those assets no longer belong to the donor and cannot be taken back under any condition. The charitable gift fund establishes for the donor an account that, in many ways, operates as a private foundation. The donor is frequently allowed to name the account (e.g., "The John and Jane Smith Charitable Foundation") and can recommend grants to recipients. Provided a grant recipient meets certain qualifications and requirements, such as being a 501(c)3 organization, the charitable gift fund will distribute the recommended grant to the recipient either anonymously or, if the donor prefers, in the name of the account in order for the donor-advised fund to receive recognition. The funds awarded in grants are taken out of the donor-advised fund. Donor-

advised funds offer many advantages. For example, a client could make a donation of appreciated securities, ultimately resulting in more money going to his or her preferred charitable causes than would have been possible if he or she sold the securities, incurred capital gains taxes, and donated the net proceeds. Additionally, charitable gifts can be made in years when it is most tax advantageous to the donor. The donor does not have to recommend a grant in any given year, though if the charitable gift fund is in danger of not meeting the IRS requirements to distribute 5% of the net assets to charity each year across all donor advised funds administered by the charitable gift fund, the charitable gift fund may donate a portion of the assets held within the donor-advised fund to a cause or causes of its choice to ensure the charitable gift fund does not lose its tax-exempt status. Otherwise, the donor can pile up the irrevocable gifts he or she has made to the donor-advised fund, investing the proceeds in what amounts to an endowment. This could be potentially useful for a client with a long-term horizon who planned on someday leaving a meaningful charitable legacy. Additionally, charitable gift funds allow the original donor of a donor-advised fund to name one or more successors who will take over the role of recommending grants upon his or her death to help ensure that the original charitable intention of the donor-advised fund is fulfilled.

When Kennon-Green & Co. helps a client establish a donor-advised fund, the client may hire Kennon-Green & Co. on behalf of the donor-advised fund to manage the fund's portfolio if such an arrangement is permitted by the charitable gift fund. The specifics of the mandate are negotiated with the client on a case-by-case basis and must be compatible with the requirements of the sponsor of the charitable gift fund. Usually, if permissible by the terms and structure of the charitable gift fund, the Firm prefers to have the fund invest predominately, but not necessarily entirely, in cash, cash equivalents, Treasury bills, Treasury notes, Treasury bonds, agency bonds, corporate bonds, and blue chip stocks with a history of growing dividends.

The descriptions set forth in this brochure should not be deemed to limit Kennon-Green & Co.'s investment activities as the Firm may engage in any investment strategy, and make any investment, including those not described in this Brochure, that the Firm considers appropriate for a client and that is compatible with the client's mandate as described in the client's Investment Policy Statement.

Risk of Loss

Investing in securities involves risk, including risk of loss, that clients should be prepared to bear. It is possible a client could lose some or all of his, her, or its investment managed by the Firm. These losses may be temporary in nature, such as those experienced when a diversified basket of stocks fluctuates in market value as has historically been common both in the United States and the rest of the world, as well as permanent, such as those experienced when the issuer of a security declares bankruptcy and is liquidated or reorganized. Additionally, there can be no assurance that the investment objectives of any client will be achieved. Furthermore, clients should be aware that some risks are systematic and cannot be mitigated entirely or at all through diversification or other measures.

Although the number of risks inherent to investing is innumerable, the Firm feels it is important to specifically highlight what the Managing Directors believe are some of the material risks involved in the particular investment strategies Kennon-Green & Co. employs. Not all risks will apply to all clients or client accounts or to all clients or client accounts at any given time. If a client is unable or unwilling to accept these risks, the client should not invest with the Firm. Relatedly, to help the Firm mitigate certain risks on behalf of a client, it is of the utmost importance that a client be completely upfront, honest, and candid about his, her, or its financial situation, risk tolerance, goals, and needs. Clients agree to promptly notify the Firm of any material change in the client's circumstances or needs. Failure to do so could result in the client being unnecessarily exposed to risk that the Firm would not have otherwise believed to be appropriate.

Style Risk – Kennon-Green & Co. believes in long-term, fundamental value investing and is heavily influenced by the philosophy of Benjamin Graham. This means that the Firm is typically much less concerned with day-to-day, or even year-to-year, movements in the quoted market value of a portfolio compared to many other investment advisors, preferring, instead, to focus on what the Firm believes is the intrinsic value of the underlying components relative to the price paid. It is possible that individual portfolio components or even the portfolio

itself can, and most likely will, experience prolonged periods during which they and/or it suffer(s) significant declines in quoted market value. Although Kennon-Green & Co. commits a great deal of effort to thinking about risk and ways to structure portfolios, there can be no assurance that a security, securities, or overall portfolio will ever recover in price, rise in price to the Firm's estimate of intrinsic value, or that a client will not suffer significant permanent capital impairment, including having some holdings wiped out in bankruptcy. Furthermore, the Firm may not be successful in identifying, or may misidentify, undervalued or fairly valued opportunities. This could lead to missed opportunities and financial losses. Some investing strategies, such as the Firm's value strategy, may invest in asset classes other than, or in addition to, common stocks. As a result, during periods when common stocks are rising, these portfolios may underperform similar portfolios that are entirely invested in common stocks. The Firm's value investing style may result in a client holding significant cash reserves in an account from time to time, which can lower returns under certain market conditions. This can make it difficult for the Firm to achieve the client's investment objective.

Benchmark Deviation Risk – Although the Firm is happy to reference benchmarks, including blended benchmarks, for the convenience of clients who desire it, the Firm is largely benchmark agnostic when making capital allocation decisions. Instead, as fundamental value investors with a long-term horizon, Kennon-Green & Co. believes the Firm's job is to design, construct, monitor, and maintain portfolios for clients that offer each a tailored collection of cash and securities suited to his, her, or its unique needs, circumstances, and preferences while, at the same time, possessing what appears to be a margin of safety as measured by certain quantitative and qualitative considerations. Kennon-Green & Co.'s primary concern is attempting to identify and acquire for client accounts a collection of assets that the Firm believes are trading at a reasonable price, appear to be offered on fair terms, and, in the Firm's estimation, offer acceptable probabilities of generating a satisfactory return over multi-year periods either on a stand-alone basis or as part of the overall portfolio managed for a client. The Firm does this by taking into consideration certain metrics, which may include the net present value of what Kennon-Green & Co. estimates to be the asset's future cash flows with an adjustment for both strength and perceived durable competitive advantages; e.g., the Firm is often willing to pay a fair price for the common stock of a business that has not only higher returns on capital but that possesses what Kennon-Green & Co. believes to be a nearly non-assailable position within a sector, sub-sector, industry, or market than it is an ordinary run-of-the-mill enterprise. This means that the clients of Kennon-Green & Co. can end up holding a basket of securities that is different, sometimes materially different, from the basket of securities, either in component list, weightings, or both, of one or more broader indices. Although it is axiomatic, it is necessary to point out that different collections of securities held at different weightings can often perform differently from other collections of securities held at other weightings. This means the performance of a client portfolio can, and the Firm expects, will, deviate, sometimes substantially and for extended periods of many years if not forever, from the performance of one or more broader benchmarks.

Embedded Gain and Methodology Risk – Although it is the general practice of Kennon-Green & Co. to construct client portfolios from individual securities such as stocks and bonds, from time to time, particularly for smaller accounts or in certain situations where cost efficiencies and convenience make it attractive to do so, the Firm may have a client acquire shares of publicly traded pooled securities such as index funds, mutual funds, or exchange traded funds. Funds that track a benchmark are often managed by a committee or organization that implements, or has the power to implement, methodology changes. By way of illustration, over the past couple of decades, the methodology of the S&P 500 has been quietly modified so that foreign securities were removed, a float-weight adjustment was adopted to accommodate the significant influx of assets into pooled structures that sought to mimic the index, and certain other components, such as debt-related real estate investment trusts, were introduced. It is the Firm's belief that these practices constitute a meaningful transformation in the strategy of the historical S&P 500 index and that the current methodology, had it been applied from the index's introduction in 1957 to today, would have resulted in lower rates of return. In most cases, a client who held an index fund tied to the S&P 500, whether structured as an open-ended fund or an exchange traded fund, would have been forced along for the ride as the methodology was modified underneath his or her feet. Likewise, many of the oldest and largest mutual funds and exchange traded funds have significant embedded capital gains. While, theoretically, this should be a lesser concern for exchange traded funds due to the way these securities are structured, it remains a possibility that, should the current fashions of the investing public change and the

record-breaking inflows that have made these products a cornerstone of many investor's retirement reverse into some other asset class, security, or investment structure, the funds could be forced to liquidate their holdings and trigger realized capital gains. This could reduce the client's wealth if the pooled securities were held in taxable accounts. In other cases, it might be necessary for a mutual fund, index fund, or other pooled security to exercise a provision many have reserved for emergencies or other circumstances known as "in-kind" that allows a fund to distribute some or all of the underlying holdings directly to the investor. Should this happen, it is possible some or all of the individual securities that are distributed may not have a liquid market and the investor would be forced to hold them for longer than desired if not indefinitely or, perhaps, only be able to sell the securities at severely depressed market prices.

Foreign Securities and Currency Risk – Many clients of Kennon-Green & Co. may be invested, in whole or part, in foreign securities including equities and fixed-income securities of global and international issuers. Sometimes, this ownership will be achieved by holding foreign stock directly in the client's custody account or through a sub-custodian working in partnership with the client's primary custodian while, at other times, it will be achieved through the purchase of American Depository Receipts, or ADR, which are domestically-traded securities issued by banks representing foreign shares the bank holds and for which the bank handles currency translation to the U.S. dollar, making it easier for domestic investors to enjoy worldwide diversification. Unless a client has $10 million or more in relationship balances and requests the Firm employ futures in an attempt to hedge positions back to the U.S. dollar, most, if not all, foreign securities held in a client account will be unhedged. Currency fluctuations can add, and historically have added, significant volatility to a portfolio. For example, it is possible for a foreign position to increase in market value in its home country only to show a decrease in carrying value for the client due to a strengthening of the U.S. dollar, a weakening of the currency in which the security is traded, or both. Likewise, as a result of geopolitical events or changes in a country's political regime, it is possible that a particular country or group of countries could enact currency controls that forbid the Firm's clients from converting their foreign currency back into the U.S. dollar, or any other currency, effectively locking clients into holding assets in the foreign country. Should such an event occur, the client could experience a significant, perhaps even total, lack of liquidity as pertains to the cash and securities within the country enacting such controls. Furthermore, currency risk may be material for some domestic securities, as well, due to the nature of the global economy. Additionally, foreign securities are subject to a number of risks including costs of exchanging one currency for another, higher brokerage commissions, less transparency of information and financial performance, greater volatility, delayed settlements of trades, differing cultural, legal, and professional standards for accounting, whistleblowing, auditing, and financial reporting, and the difficulty of enforcing obligations in foreign countries.

Hedging Risk – Eligible clients who request currency hedging for assets denominated in a currency other than the U.S. dollar might do so in the hope of reducing volatility. However, there can be no assurance that currency hedging will be successful, be available for a given currency, or be available on economically reasonable terms. This can lead to unhedged currency risk. Additionally, hedges may not always work exactly as planned or be effective in hedging currency exposures. The use or attempted use of hedging transactions can increase transaction activity, expenses, and taxes.

Geopolitical, Terrorism, and War Risk – Geopolitical events, administration changes, referendum, treaties, and other forces can cause material losses or risk exposures for investment positions, including a severe reduction or total removal of liquidity from a position or market or a partial or total wipeout of investment. For example, after World War I began in Europe on July 28, 1914, the New York Stock Exchange closed on July 30, 1914, and did not fully reopen until December 12, 1914. During that time, if an investor wanted to buy or sell securities that were traded on the NYSE, it would have been necessary to negotiate directly with an interested buyer or seller or go through a broker who could attempt to find another side to the transaction in the over-the-counter market. Likewise, the experience of investors in Austria from 1900 to present is demonstrative of the catastrophic outcomes that can occur as a result of political forces and war. According to *Credit Suisse Global Investment Returns Yearbook 2015*, the cumulative real return from 1900 to 2014 for 1.0000 invested at the start of the period in bills by the end of the period was 0.0001, representing an all but complete and utter destruction of purchasing power. For bonds, it was 0.0117 and for equities, 1.9, representing the same. This was due to a number of factors,

including the annexation of the nation by Nazi Germany during World War II. Terrorism also represents a significant economic and capital market risk. In some cases, terrorism could have a company-specific effect that materially decreases or obliterates the intrinsic value and/or market value of a specific holding; e.g. a terrorist attack at a major theme park could materially impair the financial condition, or result in the bankruptcy, of the theme park operator. In other cases, terrorism could have a system-wide effect that could lead to permanent, perhaps even total, financial wipeout of fixed-income and equity markets such as those that would occur if a rogue state or terrorist organization were to detonate, simultaneously and successfully, nuclear devices in several major cities. Comparably, biological weapons deployed by a hostile military force or terrorist organization could destroy the economy of a country or multiple countries, resulting in partial or total wipeout of equity and fixed-income markets and/or certain currencies. Sanctions, embargos, blockades, and boycotts can result in economic losses and/or the inability to buy or sell holdings as companies scale back or abandon markets. Related to the risks discussed in the *Regulatory and Tax Risk* portion of this section, governments, authorities, hostile foreign powers, and/or insurrectionists may nationalize, seize, or otherwise interfere with assets or enterprises. Governments may invalidate or unfavorably modify intellectual property right protections, such as leases, mineral rights, copyrights, trademarks, and patents.

Cyber-Attack Risk – As the world has grown more technologically advanced, individuals, organizations, and institutions increasingly rely upon computers and electronic networks to handle even the most rudimentary tasks. Should an individual issuer of securities, a party upon which the issuer relies, or an entire country or countries come under cyber-attack by a malicious person, organization, association, or government, it could have devastating consequences for investors, in some cases leading to temporary or permanent loss of capital. It is possible a cyber-attack could spark a recession or depression. The effects of the cyber-attack could ripple throughout the economy, taking down businesses that were otherwise not the direct target of the initial attack. Cyber-attacks could also result in infrastructure failure and the potentially accompanying by-products such as rioting and looting. Cyber-attacks may also result in identity theft of a company's employees, customers, or other stakeholders, creating significant liabilities as the target of the cyber-attack is sued for damages and accused of failing to maintain adequate security, processes, and/or systems. It is also possible cyber-attacks may target Kennon-Green & Co., one or more broker-dealers, one or more stock exchanges, or any number of other financial institutions. This may make it difficult or impossible to communicate with a client, broker-dealer, custodian, other service provider, and/or financial institution. As a result, the Firm may be unable to buy or sell positions for a client during and in the aftermath of a cyber-attack, especially if the attack results in telephone lines being overwhelmed. This could result in material losses to the client.

Regulatory and Tax Risk – Laws and regulations are constantly changing at the local, state, national, and international level. These laws can have a material influence on the intrinsic value and market value of certain investments, including causing or contributing to the partial or total wipeout of one or more positions. For example, if a client held shares of a tobacco company and a majority of the world's major economies were successfully able to pass laws and regulations that forbid the display of any logo or graphics on cigarette cartons, it could have the effect of substantially reducing or eliminating tobacco profits, leading to lower share prices, a cut or suspension of dividends, a dilutive equity offering, increased debt, and/or, in what might be a worst-case scenario, a bankruptcy filing that destroys the entirety of the market value of the security. Historically, particularly in certain regions of the world, nations have a habit of allowing socialist or populist leaders to rise to power by promising the population a better life only for the policies to fail. In the process, enterprises and assets are confiscated or nationalized, sometimes resulting in material losses for investors. These investors then flee to greener pastures or cease risking their capital, resulting in a breakdown of the allocation of resources; the country collapsing into severe poverty, destroying other businesses as the economic consequences reverberate. Furthermore, clients of the Firm may make certain allocation decisions based upon existing tax laws and regulations only to find Congress, agencies, or other authorities modify those tax laws or regulations, either outright or through interpretation. For example, a client may convert a SEP-IRA or Rollover IRA holding significant assets to a Roth IRA, triggering a large tax payment in the process. He or she may do so with the expectation that the tax-free compounding enjoyed over subsequent decades within the protective confines of the Roth IRA, combined with the expected tax-free withdrawal of principal later in life, justifies the upfront pain. In the past, politicians in the United States have discussed the possibility of enacting maximum caps on Roth

IRAs. If such caps were implemented, it could counteract the expected benefit the client anticipated at the time of conversion. Additionally, politicians may seek new ways to raise revenue, including assessing taxes on financial transactions and expanding income subject to Social Security taxes or other payroll taxes, some or all of which could have a detrimental effect on a client's portfolio, including the relative attractiveness of certain asset classes or securities.

Climate and Weather Risk – Many investments, such as, but not limited to, those tied to retailers and property and casualty insurance underwriters, are particularly sensitive to weather and climate. The scientific consensus that has emerged over the past few decades indicates that climate change is real or, at the very least, a significant enough probability that it warrants concern due to the risks it poses to civilization. This is of particular importance to investors. For example, should the general temperature of the Earth's atmosphere continue to rise, leading to an increase in sea level as a result of the polar ice caps melting, certain securities tied to enterprises, as well real estate holdings, in certain coastal areas of the United States and other countries around the world could be materially impaired, perhaps permanently wiped out, resulting in large or complete losses for investors. As the risks become clearer, it may be impossible to exit these positions or to obtain insurance coverage at an affordable rate, if any rate at all, leading to a lack of liquidity and significant declines in intrinsic value and/or market value. Consider a non-diversified utility company located in a coastal area of the United States. Regardless of its financial strength or credit rating, it possesses an inherent level of risk that is not adequately captured by an analysis of its present income statement, balance sheet, or cash flow statement. More mundane weather phenomenon, such as a colder or warmer winter than retailers expected, as well as more significant natural disasters and Acts of God, such as the eruption of a super volcano, wildfires, tsunamis, and mudslides, can also result in losses, including permanent and total losses, for clients.

Derivatives Risk – In an effort to enhance income and reduce risks, the Firm will sometimes use its discretionary authority in client accounts to trade certain derivative securities. Derivatives are securities that derive their value from some other source, such as an underlying security, asset, or index. Most commonly, Kennon-Green & Co. will write covered calls against an existing equity position or write cash-secured equity puts for a security that the Firm would like a client to acquire at a lower price than the then-market price at the time the option is written. While both of these activities generate premium income, they are not without drawbacks. In the case of writing covered calls, a stock could increase in market valuation rapidly, sometimes due to receiving a buyout offer significantly higher than the strike price of the call, yet the client would be forced to sell at the lower pre-agreed upon price, resulting in missing out on the additional gains. In the case of writing cash-secured equity puts, the market price of the underlying security could decline. If this were to occur, the client would still be required to pay the pre-agreed upon price for the shares he, she, or it no longer wished to purchase. Also, writing cash-secured equity puts ties up funds until the expiration of the put, reducing overall liquidity as those funds are not available for other opportunities that could turn out to be more attractive. The Firm may be unable to exit the position at a reasonable price or at all prior to expiration. This can be particularly important because some written call and put options extend for years.

Commodities Risk – Some investments or positions held by clients, such as securities issued by oil or mining companies, are tied to commodity prices in a material way. In other cases, the Firm may acquire for a client account an exchange traded fund tied to a specific commodity price. Commodity prices can be extremely volatile and remain depressed for periods lasting years or even decades. While this can lead to opportunities for clients who are financially able and emotionally capable of sitting on large unrealized losses, some commodities may never recover for a number of reasons. Those reasons might include structural changes in the economy or political changes in a country's government. During particularly severe commodity cycle declines, securities in a portfolio exposed to the commodity or commodities in question can be wiped out. These losses can sometimes materialize rapidly over a short period of time.

Debt Securities Risk – Debt securities, such as fixed-income securities and asset-backed securities, are subject to a number of risks including interest rate risk, which is the risk that arises from fluctuation in interest rates and the resulting influence on the market price of a security, reinvestment risk, which is the risk of being unable to reinvest cash flows at the same or better interest yield as that of the initial security, credit risk, also known as default risk, which is the risk an issuer is unable or unwilling to honor the promised interest and principal

obligations it has made to its creditors, liquidity risk, which is the risk it may be impossible to buy or sell a position at economically reasonable terms or at all prior to maturity, downgrade risk, which is the risk that a security issuer may experience a real or perceived decline in its capacity and/or willingness to honor its obligations resulting in one or more credit rating agencies assigning it a lower credit rating which, in turn, could increase its cost of borrowing and thus the probability of default, call risk, which is the risk that a security is called prior to maturity, and purchasing power risk, which is the risk that the after-tax inflation-adjusted cash flows from a fixed-income security fail to maintain purchasing power over time despite an increase in, or maintenance of, nominal value.

Equity Securities Risk – Equity securities, including common stock and preferred stock, are subject to a number of risks. These risks include company-specific risks such as management or agency risk, which is the risk that a company's management puts its own interest ahead of the interest of investors, fraud risk, which is the risk that a company is the victim of fraud either at the hands of one or more employees, vendors, or other parties or that the company itself is committing fraud against its investors, lenders, or another party, execution risk, which is the risk that management and employees are not effective or capable of identifying, implementing, and following through with a successful strategy in the marketplace for a company's goods or services, and technological obsolesce risk, which is the risk that changes in technology decrease or eliminate demand for a company's products or services due to those products or services becoming inferior, prohibitively expensive compared to alternatives, or obsolete. Equity securities are also subject to economic risk, which is the risk economic events result in lower cash flows, revenue, and/or profits. Many companies operate in a specific sector, sub-sector, or industry of the economy, which makes the equity or equities issued by these businesses subject to certain risks that may not apply to other companies operating outside of those sectors, sub-sectors, or industries, such as sensitivity to certain input costs. Equity securities are also exposed to environmental liability risk, which is the risk a government agency, regulator, court, or other body may find the issuer of a security responsible for the potentially material financial liabilities associated with restoring certain land(s), natural resources, and/or facilities. Environmental risk sometimes includes covering the medical and/or financial expenses of one or more individuals or companies, or their successors or heirs, who claim the actions of the issuer caused financial harm, sickness, or, in some cases, death or disability.

From time to time, even former blue chip companies experience bankruptcy, wiping out most or all of the value of equity and/or fixed-income securities issued by the enterprise or related entities. At times, a company's board of directors may decide to reduce or suspend a company's dividend, resulting in a reduction or elimination of income from that particular component in a client's portfolio. Equity securities are also sensitive to interest rates to some degree and in differing capacities. For example, should interest rates rise, the common equity of an asset-intensive business with a meaningful amount of debt on the balance sheet could be harmed due to the fact the enterprise might need to refinance that debt at some point in the future. Unless offset by some other force or variable, the higher borrowing costs could result in lower profits, or even losses, and a decline in the value of the common stock. In some cases, particularly where there is a lot of operating leverage in the cost structure, an increase in costs or a decrease in revenue can result in a disproportionately large decline in earnings, an increase in losses, and/or a decline in share price. Likewise, preferred stocks are particularly sensitive to changes in interest rates and can experience significant, often extended, declines in market valuation when interest rates rise. Furthermore, during times of company-specific or broader economic stress, a business might find it necessary or prudent to raise capital in an attempt to shore up its finances, resulting in dilution, perhaps material dilution, to the existing equity investors. This could mean that even if a recovery did materialize for an issuer at some point in the future, which is by no means assured, long-term owners of an issuer's equity securities may not experience a similar recovery.

Real Estate Securities Risk – Real estate properties, including those held through real estate investment trusts and other securities, are subject to a number of risks including liquidity risk, interest rate risk, regulatory risk, tenant risk, and environmental liability risk. Real estate almost always involves the use of leverage, which introduces unique challenges and risks including the possibility that a given management team becomes too aggressive in its quest for return and employs too much debt in an attempt to acquire more real estate than the balance sheet could support under less-than-favorable conditions. Real estate companies and trusts may be

unable to refinance maturing debt at a reasonable cost or at any price, or on reasonable terms or on any terms. Zoning law changes, changes in demographics, and changes in traffic patterns can reduce the intrinsic value and/or market value of a real estate property as can the bankruptcy of a tenant. Real estate is especially cyclical. Different types of real estate securities can perform differently under different conditions. For example, investments tied to residential real estate, such as apartment buildings, are often closely related to the relationship between supply and demand in a given market, as well as affordability as measured by rents relative to median household income. Meanwhile, investments tied to commercial real estate, such as office buildings, often have lease terms lasting many years, which can lock investors into lower rental rates than those generated by comparable properties during periods of rapidly escalating rental rates. Certain real estate securities, such as REITs that specialize in hotels, can be extraordinarily sensitive to recessions, depressions, terrorism, and war. Furthermore, many REITs may be forced to raise additional capital to fund expansion due to the requirements dictating that a vast majority of earnings be distributed in the form of dividends if the real estate investment trust seeks to avoid taxation at the entity level. REIT dividends can be disadvantaged compared to qualified dividends received from other equities because REIT dividends are taxed as ordinary income rather than at the lower qualified dividend tax rates.

Focus and Non-Diversification Risk – Some clients may request that Kennon-Green & Co. run a so-called "focused" portfolio, also known as a "concentrated" portfolio, which generally involves holding fewer individual positions than a non-focused, or diversified, portfolio. In some cases, at some times, both focused and non-focused portfolios may have a significant portion of assets invested in a specific sector, sub-sector, or industry as a result of Kennon-Green & Co.'s value investing philosophy and the fact that it is not unusual for perceived bargains to arise across multiple companies within a window of time due to broader economic or political forces. This means that, both for focused and non-focused accounts, volatility, the risk of loss, or the risk of deviation from a benchmark may be greater because political, economic, or other forces that disproportionately affect one sector, sub-sector, or industry may have an outsized effect relative to what might have occurred had an account or portfolio consisted of a more broadly held basket of securities. Although Kennon-Green & Co. manages focused accounts with the same emphasis on fundamental value as other accounts, seeking a margin of safety as measured by purchase price relative to what the Firm believes is the estimated intrinsic value of a security and/or paying what it believes to be a fair price for a business of above-average quality, and it still insists upon what it believes to be reasonable diversification even if it does not qualify as diversified, there are many risks in using a focused portfolio strategy, including a greater chance of underperforming the market or another benchmark, a greater chance of experiencing temporary or permanent losses of capital, which may be significant, a greater sensitivity to the performance of the over-weighted underlying components including greater volatility compared to a more diversified portfolio, as well as higher exposure to the underlying risks of the individual components. Focused portfolios do not necessarily include portfolios consisting of one or more mutual funds, index funds, or exchange traded funds as these types of pooled securities may be internally diversified.

Market Capitalization Risk – All else equal, the Firm generally believes in finding value wherever possible. Although it is happy to invest in mega-capitalization stocks, clients may be just as likely to hold securities issued by enterprises that are considered to be micro-cap, small-cap, mid-cap, or large-cap unless restricted from doing so by the individual mandate governing a client account. Smaller companies are subject to greater risks, including heightened liquidity risk and, in many cases, the risk of bankruptcy. Smaller companies tend to be less diversified and frequently do not have the same access to human capital, financial capital, and regulatory and political relationships that can provide certain advantages and peace of mind during times of severe economic stress or uncertainty. Historically, smaller companies have been more volatile than larger companies; a pattern that may continue in the future.

Donor-Advised Fund Risk – There are certain risks of using a donor-advised fund aside from the risks inherent in the investments held by the fund. For example, the charitable gift fund, of which the donor-advised fund is part, has significant influence over the donor-advised fund. Likewise, the charitable gift fund can decide not to honor the donor's request to have Kennon-Green & Co. manage the donor-advised fund's capital, including removing Kennon-Green & Co. as the portfolio manager of the donor-advised fund even if it is against the wishes of the donor. The charitable gift fund also has the power to limit the universe of investments from which Kennon-

Green & Co. can select securities for the donor-advised fund, sometimes requiring donor-advised funds below a certain asset threshold to invest from a menu of mutual funds. This can make achieving the donor-advised fund's investment objectives more difficult or impossible as well as increase costs to the donor-advised fund. Furthermore, the charitable gift fund has the authority to deny grant recommendations and can otherwise impose burdens or policies that significantly restrict the flexibility the donor has when directing the charitable funds compared to a stand-alone private family foundation.

Product Hazards Risk – It is possible that raw components, materials, compounds, chemicals, and other manufacturing inputs, outputs, and/or by-products, including those previously believed to be harmless or near-harmless, are, in fact, dangerous or lethal to humans, wildlife, and/or plants, creating significant liability risk including the risk of bankruptcy or total loss of investment. It is also possible that, in an effort to limit losses and protect their employment and net worth, members of management, employees, or other personnel at firms connected to these hazards hide or minimize the risks to the public and, potentially, regulators. For example, it was once commonplace for a wide range of goods to utilize asbestos due to its extraordinary fireproofing capabilities before society came to an understanding that there is no safe exposure level to asbestos. In such cases, it is possible that legal expenses, settlements, regulatory fines, or in exceptional cases, criminal indictment of an enterprise, can lead to a material loss for investors.

Theory of Liability Risk and Second-Order and Third-Order Risk – Courts, particularly in certain jurisdictions, have arrived at judgments that expand the theory of liability to a party or parties that, previously, would not have seemed to be at risk. This can cause significant losses for investors. For example, returning to the aforementioned discussion of asbestos, after the deep-pocketed manufacturers of asbestos products were driven into bankruptcy, plaintiffs found success pursuing employers, vendors, and other businesses that had merely used asbestos products in the ordinary course of operations at a time when it was believed to be safe to do so, often securing meaningful, if not devastating, settlements from largely innocent parties. Another illustration: The medical evidence in recent years has been nearly irrefutable in showing repetitive head injuries, specifically akin to the type encountered routinely by players of American football, can lead to chronic traumatic encephalopathy (CTE); a horrific and ultimately fatal disease. It is not unthinkable over the next few decades that retailers which sold football helmets, especially to young players, as well as school districts which sponsored teams, and individuals who volunteered to coach such teams, find themselves with expensive emerging liability claims from decades prior and which they likely never could have imagined. In some areas, this exposure may be concentrated by geography. Aside from direct financial risk, the second-order and third-order consequences may cause losses for investors. For example, several major publicly-traded media companies generate considerable income from the broadcast of American football games and related content. Yet, for more than a decade, youth participation in the sport throughout most of the country has been collapsing, with an accelerated implosion among the affluent and better educated. Combined with already-declining viewership in the general population, there can be no guarantee that a replacement form of entertainment, such as E-Sports, can adequately fill the gap or, if it does, that it will be as lucrative.

Diversity, Equity, and Inclusion ("DEI") Risk – In past Form ADV filings, the Firm noted it had begun observing a meaningful number of institutions and organizations, including corporations, partnerships, non-profits, and universities, adopting programs marketed, both internally and externally, under the name "Diversity, Equity, and Inclusion", or "DEI" for short. DEI initiatives observed at publicly traded companies are varied and have included everything from corporate commitments to ensure a specific number of job roles are filled by individuals with specific traits or characteristics to making targeted mentorships or development opportunities available exclusively to people based upon their race or biological sex. According to some estimates in the press in recent years, up to 1/3rd of companies in the S&P 500 had gone so far as to implement DEI factors into the executive compensation calculation process and all Fortune 100 companies had made a public commitment to the topic even if only performative.

Federal and state courts throughout the country have issued a string of rulings that have caused some informed analysts to conclude that under the scrutiny of the evolving case law, many, if not most, DEI programs, as presently conceived and structured, are unconstitutional and represent de facto illegal discrimination against American citizens based upon one or more constitutionally protected characteristics including, but not limited

to, race, biological sex, sexual orientation, age, or religion. While it is impossible to summarize the specifics of each individual case, the broad logic of the courts appears to flow from the concept that a program designed to provide extra resources to one group would, by definition, exclude any otherwise qualified candidate because he or she had different intrinsic characteristics. In some cases, these civil rights violations have been determined to be not just constitutional in nature, but statutory, as well. One such illustration: The 11th U.S. Circuit Court of Appeals ruled in a 2-1 decision on September 30th, 2023, that a grant contest which awards $20,000 to businesses that are at least 51% owned by black women violates the Civil Rights Act of 1866 which expressly prohibits racial discrimination in contracts, ordering a halt to the distributions. This followed the Supreme Court decision only two months prior striking down affirmative action in the college admission process, making it clear race cannot be a factor in deciding which applicants are accepted or rejected even for private institutions.

The Firm noted that in December 2023, Reuters reported several major companies had quietly modified their DEI programs in an attempt to bring them into compliance with the law. Other companies specifically identified, including some that have been and may continue to be owned by the Firm's clients, had refused such modifications to earlier-announced programs, continuing to sponsor and promote hiring practices that seem all but certain to result in losses in the court system. For example, as reported by Reuters on August 31st, 2022, coffee giant Starbucks stated in October 2020 that it would aim for racial minorities to hold at least 30% of U.S. corporate jobs and 40% of U.S. retail and manufacturing jobs by 2025, going so far as to tie executive compensation to achieving these targets. This quota-based system, which by definition would exclude qualified individuals from opportunities for employment and advancement based upon their race, appears to be prima facie unlawful, causing at least one State Attorney General to file suit on the grounds of civil rights violations.

Furthermore, since the Firm's first warning about the increase in DEI programs constituting what appeared to be illegal discrimination based upon one or more protected class(es), additional developments have occurred underscoring the legal risk. For example, on December 11th, 2024, the U.S. Court of Appeals for the Fifth Circuit struck down the Nasdaq Board Diversity Rule, Rule 506, in a 9-8 en banc decision. That rule, had it gone into effect, would have required corporate boards to 1.) provide a demographic report of how the members of a company's board of directors self-identified in terms of their gender, race, and LGBTQ+ status, and, 2.) include at least one female director and at least one director who self-identified as an underrepresented minority or member of the LGBTQ+ community. In the case of the latter, if such members were not serving on the board, the company would be required to offer a written explanation as to the reason it did not have such representation. In addition, The United States Department of Justice announced in its February 5th, 2025 memo entitled, *Ending Illegal DEI and DEIA Discrimination and Preferences* that, consistent with Executive Order 14173, the position of the Federal Government is that, "policies relating to "diversity, equity, and inclusion" ("DEI") and "diversity, equity, inclusion, and accessibility" ("DEIA")" … "violate the text and spirit of our longstanding Federal civil-rights laws" and "undermine our national unity." It is now believed that the Justice Department may pursue criminal indictments of institutions, organizations, and individuals implementing DEI programs, along with other sanctions and consequences that can include loss of funding and lucrative government contracts.

The refusal of corporate boards and/or executives to revise, rescind, and/or eliminate such DEI programs might constitute a breach of fiduciary duty to investors given there appears to be no meaningful legal defense in light of the aforementioned pattern of court rulings. There may be a not-insignificant chance that such refusals could result in adverse judgments involving financial settlements to injured parties such as employees or vendors. Such settlements could lower earnings and cash flow, therefore causing losses to investors. Furthermore, given the political polarization that has occurred around the topic, it is possible that even if a specific DEI program were to survive legal scrutiny based upon a narrow framework of conception and implementation, it could be perceived as bigoted by a substantial portion of the marketplace, potentially causing a loss of reputation and brand equity in the eyes of consumers who then engage in boycotts or other forms of protest. With sufficient scale exacerbated by social media, such actions could result in lower earnings and cash flow, similarly causing losses to investors.

Constitutional Framework and Interpretation Risk – In recent years, the U.S. Federal court system has increasingly restrained certain actions of what some commentators have referred to as the "Administrative State" in which the Executive branch illegitimately and unconstitutionally exercises authority granted to either the

Legislative or Judicial branches under the U.S. Constitution. The implications of this developing case law are profound and far-reaching. The Firm believes the most likely outcome is that the authority of the Federal government will reflect a more traditional understanding of the separation of powers and, as it pertains to the Executive branch, agency actions will be more restricted to narrowly drawn boundaries explicitly authorized by the citizens through Congressionally approved legislative text. While the specifics are impossible to predict, the Firm's belief is this will likely unfold as an initial chaotic period followed by a stabilization in which rulemaking activity slows dramatically and is far less ambitious.

For example, on June 28th, 2024, the United States Supreme Court handed down a decision in *Loper Bright Enterprises v. Raimondo* that ended the 40-year precedent known as "Chevron deference". Under *Chevron*, courts would defer to the expertise of Executive branch agencies when it came to the interpretation of statutes those agencies administer, particularly if there were two conflicting interpretations that an ordinary person might consider reasonable. Increasingly, this meant that regulatory interpretations, and thus enforcement, would whipsaw following the election of a new President as agencies sought to enact policy goals via the rule making process.

Similarly, on June 27th, 2024, the U.S. Supreme Court ruled in *Securities and Exchange Commission v. Jarkesy* that the SEC's long-established practice of using in-house tribunals led by Administrative Law Judges was unconstitutional when the agency sought civil penalties as it denied defendants the guaranteed right to a trial by jury. As noted in the dissent, there are "more than two dozen agencies" that utilize administrative proceedings to impose civil penalties on individuals and companies.

Changes in regulatory framework can exert tremendous influence upon business conditions and therefore the cash flow and profitability of enterprises that had relied upon previous guidance or rules. It is possible that one or more investments owned by clients of the Firm may suffer loss(es) arising from such changes.

Reputational Risk – As a result of widespread communication networks, namely in the form of social media, it is now not just possible, but increasingly likely, that a reasonable, nuanced conversation involving a wide range of topics can be taken out of context, disseminated, and amplified by a relatively small number of disgruntled people creating the appearance of mass outrage. Companies and institutions that are reactionary, including by firing or dismissing an "accused" executive who was believed to say or write something culturally offensive, might find themselves on the hook for considerable financial settlements. Conversely, in situations where an executive is believed to have said or written something offensive, even if the company finds no cause of action or that the comments were misconstrued (or, in some cases, that the accusations were outright false), there can be no assurance that consumers may not modify their purchasing behavior in an attempt to boycott the company associated with the individual, potentially leading to loss. Relatedly, the technology now exists whereby an executive or employee of a company can be targeted for social pressure or blackmail using "deep fake" videos or photos showing offensive or illegal behavior that is all but indistinguishable from a real video or photo despite being entirely fabricated.

Opinion, Commentary, and Forecast Risk – Kennon-Green & Co. believes it is important that clients hear directly what their fiduciary is thinking about matters related to the management of their capital. Accordingly, Kennon-Green & Co., its owners, Managing Directors, employees, or other related parties, as well as the companies in which it has clients invest funds, as well as the employees of those businesses, may, in the ordinary course of business, share opinions, statements on investment strategies, the economy, market conditions, the political environment, and numerous other topics including, but not limited to, estimates of intrinsic value, revenue or earnings projections, expectations for dividend rates, share repurchases, or debt reduction, etc. There is no guarantee that these statements or opinions will prove to be correct, and, in some cases given the nature of the topic, are inherently unknowable and/or speculative. None of these views, statements, or commentary should be relied upon as fact. Furthermore, views, statements, and commentary shared by Kennon-Green & Co., its owners, Managing Directors, employees, or other related parties, including those shared in private client letters, recorded interviews, or other media, are as-of the original date made, are not intended as a forecast nor a guarantee of future results, do not constitute investment advice, and are subject to change without notice.

Black Swan and Outside Context Events Risk – Rare, unforeseen events with potentially cataclysmic financial, political, legal, and human consequences have occurred, can occur, and most likely will occur in the future. These events can lead to devastating, permanent, and irreversible losses for investors. Financial market participants often fail to fully incorporate the probability or consequence of such events into capital allocation decision-making and the Firm may make the same mistake. As unpleasantly, even if the Firm is able to predict an event, Kennon-Green & Co. may be unable to mitigate the damage of the event for clients.

One such illustration from history is the Black Death, which killed an estimated 30% to 60% of the entirety of the population of Europe, peaking between 1346 and 1353. Should such an event occur in the future, especially given the demographic shifts that have resulted in a significant portion of the world's population residing in closely-connected urban areas that could facilitate a more rapid transmission of infection from person-to-person during a pandemic, it would result in a permanent, meaningful destruction of intrinsic value and market value for nearly every imaginable asset class as both demand for products and services, as well as the capability to deliver those products and services due to the loss of human capital, collapsed. This could lead to the bankruptcy of many issuers of securities and, in extreme cases, the collapse of governments and societies. Importantly, other emergencies including, but not limited to, health-related emergencies such as pandemics with significantly lower death counts than the Black Death, may still result in meaningful economic loss as a result of changes in consumer behavior, Federal, state, and/or local governments attempting to, and in some cases, successfully, shut[ting] down or otherwise limit[ing] businesses (e.g., restricting the capacity of a restaurant or requiring all hotels to suspend operations), financial institutions being unable or unwilling to extend liquidity during times of heightened uncertainty, and/or supply chain breakdowns that make conducting ordinary business difficult, impossible, or prohibitively expensive.

Another example of such a risk would be the development of Artificial Intelligence, or A.I. Many individuals, including influential individuals running deep-pocketed institutions, are presently excited about the possibilities A.I. presents humanity, envisioning innumerable perceived and potential benefits to civilization should it occur despite the existing challenges. The Firm does not share their optimism. Should a machine or computational mechanism find itself endowed with sentience, several potential phenomena could result in it exponentially increasing both its processing power and analytical capability in a matter of minutes, hours, or days, leading to a runaway situation that grew far beyond the ability of programmers, scientists, military, and safeguards to contain it. One potential scenario would be the development and deployment of a botnet that allowed the machine sentience to outsource much of the requisite processing power needed to build its capabilities quietly and unnoticed by its developers. As has been observed by critics of potential A.I., it is far easier for a machine to gain knowledge than it is values that are compatible with human happiness and morality. Should this occur, it could be an extinction-level event and result in catastrophic financial losses for investors.

The list of potential black swan and outside context events is both expansive and, by its very nature, unknowable. Gamma-ray bursts hitting Earth, a geomagnetic pole reversal, the arrival or revelation of extraterrestrial intelligent life, particularly if such life is hostile, the creation of a miniature black hole in a particle accelerator which should not be a problem under scientists' present understanding of physics but that still represents an unknown potential wipe-out event in actual practice should that understanding be mistaken; these are but a handful of innumerable events that could have material, permanent, and harmful effects on the value of a client's investment, investments, or entire portfolio.

The Risk of a Post-Pax Americana World – Following the end of World War II in 1945, the United States emerged as the wealthiest, most powerful empire in the history of human civilization. By serving as the world's police force, including maintaining a disproportionate cost of global defense, long-term capital formation flourished; a boon greatly amplified by the lowering of trade barriers including tariffs and the ability of companies to arrange shipments across international waters made safe by the United States military. While the policies of post-war neo-liberalism have been criticized in recent years by ill-informed and misguided ideologues, those policies remain the driving force behind an elimination of global suffering that exceeded even the wildest dreams of optimists. For example, the aforementioned lowering of trade barriers caused tens of millions of low-skill jobs in the United States to experience reduced wages through de-industrialization, but on a broader scale, it has been estimated that more than one billion people were lifted out of crushing poverty.

Furthermore, many line-items in the Federal budget that appear as expenses are, in fact, extraordinary investments that pay dividends to American citizens for generations. For example, the subsidization of certain international climate change adaptation programs may help maintain natural resources that are useful to America's military and/or industry, allow government workers to develop relationships with officials in countries that may be strategically important, and, if it results in a higher standard of living for the local population, reduce those seeking to migrate to, or request asylum in, the United States, thus allowing the U.S. to focus its immigration efforts on attracting highly skilled professionals and experts, instead.

If the United States engages in a prolonged period of isolationist behavior, including reducing international defense spending, withdrawing or pulling back significantly from international mutual defense obligations, erecting trade restrictions including material tariffs, and/or reducing grant allocations for scientific and humanitarian purposes, any perceived savings in the short-term may result in dramatically higher costs, both explicit and opportunity, in future decades and for future generations. In some cases, these costs may be readily apparent – e.g., tariffs on allies such as Canada and Mexico could result in a painful rise in inflation for housing as a meaningful portion of materials such as timber and drywall are sourced from these nations – whereas in other cases, they may be impossible to quantify – e.g., the lack of a cure for horrific diseases or plagues that otherwise might have existed.

Item 9. Disciplinary Information

There have been no disciplinary events and no material legal events related to Kennon-Green & Co. or any member of management.

Item 10. Other Financial Industry Activities and Affiliations

A. Neither Kennon-Green & Co., nor any management person, is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
B. Neither Kennon-Green & Co., nor any management person, is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
C. Neither Kennon-Green & Co., nor any management person, has any relationship or arrangement that is material to the Firm's advisory business or to the Firm's clients with any related person listed below:
    1. Broker-dealer, municipal securities dealer, or government securities dealer or broker
    2. Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company, or "hedge fund," and offshore fund)
    3. Other investment adviser or financial planner
    4. Futures commission merchant, commodity pool operator, or commodity trading advisor
    5. Banking or thrift institution
    6. Accountant or accounting firm
    7. Lawyer or law firm
    8. Insurance company or agency
    9. Pension consultant
    10. Real estate broker or dealer
    11. Sponsor or syndicator of limited partnerships
D. Kennon-Green & Co. does not recommend or select other investment advisers for its clients and does not receive compensation directly or indirectly from any other adviser.

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

Kennon-Green & Co. takes its ethical responsibilities to clients seriously and, as required by its fiduciary duty and further espoused in the Firm's Credo (see page 41 for information about the Credo as well as the page immediately following for a reproduction of the Credo), expects the Firm and all of its employees to act in the best interest of the client. This includes behaving with unimpeachable integrity. To encourage a culture compatible with these values, and to address many situations in which conflicts of interest may arise such as those that occur as a result of personal trading and investments by the Firm's employees, the Firm has adopted a Code of Ethics. Every person employed by the Firm must read this Code of Ethics, agree to be bound by it, and sign an acknowledgement of this agreement on an annual basis, confirming their commitment to the Firm's bedrock principles. Among other things, the Code of Ethics covers topics such as confidentiality of client information, documentation of certain gifts and business entertainment items, a prohibition of insider trading, and personal securities trading procedures. Kennon-Green & Co.'s Code of Ethics is available upon request.

A core tenant at Kennon-Green & Co. is that, subject to certain unique considerations such as general appropriateness, the Managing Directors and various members of their family should invest a portion of their own liquid net worth in portfolios containing similar, and in many cases, identical, securities as those selected for clients. In fact, Kennon-Green & Co. believes that clients should demand this of any money manager because this action demonstrates, profoundly and unequivocally, a commitment to clients in a way that words alone never could; to let clients know that the Firm's Managing Directors are willing to expose their funds, and the funds of their family members, to many of the same risks and rewards they think appropriate for clients.

This doesn't mean all portfolios will hold the same assets. In fact, the Firm may be buying one or more securities or related securities for client account(s), the account(s) of one or more Managing Directors, and/or members of their family while, at or about the same time, selling the same security or related securities for other client account(s), the account(s) of one or more Managing Directors, and/or members of their family. This may occur for a variety of reasons such as the appropriateness of a specific security or related security for a specific mandate or the unique circumstances related to the owner of a given account. For example, a long-held common stock in a value portfolio for a client who has requested a strict domestic mandate in his or her Investment Policy Statement might undergo a corporate inversion and no longer be headquartered in the United States, in which case the Firm would divest it for that client even if the Firm were simultaneously buying the stock or a related security, including writing cash-secured equity puts, for the account(s) of one or more clients, Managing Directors, or members of their family, particularly if the latter groups had a global or international geographic mandate. It does mean that Kennon-Green & Co. endeavors to treat client capital with the same respect, consideration, and attention given to the portfolios of the Firm's owners and Managing Directors, as well as the members of their family, holding true to the Firm's value-based approach and acting in the best interest of the client. The Firm wants clients to know Kennon-Green & Co. practices what it preaches. It is how Messrs. Kennon and Green would want to be treated were the situation reversed.

While the Firm believes this is the only acceptable way for an asset management company to behave, nevertheless, it is possible that the Managing Directors of the Firm, or one or more members of their family, might benefit from market activity created by transactions involving a security or securities held in a client portfolio. This creates a conflict of interest; e.g., if the Firm has been acquiring shares of a thinly traded stock for one or more client accounts, and this same stock is held in an account or accounts of a Managing Director or one or more members of the Managing Director's family, they may benefit from any rise in share price created by the buying activity. The Firm has implemented a Code of Ethics, as well as other policies and procedures, to protect clients from this and other conflicts of interest that may arise related to this topic in order to always act in the best interest of the client. For example, the Firm's Code of Ethics, as well as other policies and procedures adopted by the Firm, requires that, with very few exceptions permitted within applicable regulations and laws such as money market funds or U.S. Treasury bills, anyone working for the Firm with access to inside information, as well as certain family members of said "access persons" as they are known, hold their securities account(s) at

one or more designated brokerage firms or other custodians and subject those accounts to electronic monitoring by the Firm.

The Code of Ethics also requires access persons to pre-clear any personal securities investments, with the exception of a limited number of securities such as government securities and short-term high-grade debt. Certain affiliated accounts of the Firm, the Managing Directors, certain members of their family, and other related entities may trade in the same securities as clients on an aggregated basis when such trades can be accomplished consistent with the Firm's obligation to achieve best execution. When this occurs, the affiliated account(s) and client account(s) may share in execution costs and/or receive securities at a total average price.

In cases where trades are placed in individual accounts rather than aggregated, such as when a security or related security is being bought or sold in a client account at or about the same time the same security or a related security is being bought or sold in another client account or an account of a Managing Director, a member of their family, or an account otherwise affiliated with the Firm, this presents a conflict of interest. The Firm addresses this conflict of interest in several ways. Firstly, Kennon-Green & Co. focuses on a single investment philosophy known as value investing. Therefore, in cases where different client accounts are buying or selling the same or related securities at or about the same time, it will practically always be the result of personal considerations unique to the client such as the need for liquidity, to bring the portfolio back into balance, or to meet some other objective, not a result of the Firm having clients take opposite sides of a trade based on differing valuation assumptions. These individual trades result from a specific portfolio review (for more information on this topic, see Item 13. Review of Accounts beginning on page 37), which is usually done on a regular rotation or due to an event that triggered the review such as a large deposit or withdrawal from a client account. The Firm does not believe that on the whole, over time, any one particular client will be advantaged or disadvantaged relative to any other particular client. Secondly, in cases where a Managing Director, member of their family, or an account affiliated with the Firm is buying or selling a security or related securities on an individual account basis, rather than an aggregated basis, while, at or about the same time the Firm is buying or selling a security or related securities for client accounts on an individual account basis rather than on an aggregated basis, the Firm gives client trade orders priority. For example, if the Firm were buying or selling a thinly traded stock in client accounts on an individual basis, it would not submit buy or sell orders to broker-dealer(s) for an account or accounts belonging to or affiliated with the Firm or a Managing Director until client buy or sell orders had been filled.

The Code of Ethics imposes certain reporting requirements on access persons. Beginning at the later of the start of employment or the date on which Kennon-Green & Co. first became a registered investment advisor in the State of Missouri, and quarterly thereafter, access persons are required to provide a list of all securities transactions in which they have any beneficial ownership interest as well as all securities in which they maintain beneficial ownership except for those that are eligible for some exclusion under existing regulations or laws. If an employee of the Firm is found to have violated the Code of Ethics, the Management Committee has the authority to impose whatever sanctions it deems appropriate including, but not limited to, censure, disgorgement of profit, suspension, or termination of employment.

Item 12. Brokerage Practices

Kennon-Green & Co. is independently owned by Managing Directors Joshua A. Kennon and Aaron M. Green and not affiliated with any particular broker-dealer or custodian. The Firm will arrange for the execution of securities brokerage transactions for the assets it manages through a broker-dealer that the Firm reasonably believes will provide "best execution" unless otherwise directed by the client in writing.

The Firm's preferred broker-dealer/custodian is Charles Schwab & Co., a FINRA registered broker-dealer and member SIPC. Charles Schwab & Co., including certain of its subsidiaries, divisions, or affiliates (collectively referred to as "Charles Schwab & Co."), typically does not charge clients of investment advisors using its platform separately for custody but, instead, earns its revenue from commissions, fees, markups, and other service charges paid by the client to Charles Schwab & Co., mostly based upon trades executed within the account at the instruction of Kennon-Green & Co., as well as interest spreads from surplus cash balances. Kennon-Green & Co.

is a fee-only investment advisory firm. As such, Kennon-Green & Co. does not set the commissions charged to clients, though it may attempt to negotiate commissions on behalf of clients, nor does the Firm receive any part of the transaction fees, commissions, costs, markups, markdowns, and other fees and expenses charged to clients by Charles Schwab & Co. or any other qualified broker-dealer, custodian, or service provider for the services they provide to, or on behalf of, the client.

When recommending Charles Schwab & Co. to a client, the Firm considers a number of factors it believes to be important in determining what is in the client's best interest. These factors include reputation, customer service, pricing, research, execution capabilities, technological innovation, and financial strength. In seeking best execution for a client, the Firm does not look for the lowest possible cost but, instead, examines the totality of whether the transaction represents the best qualitative execution, taking into consideration the entirety of the services provided by the broker-dealer, including research, commission rates, responsiveness, and execution capabilities. This means that even though the transaction fees, commissions, costs, markups, markdowns, and other fees and expenses paid by the clients of Kennon-Green & Co. will comply with the Firm's duty to obtain best execution, a client may pay transaction fees, commissions, costs, markups, markdowns, and other fees and expenses that are higher than another qualified broker-dealer might have charged the client to effect the same transaction whenever the Firm determines, in good faith, that the fees, commissions, costs, and other expenses are reasonable in relation to the value of the brokerage and research services received. It is important that the client understand, as mentioned in Item 5. Fees and Compensation, beginning on page 7, particularly sub-section Other Fees beginning on page 11, the fees a client incurs from executing trades such as brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, the investment advisory fees the client pays Kennon-Green & Co.

When possible and the Firm believes it to be advantageous to clients, such as allowing the Firm to achieve trades in a more efficient or equitable manner, Kennon-Green & Co. may utilize aggregate trading. Trade aggregation involves trading aggregate blocks of a security or securities composed of assets from multiple client accounts. Securities are allocated among the accounts in a pre-determined allocation. In the event a trade is not allocated as expected prior to the trade, exceptions are recorded and explained. Accounts participating in any particular aggregated trade receive an average price.

Kennon-Green & Co. is not required to use aggregate trading and may choose not to aggregate trades for numerous reasons. For example, as explained in Item 11. Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading beginning on page 32, individual trades often result from a specific portfolio review, which is usually done on a regular rotation or due to an event that triggered the review such as a deposit or withdrawal from a client account (for more information on this topic, see Item 13. Review of Accounts beginning on page 37). The Firm may choose not to aggregate trades when rebalancing a single client account or selling assets in a client account to raise liquidity. The Firm may or may not aggregate trades when engaging in certain derivative strategies such as writing cash-secured puts given that these transactions are frequently tailored specifically to the available cash in a client account, a specific client's time horizon, the existing asset allocation of a client's portfolio, and other considerations relevant to the individual client. The Firm may choose not to aggregate trades in situations such as when dealing with a client whom has negotiated a bespoke mandate that involves securities not widely held by other clients of the Firm. Regardless of the reason the Firm decides to place individual trades on behalf of a client rather than aggregating trades, as mentioned in Item 6. Performance-Based Fees and Side-by-Side Management beginning on page 13, Kennon-Green & Co. reviews trade aggregation and allocation policies as well as its procedures at least annually to ensure that no client is being systematically favored and, as mentioned in Item 11. Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading beginning on page 32, the Firm has policies and procedures in place to act in the best interest of the client when effecting trades in individual accounts rather than on an aggregated basis so that, over time, Kennon-Green & Co. is behaving in a way that the Firm believes treats all clients equitably.

In certain situations, the Firm may arrange for a client or a specific client account to use another broker-dealer/custodian other than Charles Schwab & Co. when Kennon-Green & Co. believes the broker-dealer will provide "best execution" and doing so will serve the best interest of the client. For example, Kennon-Green & Co. may recommend Interactive Brokers, a FINRA registered broker-dealer and member SIPC, for broker-dealer

and custody services involving certain international geographic or bespoke mandates. The same considerations involving best execution considering the totality of services offered and the best interest of the client that apply to Charles Schwab & Co also apply to other broker-dealers/custodians such as Interactive Brokers.

In other situations, a client may request, and Kennon-Green & Co. may agree solely at its discretion, that the Firm execute trades through Charles Schwab & Co., Interactive Brokers, or another broker-dealer of the Firm's choice but have those trades settle against a custody account the client maintains at another qualified custodian such as a different broker-dealer or a bank trust company. This will increase costs and fees for the client.

In certain situations, the Firm may allow a client to use a broker of the client's choice. This means that the Firm will allow the client to instruct Kennon-Green & Co. to effect transactions through a particular broker-dealer of the client's choice. If the Firm agrees to such an arrangement, Kennon-Green & Co. will require the client to execute a written document in which the client assures the Firm that the client has, without the Firm's involvement, arranged with the specified broker to provide the necessary trade execution, clearance, settlement, brokerage servicing, custody, and other requisite services necessary for the Firm to provide discretionary services for the account and that the client has negotiated the transaction fees, commissions, costs, markups, markdowns, and other fees and expenses.

It is important for a client to understand that if the client requests for the Firm to use a specified broker of the client's choice for all trades related to the client account(s), and the Firm agrees to the arrangement:

1. Kennon-Green & Co. may not be able to achieve the most favorable execution of the client's transactions;
2. The brokerage arrangement may result in the client paying higher transaction fees, commissions, costs, markups, markdowns, and other fees and expenses as well as paying higher prices when purchasing a security or securities and receiving lower prices when selling a security or securities due to larger spreads or, in some other way, receiving less favorable net prices;
3. The client may be at a disadvantage to other clients of Kennon-Green & Co. who have not requested such a brokerage arrangement and who may pay lower or otherwise more favorable transaction fees, commissions, costs, markups, markdowns, and other fees and expenses, experience more favorable spreads when buying or selling a security or, in some other way, experience more favorable pricing even when dealing in the same or similar securities at or about the same time;
4. Kennon-Green & Co. will not be in a position to easily negotiate transaction fees, commissions, costs, markups, markdowns, and other fees and expenses on behalf of the client; and
5. The Firm will not aggregate the client's trades with the trades of other accounts managed by Kennon-Green & Co., but rather, trade within the account on an individual basis. This means the client will not receive any of the benefits of aggregated trading when and if available.

In addition to the benefits, products, and, services it provides the Firm's clients, Charles Schwab & Co. provides Kennon-Green & Co. certain benefits, products, and services, including many that are generally not available to retail clients of Charles Schwab & Co. and which may not directly benefit all clients or all client accounts; e.g., access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. Many of these benefits, products, and services may be used by the Firm to service some, all, or some substantial number of client accounts including client accounts not maintained at Charles Schwab & Co. and in no way does the Firm attempt to allocate to clients the benefits, products, or services received from Charles Schwab & Co. in a manner that is proportional to trade activity within an account or any other measure such as proportional assets held in custody at Charles Schwab & Co. Charles Schwab & Co. may discount or waive fees it would otherwise charge for some of these benefits, products, and services, or pay all or a part of the fees of a third-party providing these benefits, products, or services. Charles Schwab & Co. may also provide other benefits such as educational events or occasional business entertainment of Kennon-Green & Co. personnel.

Ordinarily, Charles Schwab & Co. makes these benefits, products, and services available to all independent investment advisors on an unsolicited basis, at no charge, so long as a total of at least $10 million of the advisor's clients' assets are maintained in accounts at Charles Schwab & Co. These benefits, products, and services are

not considered to be paid for with soft dollars and are not contingent upon any specific level of commission volume or trading activity. (A soft dollar arrangement is defined as the receipt of "research or other products or services, other than execution, provided by brokers or a third party to the investment adviser in connection with client transactions"[2].) Kennon-Green & Co. does not have a contract in place with its preferred broker-dealer/custodian, Charles Schwab & Co., or any other broker-dealer or custodian regarding any soft dollar arrangement as the Firm operates on a fee-only basis.

Some of these benefits, products, and services may not benefit clients directly as they are designed to assist Kennon-Green & Co. with certain administrative and managerial tasks. In addition, Kennon-Green & Co. benefits from the arrangement in other ways. For example, the Firm does not have to pay to produce or acquire these benefits, products, and services when it otherwise would have had to do so. Charles Schwab & Co.'s products and services that assist the Firm in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate deduction of Kennon-Green & Co.'s fees from the Firm's clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting. Charles Schwab & Co. also offers other services intended to help Kennon-Green & Co. manage and further develop its business enterprise. These services may include: (i) compliance, legal, and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants, and insurance providers. Furthermore, some third-party vendors, such as advanced portfolio performance software-as-a-service providers that the Firm uses or may use in the future, offer or may offer discounts, and in some cases, significant discounts, to investment advisory firms that have clients hold assets through Charles Schwab & Co.

In evaluating whether or not to recommend or require clients to custody assets at Charles Schwab & Co., the Firm may take into account the availability of some of the benefits, products, and services previously discussed, as well as other arrangement or benefits, products, and services, as part of a number of factors Kennon-Green & Co. considers. This means the Firm will not focus solely, in isolation, on the cost or quality of brokerage and custody services Charles Schwab & Co. provides to clients. This presents a potential conflict of interest because Kennon-Green & Co. has an incentive to recommend or require Charles Schwab & Co. for the reasons previously disclosed. Relatedly, if the Firm recommends or requires clients use another broker-dealer/custodian, such as Interactive Brokers in the case of clients who request an international geographic mandate, a substantially similar potential conflict of interest is present because many other broker-dealers, including Interactive Brokers, also offer similar benefits, products, and services to investment advisors, which creates an incentive for the Firm to recommend those broker-dealers. The Firm will disclose to clients any conflicts of interest it believes exist or arise when selecting or dealing with a broker-dealer. Clients are encouraged to contact the Firm if they have any questions about a specific broker-dealer relationship.

The Firm evaluates its broker-dealer/custodian recommendations and arrangements at least annually to ensure that conflicts of interest are being disclosed, Kennon-Green & Co. is acting in the best interest of the client, and the Firm is satisfied that best execution is being achieved taking into consideration the totality of all relevant factors including those that are qualitative.

Kennon-Green & Co. does not receive client referrals from any broker-dealer.

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[2] Reference: U.S. Securities and Exchange Commission *Investor Bulletin: Amendments to Form ADV – New Disclosure Requirements for Investment Advisors*, section "Brochure" bullet point "Brokerage practices" accessed at 12:55 p.m., CST on March 20, 2018 at https://www.sec.gov/investor/alerts/bulletin-formadv.htm

Item 13. Review of Accounts

Client accounts are typically reviewed by one or both Managing Directors on a periodic basis, usually at least once per quarter but often more frequently, particularly in the case of certain large accounts that may be reviewed daily or monthly. These periodic reviews include an analysis of the portfolio composition, checking the portfolio against its Investment Policy Statement to make sure it is still in harmony with the mandate and strategy established with the client, and an examination of certain risks that might have arisen such as an overconcentration in a specific position or group of positions due to changes in market valuation of the individual portfolio components. Additionally, certain events may trigger a review such as a client depositing or withdrawing funds. Trading activity in a client account is reviewed on or within one business day following a trade executed on behalf of a client to verify that the trade was executed correctly.

In addition to the account statements generated by, and provided to the client directly from, the client's independent custodian, Kennon-Green & Co. may provide clients with its own periodic supplemental reports, as well as other reports, including those generated and produced by a third-party advanced portfolio performance technology provider. Clients are capable of generating many of these reports in a written PDF document on-demand through the Firm's private client portal without the Firm's assistance. The selection of on-demand reports available to clients include data points such as historical transaction lists of passive income received (dividends, interest, etc.), and portfolio holdings organized by asset class, sector, industry, account, and/or weighted value. The Firm, and its third-party advanced portfolio performance technology provider, may add, remove, expand, or modify the list of available reports from time to time in an effort to enhance and/or streamline the private client experience, including as a result of taking into consideration client feedback and requests.

Clients are urged to compare any statements and reports issued by the Firm, including through its chosen third-party technology provider(s), with the statements and reports issued by the client's custodian to identify and bring to the Firm's attention any discrepancies as soon as possible. The Firm believes these supplemental documents offer additional insight into the specifics of the client's account(s) both individually and, if applicable and agreed upon by individual clients within a household, on a household level. The Firm believes these documents are particularly beneficial to married couples who have many different accounts under management at Kennon-Green & Co., as well as families with multi-generational wealth, and who desire a consolidated view of all of the assets the Firm oversees on their behalf. Furthermore, the Firm believes supplemental documents provided to client might better assist the client and his, her, or its other advisors, including tax advisors, accountants, attorneys, financial planners, or other specialists, in better understanding what the client owns, performing audits, and/or projecting estimates of potential future income.

Item 14. Client Referrals and Other Compensation

Kennon-Green & Co. does not receive any compensation for managing client accounts other than the investment advisory fees it receives from clients. Furthermore, the Firm does not compensate any person or entity for client referrals.

Item 15. Custody

Kennon-Green & Co. is not a broker-dealer. The Firm will not accept, and does not maintain, custody of client assets. Instead, client assets are held in custody by an independent qualified custodian, often the Firm's preferred custodian, Charles Schwab & Co. Kennon-Green & Co. has a limited power of attorney to place trades within an account on behalf of the client. Based upon the prior written authorization of the client, the Firm will submit its fees to the client's custodian, which will deduct those fees from the client's account(s) and distribute them to Kennon-Green & Co.

The client's custodian will issue trade confirmations and regular statements, in most cases, monthly, but in all cases, no less than quarterly, which the client should review promptly. As explained in Item 13. Review of

Accounts beginning on page 37, Kennon-Green & Co. may provide clients with its own periodic supplemental reports, as well as other reports, including those generated and produced by a third-party advanced portfolio performance technology provider, which are in addition to the account statements generated by, and provided to the client directly from, the client's independent custodian. Clients are urged to compare any statements and reports issued by the Firm, including through its chosen third-party technology provider(s), with the statements and reports issued by the client's custodian to identify and bring to the Firm's attention any discrepancies as soon as possible.

Please note that to maintain client privacy and security due to the sensitive nature of the documents, as well as to reduce the Firm's environmental impact, client invoices are made available electronically.

Item 16. Investment Discretion

Kennon-Green & Co. generally has clients execute a limited power of attorney to act on a fully discretionary basis on behalf of the client. This means the Firm does not seek client permission before placing trades in a client account. The Firm has discretionary authority to determine the broker or dealer to be used for a purchase or sale of securities for a client's account. The Firm has authority to determine whether, which, and how much of a given asset, security, or type of security is purchased or sold in pursuit of an account's investment objectives. Typically, Kennon-Green & Co. will agree to most reasonable limitations or restrictions to the Firm's authority, such as honoring a request to abstain from the purchase of securities issued by tobacco manufacturers, though the client should be aware that reducing the number of potential portfolio components may reduce diversification, result in lower or otherwise different returns, and make it more difficult to attempt to meet a given investment objective. The client must provide Kennon-Green & Co. written instructions requesting such limitations on an account, to be included with the Investment Policy Statement. The Firm must agree to a restriction prior to that restriction becoming effective for an account.

Item 17. Voting Client Securities

The Firm does not vote client securities. Clients are responsible for any and all matters with respect to the voting of proxies for securities held within their account(s). Clients will receive proxy materials directly from their respective custodian(s) and/or the transfer agent for a security. If the client wishes to contact the Firm to discuss how Kennon-Green & Co. believes the client should vote, he, she, or it is free to do so by submitting a written request through email, calling the Firm, or inquiring during an in-person, by-appointment meeting. In some cases, the Firm may recommend to a client or clients a particular course of action and encourage the client or clients to vote for such proposal or offer when Kennon-Green & Co. believes it is in the best interest of the client but the client is under no obligation to follow this recommendation. If, in such a situation, Kennon-Green & Co. is aware of a conflict of interest regarding a client who requests advice on how to vote his, her, or its proxy, the Firm will promptly disclose the conflict of interest to the client.

Item 18. Financial Information

There is no information required by this item because:

1. Kennon-Green & Co. is not aware of any financial condition that is reasonably likely to impair the Firm's ability to meet its contractual commitments to clients.
2. Kennon-Green & Co. does not require or solicit prepayment of fees that are both six months or more in advance and that are $1,200 or greater.
3. Kennon-Green & Co. has never been the subject of a bankruptcy petition.

Additional Information

Class Action Lawsuits for Securities Positions

Kennon-Green & Co. does not monitor, nor does the Firm determine, if securities held by a client are the subject of a class action lawsuit or if a client is eligible to participate in class action litigation or class action settlements. The Firm does not participate, initiate, or otherwise engage in litigation or other legal actions to recover damages on the behalf of clients from issuers of securities the client may have held or currently holds if a court determines those issuers have injured the client as a result of negligence, misconduct, fraud, another crime, or any other actions. If a client wishes to pursue potential settlement related to a securities position, the client will be responsible for any and all efforts to do so.

Trade Errors

In the event a trading error occurs in a client account, the policy of Kennon-Green & Co. is to restore the account to the position it should have been in had the trading error never occurred. Corrective measures will vary on a case-by-case basis but may include actions such as reimbursing the account, adjusting an allocation, and/or cancelling the trade. In the event a trading error results in a profit, the proceeds will be donated to a charity of the Managing Directors' choice.

Client Privacy

Kennon-Green & Co. takes the privacy and security of each client seriously. Besides having various physical and technological safeguards in place to protect client data, the Firm will not sell information about a client or a client's account(s) to anyone. Moreover, the Firm provides each client a copy of the Kennon-Green & Co. Privacy Policy prior to the signing of an Investment Advisory Agreement as well as provides a current Privacy Policy Notice on an annual basis to keep the client updated regarding the status of the Firm's privacy practices.

The Firm does not disclose any non-public personal information about a client to any non-authorized or non-affiliated third parties except as permitted or required by law, when it is required to process a transaction, when it is requested by the client, or when it is necessary to the servicing of the client account; e.g., the Firm does and will in the future share client information with service providers and third-party vendors such as broker-dealers, accountants, attorneys, consultants, transfer agents, and certain other entities, such as SS&C Advent Black Diamond, which handles the Firm's advanced portfolio performance reporting, client portal, and reconciliation needs.

Personal Writings and Publications

In his individual capacity, Joshua A. Kennon regularly writes and publishes articles, essays, lessons, and other content related to investing, finance, business, and additional topics such as cooking, politics, and philosophy on his personal blog at https://www.joshuakennon.com. In addition, during a period between February 2001 and November 2017, Mr. Kennon was the *Investing for Beginners Expert* (formerly "Guide") at About.com and, later, its successor Dotdash (for the sake of clarity, throughout this document, "About.com" will refer to About.com, its successor Dotdash, and any other affiliate, subsidiary, joint partnership, or other licensee to which the network granted the right to publish Mr. Kennon's works) with nearly all of his content published at either https://beginnersinvest.about.com or https://www.thebalance.com. The use of the term "Expert" and "Guide" by About.com did not denote any specific level of training, qualification, expertise, or knowledge and was typically used for all the network's contract writers responsible for overseeing a given topic. Furthermore, Mr. Kennon has occasionally given interviews, including in print and on radio, discussing various investing topics.

In the case of content written, or interviews given, prior to regulatory approvals of Kennon-Green & Co. by the State of Missouri in 2016, Mr. Kennon was not, and had never been, active in the advisory business. Instead, Mr. Kennon was writing and speaking for entertainment and academic purposes and was not subject to the regulations that apply to owners of a Registered Investment Advisor or to Registered Investment Advisor Representatives as he was neither at the time. During this extensive span of time, which began when he was an 18-year old senior in high school, Mr. Kennon's output was prodigious. It covered what he believes to be thousands of articles, posts, and other pieces consisting of hundreds of thousands, or perhaps millions, of written words, many of which he can no longer recall due to the sheer volume of content he created over this extended period. The writings he produced related to investing topics were largely educational in nature; e.g., defining concepts such as municipal bonds, showing the reader how to calculate different types of financial ratios, explaining what an index fund is, demonstrating how a dividend reinvestment program works, doing case studies of businesses and individuals. Mr. Kennon received, and, despite his resignation may continue to receive under certain conditions, revenue from many of these writings based on page views, click-through rates, or other metrics from the content he authored and that remains live on one or more of About.com's network of sites. As Mr. Kennon's husband, Mr. Green had, and continues to have, an interest in this income because it represents an economic benefit to their household.

Unlike traditional newspaper, magazine, book, and other print media, digital publications written in the electronic age present unique challenges to the author. Whereas historical content printed in physical form is frozen in time, in the case of content licensed to About.com in particular, Mr. Kennon does not have editing and updating rights to the wording of the content, how the material is displayed by About.com nor to any of the other sites to which it sub-licenses or transfers the content, nor is he able to control the displayed advertising around the content despite the fact he retains copyright to the original article text. Under contractual agreements dating back as far as 2001, About.com has, does, and, unless it agrees to forfeit the right in the future, which it is under no obligation to do, will continue to maintain a perpetual right to edit or otherwise modify the content Mr. Kennon wrote and licensed to the network. About.com does not permit its independent contractors, either former or present, to delete or remove from publication articles that have been licensed to it without the network's permission.

Historically, About.com has exercised its right to edit Mr. Kennon's content by hiring freelance writers to update, reformat, and otherwise refresh its library of licensed content. Due to the limitations of About.com's systems, the edited article that appears on the live site immediately receives a new time stamp that overrides the original publication date on the live site no matter how small the edit (e.g., a freelancer decided to add an image for the purpose of improving the aesthetics of the article). Furthermore, even if content is changed (e.g., updating out-of-date information such as IRA contribution limits in an educational post explaining what a Roth IRA is), About.com's system still shows the article as being written by Mr. Kennon. Mr. Kennon may not be informed, nor is he entitled to be under the contracts signed with About.com, of the changes made to the content he licensed to About.com in the past. Mr. Kennon may not be informed, nor is he entitled to be under the contracts he signed with About.com, to changes in the network's internal publishing systems, guidelines, technological capabilities,

or publishing procedures following his resignation. It is possible the freelance writers or other representatives of About.com may update content in a way that Mr. Kennon believes is erroneous or with which he does not agree. About.com has the right to use his likeness in connection with marketing the licensed content, including licensed content that the network or its representatives have modified without Mr. Kennon's knowledge or agreement. Over the coming years, as Mr. Kennon's content is edited more extensively by third-party writers without his knowledge, agreement, or involvement, he considers this to be a likely outcome.

Additionally, in an age of social media, it is not uncommon for Mr. Kennon's articles and other publications to be shared, copied, pasted, and reposted in various forums and websites, sometimes in part, erroneously, or out of context, even if content is later updated, corrected, or clarified.

Although Mr. Kennon feels this is not a cause for concern given the educational nature of his of body of work and his constant reminders over the years that he was not offering, and could not offer, investment advice but was, rather, interested in the academic concepts behind the topics being discussed, both the Firm and Mr. Kennon believe it is important that clients and potential clients make no reliance whatsoever upon his personal or historical writings, including those licensed to About.com and its network of sites - such as, but not limited to, https://beginnersinvest.about.com and https://www.thebalance.com - his personal blog, and other sites, as well as any discussion of investing philosophy, examples of returns on specific investments or portfolios (e.g., using a specific dividend stock or group of stocks from a real purchase or portfolio to demonstrate how total return or dividend reinvestment works or can be calculated or how a given portfolio performed compared to a benchmark), strategies for valuing securities, conclusions about certain tax strategies, historical case studies of certain businesses, sectors, industries, or individuals, and any or all materials written by Mr. Kennon, including discussions in the comment section of his personal blog, as a basis for considering or maintaining an investment with the Firm. Rather, clients and potential clients must rely solely upon this Form ADV, other regulatory disclosures, advisory agreements with the Firm, and other publications released by Kennon-Green & Co., which may or may not be authored by Mr. Kennon, as it pertains to determining whether to become and remain an investment advisory client.

The Kennon-Green & Co. Credo

The Kennon-Green & Co. Credo is the philosophical, ethical, and moral heart of the Firm. Messrs. Kennon and Green wrote it before accepting clients and intend for it to be a multi-generational document that guides the operations of the Firm. The language was intended to encompass future growth and expansion; to be timeless without the need for significant updates or modifications.

The Credo is designed to serve as a constant reminder of the high standards of conduct the Firm sets for itself. Therefore, it is important for clients to become familiar with it.

What follows on the next page in italics is a copy of the Kennon-Green & Co. Credo.

The Kennon-Green & Co. Credo

Our Responsibility to Our Clients

We believe our first responsibility is to our clients who have entrusted us with the privilege of managing their wealth. We must never forget that the capital placed under our stewardship represents their hopes, dreams, sacrifices, and good fortune. We must remind ourselves that they rely upon the principal and income from the portfolios we design, construct, monitor, and maintain on their behalf and that we are fiduciaries who must act in their best interest. To encourage and reinforce this obligation, we must seek to align our incentives with the interest of the client, maintaining a culture that puts us on the same side of the table as much as possible. Fees should be fair, simple, and easy to understand. Whenever appropriate, we should be willing to take on the risks and rewards to which we expose our clients by investing a meaningful amount of our own personal liquid net worth in portfolios employing the same strategies, and holding securities similar, and in many cases, identical, to those selected for client portfolios of a similar mandate. We must conduct ourselves and our operations with efficiency and integrity in all things. We must be our own harshest critics, demanding high quality in everything we do. Sensitive information must be safeguarded. Systems must be built with redundancy. When required or in the client's best interest, we must value transparency. Otherwise, we must act with the utmost discretion. Conflicts of interest should be disclosed immediately. Client questions or concerns should be addressed promptly. The Managing Directors and Investment Committee should regularly communicate their thinking.

Our Responsibility to Our Employees

We are responsible to our employees. We must view each and every person who works for us as an individual with inherent human dignity, recognizing their merit and accomplishment regardless of seniority or rank. We must provide equality of opportunity in employment, development, and advancement for those who are capable, qualified, and willing. We must ensure that employees are competent, dedicated, and that their decisions and actions are just and ethical. Compensation must be fair, adequate, and apportioned in a manner that permits all employees to participate in our successes, not solely those at the top. Working conditions must be clean, comfortable, safe, and sufficient for the task. We must foster an environment which encourages substance and candor, including ensuring employees are free to make suggestions or highlight dissatisfaction without fear of reprisal. We must behave in a way that makes employees feel secure in their jobs and income. We must remain aware of the family responsibilities of employees, striving to help them meet those obligations and enjoy a rich and fulfilling personal life outside of the office.

Our Responsibility to Our Communities

We are also responsible to the communities in which we live and do business, the broader civilization, and the world. We must use the Firm's resources and influence to protect, encourage, and fight for human rights, including doing what we can to maintain responsibly-regulated free markets. We must develop and support civic improvements and charitable causes. We must nurture the arts and sciences. We must encourage rationality and education to help our fellow citizens live better lives. We must do our part to preserve the environment, including being mindful of our use of natural resources and improving the property entrusted to us. We must pay our share of fair and reasonable taxes. The communities in which we live and work must be better for having us as citizens than they otherwise would have been. Concurrently, we must remember that our fiduciary duty to the client comes first. If we encounter a situation in which our morals conflict with either the best interest of the client or a course of action the client wishes for us to take, we must promptly notify the client and seek a resolution. In doing so, our integrity must never be for sale.

Our Responsibility to Our Owners

Finally, we are responsible to our owners. A business exists to generate a satisfactory profit. We must build and maintain adequate reserves that provide stability during the inevitable storms that will arise, frequently without warning. We must innovate and constantly improve so we are best-in-class in whatever we do. We must reinvest for future growth, fund capital expenditures, conduct research, and, while experimenting with new ideas and methods, never stray from our conviction that conservative fundamental analysis is the only sound basis upon which to invest both client and Firm assets. We must stay true to our insistence upon a margin of safety and prudent diversification no matter what fashions or follies may sweep Wall Street or Main Street, even if it causes us to appear antiquated or become unpopular. Indeed, we must maintain fierce independence of thought, be willing to suffer the derision of our competitors, and lose clients to those who would whisper falsehoods in their ear rather than behave in a way that violates what we know to be right based upon sound analysis and timeless principles of value. In the end "this too shall pass" and the reality of math cannot be ignored. If we do these things, our owners should enjoy a fair return.

Form ADV Part 2B "Brochure Supplement"

Item 1. Cover Page – Joshua A. Kennon

Item A

Supervised Person's Name:	Joshua A. Kennon (CRD #6686246)
Supervised Person's Business Address and Telephone Number:	**Kennon-Green & Company, LLC** 5031 Forest Drive, Suite A New Albany, Ohio 43054 Phone: (614) 656-3638 E-Mail: clientservices@kennongreen.com
Date of the Supplement:	March 18, 2025

Item B

This brochure supplement provides information about Joshua A. Kennon that supplements the Kennon-Green & Company, LLC brochure. That brochure is attached and precedes this brochure supplement. If that brochure is not attached, or if you have any questions about the contents of this brochure supplement or Kennon-Green & Co.'s brochure, please contact Joshua A. Kennon or Aaron M. Green at (614) 656-3638 or clientservices@kennongreen.com.

Additional information about Joshua A. Kennon is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2. Mr. Kennon's Educational Background and Business Experience

JOSHUA A. KENNON was born in 1982. Mr. Kennon graduated in 2005 with a Bachelor of Arts in Music, magna cum laude from Rider University after pursuing a liberal arts education that allowed him to enroll in a wide range of courses covering music, accounting, finance, economics, history, and performance through what is now known as the Westminster College of the Arts, which oversees the Westminster Choir College program.

Mr. Kennon is an entrepreneur who has founded and managed multiple companies. Between February 2001 and November 2017, Mr. Kennon was the *Investing for Beginners Expert* (formerly "Guide") at About.com during which time he wrote a wide range of educational articles and essays on investing, finance, accounting, portfolio management, and other related topics. (The use of the term "Expert", and formerly "Guide", by About.com during Mr. Kennon's time as an independent contractor did not denote any level of training, qualification, expertise, or knowledge and was typically used for the network's contract writers responsible for overseeing a given topic.) In 2005, Mr. Kennon co-authored *The Complete Idiot's Guide to Investing, 3rd Edition*. For the past five years, his business activity has consisted of the following:

- Mr. Kennon is a co-founder, co-owner, and Managing Director of Kennon-Green & Co. The Firm was organized as a Missouri Limited Liability Company in October 2015 and began raising assets following regulatory approval from the State of Missouri in September 2016. Mr. Kennon serves on the Firm's Management Committee and Investment Management Committee.

Item 3. Mr. Kennon's Disciplinary Information

There is no information involving Joshua A. Kennon that must be disclosed under this item.

The internal policy of the Department of Business Oversight Investment Adviser Licensing Unit in the State of California related to ADV items which pose a condition question is that they must be answered even if the response is negative. Accordingly, both Mr. Kennon (the "supervised person" in this Item) and Kennon-Green & Co. acknowledge that Mr. Kennon is not now, nor has he ever been, subject to any of the following:

A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which the supervised person
    1. was convicted of, or pled guilty or nolo contendere ("no contest") to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;
    2. is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;
    3. was found to have been involved in a violation of an investment-related statute or regulation; or
    4. was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, the supervised person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order.
B. An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which the supervised person
    1. was found to have caused an investment-related business to lose its authorization to do business; or
    2. was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority
        a) denying, suspending, or revoking the authorization of the supervised person to act in an investment-related business;

b) barring or suspending the supervised person's association with an investment-related business;
c) otherwise significantly limiting the supervised person's investment-related activities; or
d) imposing a civil money penalty of more than $2,500 on the supervised person.

C. A self-regulatory organization (SRO) proceeding in which the supervised person
   1. was found to have caused an investment-related business to lose its authorization to do business; or
   2. was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than $2,500.

D. Any other hearing or formal adjudication in which a professional attainment, designation, or license of the supervised person was revoked or suspended because of a violation of rules relating to professional conduct. If the supervised person resigned (or otherwise relinquished the attainment, designation, or license) in anticipation of such a hearing or formal adjudication (and the adviser knows, or should have known, of such resignation or relinquishment), Kennon-Green & Co. would disclose it here. However, no such resignation, or otherwise relinquishment of the attainment, designation, or license, has occurred and therefore no disclosure is required.

Item 4. Mr. Kennon's Other Business Activities

Presently, Mr. Kennon has no other active business activities or employment commitments aside from Kennon-Green & Co. with the exception of a special purpose Ohio real estate holding company that holds ownership of the commercial building in which Kennon-Green & Co. conducts its operations and is otherwise immaterial.

As part of his family's estate planning, tax planning, and gifting strategies, Mr. Kennon believes it to be a near certainty that he will serve as manager, managing member, and/or trustee of one or more legal entities or structures, which may include, but not be limited to, limited liability companies and trusts. These legal entities or structures may hold investment assets for Mr. Kennon, his husband, his children, his family, his godchildren, and/or others. The investment assets, and the legal entities and structures through which they are held, may require nominal administrative and managerial time commitments.

For example, consider one hypothetical: If the United States were to experience a real estate collapse, Mr. Kennon may decide to form a real estate holding company and gift membership units in the entity to his children, taking advantage of the opportunity to purchase property, such as residential apartment buildings or commercial office buildings. While serving as the manager of the entity, Mr. Kennon would be responsible for either the performance or supervision of the related administrative and managerial tasks, such as completing closing paperwork related to a property purchase or filing a partnership tax return. Mr. Kennon does not believe that such a development would in any material way be a distraction to his responsibilities, or diminish his role, at the Firm because his first professional and career priority is, and, he believes, will continue to be, Kennon-Green & Co. Such situations and arrangements, when and if they arise, will not be fixed in terms of hours but satisfied on an as-needed basis, almost always occurring during his personal time, such as late afternoon, evenings, on weekends, and over holidays.

Item 5. Mr. Kennon's Additional Compensation

Mr. Kennon does not receive any additional compensation for providing advisory services to the Firm.

Item 6. Mr. Kennon's Supervision

The Management Committee of Kennon-Green & Co. is responsible for the management and supervision of the Firm. This includes the management and supervision of the members of the Investment Committee and all matters of material importance to the Firm. The general components, weightings, etc. that make up the Firm's investment strategies are determined from time to time by the consensus of the Investment Committee while the actual implementation of portfolio construction, including rebalancing, is usually accomplished by Joshua A. Kennon authorizing and/or submitting any final trade instructions. The Firm's two Managing Directors, Joshua A. Kennon and Aaron M. Green, who are married, serve as the only two members of the Management Committee and Investment Committee. Both Managing Directors can be reached by calling Kennon-Green & Co. at (614) 656-3638.

Form ADV Part 2B "Brochure Supplement"

Item 1. Cover Page – Aaron M. Green

Item A

Supervised Person's Name:	Aaron M. Green (CRD #6686256)
Supervised Person's Business Address and Telephone Number:	**Kennon-Green & Company, LLC** 5031 Forest Drive, Suite A New Albany, Ohio 43054 Phone: (614) 656-3638 E-Mail: clientservices@kennongreen.com
Date of the Supplement:	March 18, 2025

Item B

This brochure supplement provides information about Aaron M. Green that supplements the Kennon-Green & Company, LLC brochure. That brochure is attached and precedes this brochure supplement. If that brochure is not attached, or if you have any questions about the contents of this brochure supplement or Kennon-Green & Co.'s brochure, please contact Joshua A. Kennon or Aaron M. Green at (614) 656-3638 or clientservices@kennongreen.com.

Additional information about Joshua A. Kennon is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2. Mr. Green's Educational Background and Business Experience

AARON M. GREEN was born in 1982. Mr. Green graduated in 2005 with a Bachelor of Arts in Music, cum laude from Rider University after pursuing a liberal arts education that allowed him to enroll in a wide range of courses covering music, accounting, finance, economics, history, and performance through what is now known as the Westminster College of the Arts, which oversees the Westminster Choir College program.

Mr. Green is an entrepreneur who has founded and managed multiple companies. For the past five years, his business activity has consisted of the following:

- Mr. Green is a co-founder, co-owner, and Managing Director of Kennon-Green & Co. The Firm was organized as a Missouri Limited Liability Company in October 2015 and began raising assets following regulatory approval from the State of Missouri in September 2016. Mr. Green serves on the Firm's Management Committee and Investment Management Committee.

Item 3. Mr. Green's Disciplinary Information

There is no information involving Aaron M. Green that must be disclosed under this item.

The internal policy of the Department of Business Oversight Investment Adviser Licensing Unit in the State of California related to ADV items which pose a condition question is that they must be answered even if the response is negative. Accordingly, both Mr. Green (the "supervised person" in this Item) and Kennon-Green & Co. acknowledge that Mr. Green is not now, nor has he ever been, subject to any of the following:

A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which the supervised person
    1. was convicted of, or pled guilty or nolo contendere ("no contest") to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;
    2. is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;
    3. was found to have been involved in a violation of an investment-related statute or regulation; or
    4. was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, the supervised person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order.

B. An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which the supervised person
    1. was found to have caused an investment-related business to lose its authorization to do business; or
    2. was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority
        a) denying, suspending, or revoking the authorization of the supervised person to act in an investment-related business;
        b) barring or suspending the supervised person's association with an investment-related business;
        c) otherwise significantly limiting the supervised person's investment-related activities; or
        d) imposing a civil money penalty of more than $2,500 on the supervised person.

C. A self-regulatory organization (SRO) proceeding in which the supervised person

1. was found to have caused an investment-related business to lose its authorization to do business; or
2. was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than $2,500.

D. Any other hearing or formal adjudication in which a professional attainment, designation, or license of the supervised person was revoked or suspended because of a violation of rules relating to professional conduct. If the supervised person resigned (or otherwise relinquished the attainment, designation, or license) in anticipation of such a hearing or formal adjudication (and the adviser knows, or should have known, of such resignation or relinquishment), Kennon-Green & Co. would disclose it here. However, no such resignation, or otherwise relinquishment of the attainment, designation, or license, has occurred and therefore no disclosure is required.

Item 4. Mr. Green's Other Business Activities

Presently, Mr. Green has no other active business activities or employment commitments aside from Kennon-Green & Co. with the exception of a special purpose Ohio real estate holding company that holds ownership of the commercial building in which Kennon-Green & Co. conducts its operations and is otherwise immaterial.

As part of his family's estate planning, tax planning, and gifting strategies, Mr. Green believes it to be a near certainty that he will serve as manager, managing member, and/or trustee of one or more legal entities or structures, which may include, but not be limited to, limited liability companies and trusts. These legal entities or structures may hold investment assets for Mr. Green, his husband, his children, his family, his godchildren, and/or others. The investment assets, and the legal entities and structures through which they are held, may require nominal administrative and managerial time commitments.

For example, consider one hypothetical: If the United States were to experience a real estate collapse, Mr. Green may decide to form a real estate holding company and gift membership units in the entity to his children, taking advantage of the opportunity to purchase property, such as residential apartment buildings or commercial office buildings. While serving as the manager of the entity, Mr. Green would be responsible for either the performance or supervision of the related administrative and managerial tasks, such as completing closing paperwork related to a property purchase or filing a partnership tax return. Mr. Green does not believe that such a development would in any material way be a distraction to his responsibilities, or diminish his role, at the Firm because his first professional and career priority is, and, he believes, will continue to be, Kennon-Green & Co. Such situations and arrangements, when and if they arise, will not be fixed in terms of hours but satisfied on an as-needed basis, almost always occurring during his personal time, such as late afternoon, evenings, on weekends, and over holidays.

Item 5. Mr. Green's Additional Compensation

Mr. Green does not receive any additional compensation for providing advisory services to the Firm.

Item 6. Mr. Green's Supervision

The Management Committee of Kennon-Green & Co. is responsible for the management and supervision of the Firm. This includes the management and supervision of the members of the Investment Committee and all matters of material importance to the Firm. The general components, weightings, etc. that make up the Firm's investment strategies are determined from time to time by the consensus of the Investment Committee while the actual implementation of portfolio construction, including rebalancing, is usually accomplished by Joshua A. Kennon authorizing and/or submitting any final trade instructions. The Firm's two Managing Directors, Aaron M. Green and Joshua A. Kennon, who are married, serve as the only two members of the Management Committee

and Investment Committee. Both Managing Directors can be reached by calling Kennon-Green & Co. at (614) 656-3638.