

**Item 1 Cover Page**



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**Form ADV Part 2A – Firm Brochure**

**Dated:** 03/07/2024

**This brochure provides information about the qualifications and business practices of Richmond Investment Services, LLC. If you have any questions about the contents of this brochure, please contact us at (262) 242-4200. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration (e.g. “registered investment advisor”) does not imply a certain level of skill or training.**

**Additional information about Richmond Investment Services, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**



## **Item 2 Material Changes**

Pursuant to SEC rules, Richmond Investment Services, LLC will ensure that Clients receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after the end of the fiscal year of Richmond Investment Services, LLC, December 31. This means that if there were any material changes over the past year, Clients will receive a summary of those changes no later than April 30. At that time, Richmond Investment Services, LLC will also offer a copy of its most current disclosure brochure and may also provide other ongoing disclosure information about material changes as necessary. If there are no material changes over the past year, no notices will be sent.

At any time, you may contact Christopher Becker, RIS's Chief Compliance Officer at (262) 242-4200 or via email at [christopher.a.becker@lpl.com](mailto:christopher.a.becker@lpl.com) if you have any questions about this Brochure.

This is a new brochure as of **DATE** 03/07/2024



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## **ITEM 4 ADVISORY BUSINESS**

### **Firm Description**

Richmond Investment Services, LLC (“RIS,” “Firm,” or “Advisor”) is a SEC-registered investment advisor firm founded in September 2006. The Firm is principally owned by Matthew Richmond. Additional information about the owners and executive officers may be found in Form ADV Part 1, Schedule A, which is available at [adviserinfo.sec.gov](http://adviserinfo.sec.gov) by searching for Richmond Investment Services, LLC.

### **Advisory Services**

The Firm provides a variety of service offerings to Clients or prospective Clients (“Client,” collectively, “Clients”). The financial professionals at RIS offer Clients (individuals, business entities, trusts, estates, and charitable organizations, etc.) investment advisory services on a discretionary basis. Additionally, RIS may provide investment advisory services on a non-discretionary basis.

### **Investment Advisory Services**

The Firm works to provide tailored advisory services to meet the needs of each Client and continually seeks to manage the portfolios in a manner consistent with their specific financial situation. Prior to providing services, an RIS financial professional will review and discuss each Client’s situation and needs. This may include, but is not limited to:

- Financial needs and goals
- Risk tolerance, recognition, and capacity
- Retirement goals
- Investment objectives
- Cash flow analysis
- Other applicable information as needed to provide sound investment advisory services.

From here, RIS will allocate and manage Client assets that are in alignment with their investment objective, risk tolerance, and risk capacity.

Any and all trades are made in the best interest of the Client as part of the Firm’s fiduciary duty. However, risk is inherent to any investing strategy or model. Therefore, the Firm does not guarantee any results or returns.

Prior to providing any investment advisory services, the Firm requires a written financial services agreement (“FSA”) to be executed by the Client. The FSA will outline the services to the Client and the fees the Client will incur.

Below are some of the LPL Financial, LLC (“LPL”)-Sponsored Advisory Programs that RIS may utilize depending on the level and scope of the Client relationship:



- Optimum Market Portfolios (“OMP”) – This is a professionally managed asset allocation program using Optimum Funds. Under OMP, the Client authorizes LPL, on a discretionary basis, to purchase and sell Optimum Funds pursuant to investment objectives chosen by the Client. An RIS financial professional will assist the Client in determining the suitability of OMP for the Client and assist the Client in setting an appropriate investment objective. The Firm will have discretion to select a mutual fund asset allocation portfolio designed by LPL consistent with the Client’s investment objectives. LPL will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for the Client. LPL will also have authority to rebalance the account. LPL sets the minimum account size for OMP and changing account balances and minimum requirements may affect whether this program is appropriate for a particular Client and may affect the fees charged. A minimum account value of \$10,000 is required for OMP. However, in certain instances, a lower minimum account size may be permissible.
- Model Wealth Portfolios (“MWP”) – This is a professionally managed mutual fund and/or exchange-traded fund (“ETF”) asset allocation program. The Firm will obtain the necessary financial data from the Client and assist in determining the suitability of the MWP program. The Advisor will initiate the steps necessary to open an MWP account and will have discretion to select a model portfolio designed by LPL’s Research Department consistent with the Client’s stated investment objectives. The Client will authorize LPL to act on a discretionary basis to purchase and sell funds and to liquidate previously purchased securities. The Client will authorize LPL to affect rebalancing for MWP accounts. The MWP program offers model portfolios designed by strategists other than LPL’s Research Department. The Firm can choose among available models designed by LPL and outside strategists. LPL sets a minimum account size for MWP and changing account balances and minimum requirements may affect whether this program is appropriate for a particular Client and may affect the fee charged. The minimums vary depending on the portfolio selected and the account’s allocation amongst portfolios. The lowest minimum for a portfolio is \$25,000. In certain instances, however, a lower minimum for a portfolio is permitted.
- Manager Access Select (“MAS”) – This program provides Clients access to the investment advisory services of professional portfolio management firms for the individual management of Client accounts. Advisor will assist Clients in identifying a third-party portfolio manager from a list of portfolio managers made available by LPL. The portfolio manager manages the Client’s assets on a discretionary basis. RIS will provide initial and ongoing assistance regarding the portfolio manager selection process. LPL and portfolio managers set a minimum account size for MAS and changing account balances and minimum requirements may affect whether this program is appropriate for a particular Client and may affect the fee charged. A minimum account value of \$50,000 is required for MAS. However, in certain instances, the minimum account size may be lower or higher.
- Managed Accessed Network (“MAN”) – This program provides Clients access to the investment advisory services of professional portfolio management firms for the individual management of Client accounts. The Advisor will assist Clients in identifying a third-party portfolio manager from a list made available by LPL. The Portfolio Manager manages the Client’s assets on a discretionary basis. The Advisor will provide initial and ongoing assistance regarding the portfolio manager selection process. LPL and the portfolio managers set a minimum account size



for MAN and changing account balances and minimum requirements may affect whether this program is appropriate for a particular Client and may affect the fee charged.

### *Discretionary Investment Management Services*

Most Clients work with RIS on a discretionary basis, which means that the financial professional can and will make investment decisions without the Client's prior authorization.

### *Non-discretionary Investment Consulting Advice*

Clients may request financial planning services as included in the investment management services. Financial planning services may include retirement goal planning, income and cash flow analysis, income tax considerations, business planning, and comprehensive financial plan projections. Financial planning advice is provided on a non-discretionary basis. Financial planning advice is provided to educate and enhance the Client's knowledge regarding their own financial situation, and it is up to the Client to decide what actions they would like to take.

Through continuous discussion, RIS determines Client goals and objectives which help to develop a Client's personal investment policy or investment plan. Account supervision is guided by the stated objectives (*e.g.*, income with capital preservation, income with moderate growth, growth with income, growth, and aggressive growth) as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

### *Wrap Fee Programs*

The Firm includes securities transaction fees together with its investment advisory fees. Including these fees into a single asset-based fee is considered a "Wrap Fee Program." The Firm customizes its investment management services for its Clients. The most cost-effective fee structure depends on several factors including, but not limited to, the frequency of trading, account size, and the Client's investment objectives and goals. The Firm sponsors the Richmond Investment Services Wrap Fee Program solely as a supplemental disclosure regarding the combination of fees. Please see Appendix 1—Wrap Fee Program Brochure, which is included as a supplement to this Firm Brochure.

### *Strategic Wealth Management (SWM I and SWM II)*

Strategic Wealth Management is the name of the open architecture account held through LPL as the qualified custodian to support investment advisory services provided by the Advisor. Investment Advisor Representatives can offer SWM I or SWM II. The accounts offer the same investment choices and are managed in the same manner, but the fee structure is different.

- For SWM I, Clients are charged transaction fees in addition to the advisory fee.
- For SWM II, the transaction fees are absorbed as part of the advisory fee (*i.e.*, wrap fee program)

The advisory fee for SWM II accounts may be higher than SWM I to account for the transaction fees. Taking into consideration factors such as but not limited to the anticipated level of trading and account size, Investment Advisor Representatives of the Advisor will determine the most cost-effective fee



structure. The Advisor offers SWM II as a wrap fee program where the Firm acts as the sponsor and portfolio manager.

Although Clients do not pay a transaction charge for transactions in a SWM II account, Clients should be aware that the Advisor pays LPL transaction charges for those transactions. The transaction charges paid by the Advisor vary based on the type of transaction (*e.g.*, mutual fund, equity, or ETF) and for mutual funds based on whether or not the mutual fund pays 12b-1 fees or recordkeeping fees to LPL. Transaction charges paid by the Advisor for equities and ETFs are \$9.00. For mutual funds, the transaction charges range from \$0 to \$26.50. Because Advisor pays the transaction charges in SWM II accounts, there is a conflict of interest in cases where the mutual fund is offered at both \$0 and \$26.50. Clients should understand that the cost to Advisor of transaction charges may be a factor that Advisor considers when deciding which securities to select and how frequently to place transactions in a SWM II account.

In many instances, LPL makes available mutual funds in a SWM II account that offer various classes of shares, including shares designated as Class A Shares and shares designed for advisory programs, which can be titled, for example, as “Class I,” “institutional,” “investor,” “retail,” “service,” “administrative,” or “platform” share classes (“Platform Shares”). The Platform Share class offered for a particular mutual fund in SWM II in many cases will not be the least expense share class that the mutual fund makes available and was selected by LPL in certain cases because the share class pays LPL compensation for the administrative and recordkeeping services LPL provides to the mutual fund. Client should understand that another financial services firm may offer the same mutual fund at a lower overall cost to the investor that is available through SWM II. In other instances, a mutual fund may offer only Class A Shares, but another similar mutual fund may be available that offers Platform Shares. Class A Shares typically pay LPL a 12b-1 fee for providing shareholder services, distribution, and marketing expenses (“brokerage-related services”) to the mutual funds. Platform Shares generally are not subject to 12b-1 fees. As a result of the different expenses of the mutual fund share classes, it is generally more expensive for a Client to own Class A Shares than Platform Shares. An investor in Platform Shares will pay lower fees over time and keep more of his or her investment returns than an investor who holds Class A Shares of the same fund.

Advisor has a financial incentive to recommend Class A Shares in cases where both Class A and Platform Shares are available. This is a conflict of interest which might incline Advisor, consciously or unconsciously, to render advice that is not disinterested. Although the Client will not be charged a transaction charge for transactions, Advisor pays LPL a per transaction charge for mutual fund purchases and sales in the account. Advisor generally does not pay transaction charges for Class A Share mutual fund transactions. The cost to Advisor of transaction charges generally may be a factor Advisor considers when deciding which securities to select and whether or not to place transaction in the account.

The lack of transaction charges to Advisor for Class A Share purchases and sales, together with the fact that Platform Shares generally are less expensive for a Client to own, presents a significant conflict of interest between Advisor and the Client. In short, it costs Advisor less to recommend and select Class A share mutual funds than Platform Shares, but Platform Shares will generally outperform Class A mutual fund shares on the basis of internal cost structure alone. Clients should understand this conflict and consider the additional indirect expenses borne as a result of the mutual fund fees when negotiating and discussing with your Advisor the advisory fee for management of an account.





### **Retirement Plan Consulting Services**

We assist retirement plan sponsors by serving as their investment and fiduciary advisor, helping them meet the needs of their employees while working within the guidance put in place by ERISA. Our service model involves implementing customized processes designed to help sponsors manage their organization's plan as effectively as possible, including quarterly reporting, ERISA compliance and, when requested, assisting with employee allocations.

### **Services Tailored to Client's Needs**

Services are provided based on a Client's specific needs within the scope of the services provides as discussed above. A review of the information provided by the Client regarding the Client's current financial situation, goals, and risk tolerances will be performed and advice will be provided that is in line with available information.

### **Assets Under Management**

As of October 2023, RIS has the following assets under management:

Discretionary assets:	\$0
Non-discretionary assets:	\$0

### **ITEM 5 FEES AND COMPENSATION**

Under a wrap fee account, the Client is charged a single, wrap fee that includes the advisory fee and either the custodial asset-based charge or the custodial transaction-based charges, as applicable. When managing a Client's account in this way, RIS receives the balance of the fee after deducting any custodial asset-based or transaction-based charges. The Firm's financial professionals, at their discretion, can negotiate an annual wrap fee up to a maximum of two percent (2.00%) of assets managed by RIS and may apply the following fee schedule as provided below under "Fees and other charges". The wrap fee is negotiated based on various objectives and subjective factors. The complexity of the engagement as well as the level and scope of the services to be rendered may impact the final agreed upon fee schedule. There may be Client relationships that pre-date the association between the financial professional and RIS and, as a result, Client wrap fees may be higher or lower than the schedule outlined below.





**Fees and other charges**

*Individually Managed Accounts*

Fees for individually managed accounts are tier priced as follows:

<u>Account Size</u>	<u>Fee (Annual percentage) *</u>
\$0 - \$500,000	2.00%
\$500,001 - \$1,000,000	1.75%
\$1,000,001 - \$5,000,000	1.50%
\$5,000,000 +	Negotiable

Custodial account and other service fees are not covered by the annual wrap fee. These may include but are not limited to mutual fund fees and ETF charges imposed by the fund company (e.g., management fees, and other fund expenses, etc.), margin interest, account activity fees, and any other fee related to maintaining a retirement account by the custodian. Additionally, for wrap accounts at LPL, the Client will incur a ticket charge for foreign stock transactions.

All asset-based fees are deducted by the qualified custodian of record on a quarterly basis in advance, or as otherwise indicated in the Client’s FSA. Client statements for prior deductions will be provided on a quarterly basis.

All fees paid to RIS for investment advisory services are separate and distinct from the expenses charged by third-party managers and investment companies to their shareholders. These fees and expenses are described to the Client in separate disclosures. These fees will generally include third-party management fees, an investment company management fee, other fund expenses, and in some situations a possible distribution fee.

The Advisor will provide investment advisory services and portfolio management services, but will not provide custodial or other administrative services. At no time will RIS accept or maintain custody of a Client’s funds or securities except for fee deductions previously authorized by the Client. The Client may contact the custodian directly for disbursements, account record changes, and may also do so in writing to the custodian. The Advisor may act at the Client’s convenience to facilitate such written communications to the custodian, provided that such action is not construed to be custody of Client assets.

The Client is responsible for all custodial and securities execution fees charged by the custodian and executing broker-dealer. Fees paid to RIS are separate and distinct from the custodian and execution fees.

Clients may request to terminate their advisory contract with RIS, in whole or in part, by providing advance written notice. Upon termination, any fees paid in advance will be prorated to the date of termination and any excess will be refunded to the Client through the custodian. Client’s advisory agreement with RIS is non-transferable without Client’s written approval.

*Fee Deduction Disclosure*

When the firm deducts its management fee from Client accounts utilizing a qualified custodian, the firm is required to meet the following requirements.



- a. Possess written authorization from the Client to deduct advisory fees from an account held by a qualified custodian;
- b. send the qualified custodian a written invoice detailing the fee amount to be deducted from the Client account; and
- c. The firm must ensure that on at least a quarterly basis, the custodian sends to the Client a statement showing all transactions within the account during the reporting period.

*Defined Contribution Plan Asset Management Fees*

Group self-directed, advisor discretionary, or trustee directed 401(k), 403(b), and/or other multi participant Qualified plans (when asset-based fees are elected by a plan sponsor in connection with open-architecture qualified plans) are billed quarterly in arrears and are tier priced as follows:

<u>Account Size</u>	<u>Fee (Annual percentage)</u>
\$0 - \$5,000,000	0.60%
\$5,000,001 - \$10,000,000	0.50%
\$10,000,001+	0.40%

Fee deductions are made from 401(k) and 403(b) by the Plan Administrator/Record Keeper on behalf of the Plan Sponsor according to the terms of the contract for services with the advisor and paid to the advisor by the Plan Administrator or Record Keeper.

Fees are negotiable and generally billed by RIS to the custodian, based on Client approval, and then deducted from the Client's plan account. In some cases, RIS may charge Clients for its services on a flat fee basis or on a per participant basis. Furthermore, RIS may consider the number of plans advised for a particular Client when negotiating fees. RIS and the financial professionals may have previous fee arrangements which may deviate from the above-listed fee schedule.

*Fixed Fees*

Fixed fees are commensurate with asset-based fees and may be negotiated for investment services and are established as fixed fees where the intent of the Client is that fees are not variable automatically with changes in asset values on a quarterly basis. Fixed fee arrangements under the Client agreement are for a period of one year, and then convert automatically to asset-based fees unless a new fixed fee agreement is established. Fixed fees are deducted and invoiced in the same fashion as asset-based fees for investment services.

All fixed fees for services offered by the firm will be determined in advance based on the agreement between the Client and the firm and based on the information provided by the Client at that time.

Fixed fees paid in advance will be prorated to the date of termination and the excess refunded to the Client by check as soon as practicable. Where the firm may request a fee in advance, the amount paid in advance will not be more than \$1,200 per Client and 6 months in advance. The remaining fixed fees will be paid after the services are performed.



### *Right of Cancellation*

In addition to the right to terminate an agreement pursuant to its terms, a Client may cancel an agreement with RIS within five (5) business days of first receiving a copy of this disclosure brochure and supplement without penalty or fee.

### *Custodial Fees*

Client-specific custodial asset-based charges or, as applicable, custodial transaction-based charges and custodial account and other service charges are detailed in the Client's custodial agreement(s) or Client's custodial quarterly statements. A general description of such charges is provided below. The investment strategy, investments and related transactions will impact whether a Client will pay more in custodial asset-based charges or the custodial transaction-based charges, as applicable. Furthermore, the custodial charges will differ by custodian and may be higher or lower depending on the investment, transaction, or custodial service. As a result, RIS's Clients will pay diverse custodial charges that may be higher or lower than those charged by other investment advisors. Clients may inquire at any time with the RIS as to Client-specific custodial charges.

- **Custodial Asset-Based Charge:** LPL offers custodial asset-based pricing. The custodial asset-based charge is paid to the custodian, based on the assets held within the account. The custodial asset-based charge covers various transaction costs, such as mutual fund fees, brokerage commissions and markups/mark-downs for fixed income securities. The investment strategy, investments and related transactions will impact whether a Client will pay more in custodial asset-based charge or a custodial transaction-based charge. LPL's custodial asset-based charge is billed quarterly in arrears and deducted from RIS's wrap fee. Clients may inquire at any time with the RIS as to Client-specific custodial charges and should discuss these differences with the RIS and their financial professional.
- **Custodial Transaction-Based Charges:** Currently LPL does not offer custodial transaction-based pricing.
- **Custodial Account and Other Charges:** Each of the custodians utilized by RIS has miscellaneous account and other charges that are borne solely by the Client and are deducted from the Client's wrap fee account or, as applicable, non-wrap fee account. These custodial account and other service charges are billed by and paid to the custodian, based upon the specific custodial account or service, including, but not limited to, wire fees, transfer fees, margin interest, account activity fees, and any fee associated with maintaining a retirement account charged by the custodian of the qualified account. Custodians may waive custodian account and other service charges based on a level of assets maintained in the account, and the asset level or other conditions for a fee waiver may be higher or lower than those required by other custodians. Furthermore, an RIS financial professional may pay any custodial account and other charges.



Advisor's investment management fees are payable quarterly in advance, based on average daily balances with adjustments for additional deposits of funds if any made in a quarter already billed, which will be billed in arrears at the beginning of the next quarter for the additional cash flow. Upon termination, any fees paid in advance will be prorated to the date of termination and any excess will be refunded to the Client by check issued to the customer as soon as practicable.

Some RIS financial professionals are also broker-dealer registered representatives of LPL (commonly referred to as a "Dually Registered Person"). If so, a Client's financial professional may offer the Client investment advisory services through RIS or brokerage services through LPL (as a registered representative). Brokerage services and investment advisory services are different, and the fees charged for those services are separate. A RIS financial professional will earn investment advisory fees on an account managed under a written advisory agreement and, in the capacity as a registered representative with LPL, earn transaction-based compensation or commissions on a separate and distinct Client brokerage account at LPL.

A Dually Registered Person has a conflict of interest, as the Dually Registered Person has an incentive to recommend investment products or services based on the relationship (either as a registered representative of LPL or as an RIS financial professional) that creates the greatest compensation for the Dually Registered Person. When RIS financial professionals sell a security or investment product through LPL, they do so solely as a Dually Registered Person of LPL. In such instances, RIS does not charge an asset-based fee in addition to the commissions paid to the Dually Registered Person by the Client for such a product. Clients of a Dually Registered Person will have separate brokerage (through LPL) and advisory (through RIS) accounts, whereby the Client will receive notification of brokerage commissions charged by LPL and separate custodial statements reflecting advisory fees for RIS advisory accounts. Furthermore, Clients are not under any obligation to purchase or sell commission products from LPL and have the option of purchasing many of the securities and investment products that RIS makes available through another broker-dealer, custodian, investment advisor or another financial institution.

In the event the Client chooses to purchase or sell securities or investment products through a Dually Registered Person, LPL will charge brokerage commissions to facilitate securities transactions, a portion of which will be paid to the LPL registered representatives who facilitate the transaction. The brokerage commissions charged by LPL may be higher or lower than those charged by other broker-dealers. In addition, LPL may also receive additional ongoing mutual fund 12b-1 fees directly from the mutual fund company during the period that the Client maintains the mutual fund investment in a brokerage relationship, and RIS financial professionals who are Dually Registered Persons may receive a portion of those additional ongoing 12b-1 fees directly from the mutual fund company in their roles as registered representatives of LPL.

To determine whether a RIS financial professional is a Dually Registered Person, Clients should review the Financial professional's Form ADV Part 2B Brochure Supplement. If a Client has not received a copy of that document, the Client should contact RIS's Chief Compliance Officer using the information on the cover page of this Brochure. RIS's Chief Compliance Officer is available to address any questions that a Client may have regarding the above conflict of interest, or any information outlined in this Brochure.

Certain RIS financial professionals are also associated with LPL as broker-dealer registered representatives. In their capacity as registered representatives of LPL, certain Dually Registered Persons



may earn commissions for the sale of securities or investment products that they recommend for brokerage Clients. They do not earn commissions on the sale of securities or investment products recommended or purchased in advisory accounts through RIS. Clients have the option of purchasing many of the securities and investment products RIS makes available to you through another broker-dealer or investment advisor. However, when purchasing these securities and investment products away from RIS, you will not receive the benefit of the advice and other services RIS provides.

### ***Limitations Due to LPL Licensing/Registration***

The individuals that are licensed as registered representatives of LPL are subject to regulations that restrict them from conducting securities transactions away from LPL without written authorization from LPL. Clients should, therefore, be aware that for accounts where LPL serves as the custodian, RIS is limited to offering services and investment vehicles that are approved by LPL, and may be prohibited from offering services and investment vehicles that may be available through other broker-dealers and custodians.

## **ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

RIS does not charge performance-based fees therefore this question is not applicable.

## **ITEM 7 TYPES OF CLIENTS**

RIS's Clients generally include:

- Individuals
- Profit sharing plans and other qualified plans
- Trusts, estates, or charitable organizations
- Corporations and other business entities

RIS does not require an annual minimum fee or minimum asset level for investment advisory services. Certain investment programs or investment products require annual minimum fees or minimum asset levels for participation. Clients should review disclosure material or Form ADV Part 2A brochures and consult with their financial professional about the implications of such minimum requirements before investing in such programs or products.

## **ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

RIS uses a variety of methods of analysis, such as:

- Economic analysis. Economic analysis generally involves studying various factors in an economy, including macro-economic factors (such as interest rates, inflation, and growth) and micro-economic factors (such as market share, supply, and consumer demands) specific to a particular industry, sector, or company.
- Fundamental analysis. Fundamental analysis generally involves assessing a company's or security's value based on factors such as sales, assets, markets, management, products and



services, earnings, and financial structure. Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the security.

- Technical market analysis and technical trend following. Technical analysis generally involves studying trends and movements in a security's price, trading volume, and other market-related factors to discern patterns. Technical analysis does not consider the underlying financial condition of an issuer. This presents the risk that a poorly managed or financially unsound issuer underperforms regardless of market conditions.

The financial professionals' investment strategies are based on the Client's specific situation, including designated investment objectives and risk tolerances.

*Investment activities involve a significant degree of risk.* The performance of any investment is subject to numerous factors that are not within the control of RIS. Many of these factors include a wide range of economic, political, technological, and other conditions (including acts of terrorism and war or regional/global pandemic) that affect investments in general or in specific industries or companies. The investment decisions made, and the actions taken in managing Client assets will be subject to various market, liquidity, currency, economic, political, and other risks. Investing in securities involves a risk of loss that Clients should be prepared to bear. The investment performance and the success of any investment strategy can never be predicted or guaranteed, and the value of a Client's investments will fluctuate due to market conditions. Investments may lose value and past performance is never a guarantee of future results. The information contained in this Brochure cannot disclose every potential risk associated with an investment strategy, nor all the risks applicable to a particular manager, security, or investment. Risks vary by Client according to their investment objectives, guidelines, liquidity needs and not every strategy or portfolio will be exposed to each of the risks described. This list is not intended to be exhaustive of all the risks associated with investing in strategies or securities that are utilized or recommended by RIS.

## GENERAL RISKS

**Risks of Investing in Securities:** Securities markets are volatile and investing in securities involves the risk of loss that Clients should be prepared to bear. RIS cannot guarantee that the strategies offered will be able to achieve a particular level of return or maintain a particular risk profile.

**Market Risk:** The direction of the capital markets is difficult to predict and are dependent upon changes in several factors, including, but not limited to, interest rates, inflation, and a host of additional economic and political factors. There is always a risk that the capital markets will decline, bringing down the value of individual securities regardless of their fundamental characteristics. Market risk is also known as systematic risk or undiversifiable risk. This risk is both unpredictable and impossible to eliminate.

**Investment Advisor Selection Risk:** The investment performance of a Client's investment program will vary with the success or failure of the investment advisor that RIS or a Client selects to manage their assets. An investment advisor's past performance is never indicative of future results. Clients should not assume that the future performance of any specific investment advisor, investment strategy, recommendation or investment will be profitable.





**Asset Allocation Risk:** A portfolio that holds large cash positions may deviate from the stated benchmark and could underperform as a result. Differences in the security holdings and weights of a portfolio versus the strategy benchmark will result in disparities between a portfolio's performance relative to its benchmark. A portfolio may perform better or worse than a similarly managed account for various reasons including, but not limited to, the frequency and timing of rebalancing and trading each portfolio and the size and number of positions in each portfolio.

**Portfolio Concentration Risk:** Strategies that are concentrated in only a few securities, sectors or industries, regions or countries or asset classes could expose a portfolio to greater risk and may cause the portfolio value to fluctuate more widely than a portfolio that is diversified. Overexposure to certain sectors or asset classes (e.g., MLPs, REITs, etc.) may prove to be detrimental to an investor if there is a negative sector move.

**Company Specific Risk:** The risk related to a firm's business plans, stock valuation, profitability, accounting practices, growth strategy, and other factors particular to a company rather than to the overall market. Some of these risks cannot be predicted, such as the retirement or death of a senior executive, which may lead to negative performance in the future.

**Stock, Security, ETF or Fund Selection Risk:** The risk that RIS or a Client chooses a security that underperforms the market for unanticipated reasons. There can be no assurance that Clients will ever come to realize the value of some of these investments, and that the investment will ever increase in value. During this time, the Client may have funds locked up in an underperforming investment, which presents an opportunity cost for other investments.

**Timing Risk:** The risk that an investment performs poorly after its purchase or better after its sale. Moreover, if a redemption is required by the Client, the Client may face a loss due to poor overall market performance or security performance at that time.

**Data Risk:** RIS's securities analysis relies on data that is provided by third-party vendors and publicly available sources of information. Information that is incomplete, inaccurate or outdated would affect the efficacy of that analysis.

**Counterparty Risk:** A portfolio is subject to risk with respect to the counterparties. Risks affecting counterparties such as brokers, custodians, clearing banks or agents, escrow agents or issuers, foreign exchanges or securities lending programs could result in failure by the counterparty to honor its obligations. A portfolio may experience significant delays in obtaining any recovery (including recovery of posted collateral) during insolvency, bankruptcy or other reorganization proceedings and might realize only a limited recovery or no recovery at all. If the credit rating of a counterparty is lowered, a portfolio would be exposed to any increased credit risk associated with that counterparty.

**Credit Risk:** The credit rating of an issuer of a security is based on, among other things, the issuer's historical financial condition and the rating agencies' investment analyses at the time of rating. An actual or perceived deterioration of the ability of an issuer to meet its obligations would have an adverse effect on the value of the issuer's securities.





**Liquidity Risk:** Low trading volume, large positions or legal restrictions are some conditions which could limit or prevent a portfolio manager from selling securities or closing positions at desirable prices. Securities that are relatively liquid when acquired could become illiquid over time. The sale of any such illiquid investment might be possible only at substantial discounts or might not be possible at all. Further, such investments may be difficult to value.

**Global and National Crisis Risk:** Ongoing or future global or national crises including, but not limited to, pandemic, cyberattack, sabotage, terrorism, and acts of war could result in disruptions to the economies of many nations, individual companies, and can negatively impact global markets in an unforeseeable manner. Such disruptions include, but are not limited to, travel restrictions; quarantines; supply chain disruptions; and workforce inefficiencies, absenteeism, distraction, or general anxiety. Such unpredictable, but no longer unprecedented, crises may exacerbate other pre-existing political, social, and economic risks in certain countries. The impact of such crises may be quick, severe and of unknowable duration. Ongoing or future crises could result in the temporary or permanent disruption of RIS's ability to provide investment advice and volatility in the financial markets and could have a negative impact on investment performance.

## INVESTMENT RISKS

**Equity Securities:** Equity securities are subject to market risk, which is the risk that common stock prices will fluctuate over short or even extended periods. Equity securities generally have greater price volatility than fixed income securities. The market price of equity securities may increase or decrease, sometimes rapidly and/or unpredictably. Equity securities may decline in value due to factors affecting markets in general, whether that be in a particular industry, sector or geographic region represented in those markets, or individual security concerns.

**Debt or Fixed Income Securities:** Debt securities are affected by changes in interest rates. When interest rates rise, the value of debt securities are likely to decrease. Conversely, when interest rates fall, the values of debt securities are likely to increase. The values of debt securities may also be affected by changes in the credit rating or financial condition of the issuing entities.

**Master Limited Partnerships ("MLPs"):** MLPs are limited partnerships that trade on securities exchanges like stocks. Issuers of MLPs are not subject to income tax, and shareholders in MLPs are actually "limited partners" in that company. The issuers' special tax designation allows MLPs to pass the tax burden on to their shareholders which will result in higher tax obligations for taxable Clients.

**Mutual Funds Risk:** The risks with mutual funds include the costs and expenses within the fund that can impact performance, change of managers, and the fund straying from its objective (i.e., style drift). Mutual funds have certain costs associated with underlying transactions, as well as operating costs such as marketing and distribution expenses and underlying advisory fees. Mutual fund costs and expense vary from fund to fund and will impact a mutual fund's performance. Additionally, mutual funds typically have different share classes, as further discussed below, that trade at different Net Asset Value ("NAV") as determined at the daily market close and have different fees and expenses.

**Mutual Fund Share Classes:** Mutual funds that offer different share classes are priced differently and have varying levels of internal costs. For example, institutional share classes often have higher trading costs; however, the internal costs of the fund are lower. Over a period, certain share classes will become



more expensive if held in an account for a long period of time. Additionally, even though multiple share classes may be available, a custodian may only make available a limited number of share classes, or a custodian may not choose to offer the least expensive share class that is available. Other custodians and investment advisors may offer the same mutual fund or a different mutual fund share class at a lower overall cost to the investor.

If a Client is invested through a LPL Strategic Wealth Management (SWM) or SWM II account, LPL makes available mutual funds that offer various classes of shares, including shares designated as Class A Shares and shares designed for advisory programs, which can be titled, for example, as “Class I,” “institutional,” “investor,” “retail,” “service,” “administrative” or “platform” share classes (“Platform Shares”). The Platform Share class offered for a particular mutual fund in SWM II in many cases will not be the least expensive share class that the mutual fund makes available and was selected by LPL in certain cases because the share class pays LPL compensation for the administrative and recordkeeping services LPL provides to the mutual fund. Clients should understand that another financial services firm may offer the same mutual fund at a lower overall cost to the investor than is available through SWM II. In other instances, a mutual fund may offer only Class A Shares, but another similar mutual fund may be available that offers Platform Shares. Class A Shares typically pay LPL a 12b-1 fee for providing shareholder services, distribution, and marketing expenses (“brokerage-related services”) to the mutual funds. Platform Shares generally are not subject to 12b-1 fees. As a result of the different expenses of the mutual fund share classes, it is generally more expensive for a Client to own Class A Shares than Platform Shares. An investor in Platform Shares will pay lower fees over time and keep more of his or her investment returns than an investor who holds Class A Shares of the same fund.

**Borrowing and Leverage Risk:** If permitted by a Client’s investment guidelines and by mutual agreement with the Client, a portfolio may include the purchase of securities on margin, engage in short sales, borrow money or use derivatives, each of which will cause the portfolio to be leveraged. Leverage exaggerates the effect on a portfolio’s value for any increase or decrease in the market value of the portfolio’s investment value. Leveraging will also create interest expenses for a portfolio which can exceed the investment return from the borrowed funds.

**Short Sales:** A Client portfolio strategy may include short selling. RIS makes no assurance that a strategy utilizing short sales will be profitable. A short sale is affected by selling a security which the seller does not own or selling a security which the seller owns but which it does not deliver upon consummation of the sale. To make delivery to the buyer of a security sold short, the prime broker or custodian on behalf of the seller must borrow the security. In so doing, it incurs the obligation to replace that security, whatever its price may be, at the time it is required to deliver it to the lender. The seller must also pay to the lender of the security any dividends or interest payable on the security during the borrowing period and may have to pay a premium to borrow the security. This obligation must, unless the seller then owns or has the right to obtain, without payment, securities identical to those sold short, be collateralized by a deposit of cash and/or marketable securities with the lender. Short selling is subject to theoretically unlimited risk of loss because there is no limit on how much the price of a security may appreciate before the “short” position is closed out. Further, short sales of securities involve a form of investment leverage, and the amount of the portfolio’s potential loss is theoretically unlimited.

**Options Trading:** Certain RIS advised portfolio strategies may include options trading. The taker (the buyer) of an option pays a premium which entitles the taker to purchase (in the case of a call) or sell (in the case of a put), from or to the grantor (the seller), a specified number of securities at a specified price,



during the specified period. Options are speculative in that the whole cost of a purchased option is lost unless the price of the underlying security has moved in the anticipated direction and the option is exercised or closed (but not allowed to expire); however, liability is limited to the premium paid for the option. An option writer (or seller) becomes obligated to purchase or sell the options contract or the underlying securities at a specified price during a specified period. In exchange for the premium received upon writing an option, the Client bears the risk of loss from adverse price movements in the underlying contracts or the underlying security so long as the position remains open. In the case of a sold option, the seller could have unlimited risk exposure or the potential for a significant loss. Options are complicated and risky investments and require an evaluation of whether the price of a security is going up or down and a prediction as to the amount and timing of that movement. This requires a sophisticated understanding of the underlying security, as well as the options strategy being used to speculate or hedge a security. Before engaging in options trading, a Client must acknowledge that the Client has carefully read and understand the custodian's agreement and the booklet entitled "Characteristics and Risks of Standardized Options" (<https://www.theocc.com>), and has consulted with their applicable legal, tax and financial advisors.

**Preferred Equity:** Holders of preferred equity are positioned between the bondholders and common stockholders within the liquidation of the capital structure. Preferred equity is subordinate to various other levels of debt, so if a company declares bankruptcy, the holders of preferred equity will not receive payment until all the company's secured creditors and bondholders have received payment. Also, like debt securities, the values of preferred equities are closely tied to interest rates. Typically, the longer the maturity, the more the preferred equity is affected by changes in interest rates.

**Foreign Markets:** Investments in foreign companies and overseas markets may involve unique risks, including, but not limited to, risks relating to changes in currency exchange rates, political, economic, and social events, different market operations and less information. Additional information about the risks related to investing in foreign, emerging and frontier markets is available upon request.

**Alternative Investments:** Alternative investments include other additional risks. Lock-up periods and other terms obligate Clients to commit their capital investment for a minimum period of time, typically no less than one or two years and sometimes up to 10 or more years. Illiquidity is a substantial risk and will restrict the ability of a Client to liquidate an investment early regardless of the success of the investment. Alternative investments are difficult to value within a Client's total portfolio. There may be limited availability of suitable benchmarks for comparison of performance; historical performance data may also be limited. In some cases, there may be a lack of transparency and regulation providing an additional layer of risk. Some alternative investments may involve the use of leverage and other speculative techniques. As a result, some alternative investments may carry substantial additional risks, which may result in the loss of some or all of the investment. For tax-exempt investors, the use of leverage and certain other strategies will result in adverse tax consequences, such as the possibility of unrelated business taxable income, as defined under the U.S. Internal Revenue Code.

## **PROCEDURAL AND OPERATIONAL RISKS**

**Operational Risk:** Portfolios are exposed to operational risk introduced through human intervention or the failure of automated processes. Operational risks include, but are not limited to, reconciliation errors, trading the wrong security, trading a security for an unintended portfolio, or purchasing a security that a portfolio was intended to sell, or vice versa.



**System Failures and Reliance on Technology Risks:** RIS relies on technology, including hardware, software, telecommunications, internet-based platforms, and other electronic systems. Some technology that RIS uses is provided by third-party service providers and is beyond RIS's direct control. RIS seeks to ensure adequate backups of hardware, software, telecommunications, internet-based platforms, and other electronic systems, through its vendor due diligence procedures, but there is no guarantee that any or all third-party service provider risks will be mitigated. Furthermore, natural disasters, power interruptions and other events may cause system failures. Backup systems may not operate as well as the primary systems and may fail to properly operate. To reduce the impact a system failure may have, RIS continually evaluates its backup and disaster recovery systems and performs periodic testing of said systems. Despite RIS's efforts there may be times when other electronic systems malfunctions may be unavoidable and result in consequences such as the inability to execute Client transactions or monitor Client accounts.

**Cybersecurity Risk:** A portfolio is susceptible to operational and informational security risks due to the increased use of the internet. Cyber incidents can result from deliberate attacks or unintentional events. Cyberattacks include, but are not limited to, infection by computer viruses or other malicious software code, gaining unauthorized access to systems, networks, or devices through "hacking" or other means for the purpose of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cybersecurity failures or breaches of third-party service providers may cause disruptions at third-party service providers and impact RIS's business operations, potentially resulting in financial losses; the inability to transact business; violations of applicable privacy and other laws, regulatory fines, or penalties; reputational damage; unanticipated expenses or other compensation costs; and/or additional compliance costs. RIS has an established business continuity and disaster recovery plan and related cybersecurity procedures designed to prevent or reduce the impact of such risks; there are inherent limitations in such plans and systems due in part to the evolving nature of technology and cyberattack tactics.

RIS does not primarily recommend a particular type of security.

## **ITEM 9 DISCIPLINARY INFORMATION**

Clients should be aware that neither RIS nor its management person has had any legal or disciplinary events, currently or in the past.

## **ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Clients should review their financial professional's Form ADV Part 2B Brochure Supplement to determine whether they are engaged in any of the activities described below that may create a conflict of interest. If the Client did not receive Form ADV Part 2B Brochure Supplement, the Client may contact RIS's Chief Compliance Officer using the information on the cover page of this Brochure.

**Dually Registered Persons.** Certain employees of RIS are Dually Registered Persons. LPL is a broker-dealer that is independently owned and operated and is not affiliated with RIS. Please refer to Item 12 for a discussion of the benefits RIS may receive from LPL and the conflicts of interest associated with receipt of such benefits.



**Licensed Insurance Agents.** Some of RIS's financial professionals are licensed insurance agents and recommend the purchase of certain insurance-related products on a commission basis. The recommendation by a RIS's financial professional that a Client purchase or sell a security and/or insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular Client's need. Clients are not under any obligation to purchase or sell any commission products from RIS financial professionals.

#### **ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

The Firm is an investment advisor registered with the Securities and Exchange Commission and is considered a fiduciary. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts. In addition, an investment advisor has a duty of utmost good faith to act solely in the best interest of each of its Clients. The Firm and its representatives have a fiduciary duty to all Clients. RIS and its representatives' fiduciary duty to Clients is considered the core underlying principle for the Firm's Code of Ethics and represents the expected basis for all representatives' dealings with Clients. RIS's Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees. In addition, the Code of Ethics governs personal trading by each employee of RIS deemed to be an Access Person and is intended to ensure that securities transactions effected by Access Persons of RIS are conducted in a manner that avoids any conflict of interest between such persons and Clients of RIS or its affiliates. RIS collects and maintains records of securities holdings and securities transactions affected by Access Persons. These records are reviewed to identify and resolve conflicts of interest. RIS maintains a code of ethics and they will provide a copy to any Client upon request.

The Firm and its financial professionals may purchase or sell securities that are also recommended to Clients. This practice may create a situation where RIS and their financial professionals are able to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if RIS did not have adequate policies in place to detect such activities. In addition, these procedures are designed to help detect insider trading, "front-running" (i.e., personal trades executed prior to those of RIS's Clients) and other potentially abusive practices.

RIS has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of RIS's "Access Persons;" that is persons who have access to the firm's nonpublic information. This policy requires that Access Persons provide the Chief Compliance Officer with a written report of their current securities holdings as part of the process of becoming an Access Person. Additionally, each Access Person provides the Chief Compliance Officer with a written or electronic report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date RIS selects.

RIS and its financial professionals may purchase or sell securities, at or around the same time as those securities are recommended to Clients. This practice creates a situation where we are able to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of





interest. RIS has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each RIS Access Person.

## **ITEM 12 BROKERAGE PRACTICES**

The Firm has an established relationship with LPL that RIS will recommend to Clients for custody or Client transactions. RIS suggests this broker-dealer/custodian be used based on execution and custodial services offered, cost, quality of service and industry reputation. RIS has also considered factors such as commission price, speed and quality of execution, Client management tools, and convenience of access for both RIS and Client in making its suggestion.

As an investment advisor, RIS has a fiduciary duty to seek the best execution for Client transactions. While best execution is difficult to define and challenging to measure, there is some consensus that it does not solely mean the achievement of the best price on a given transaction. Rather, it appears to be a collective consideration of factors concerning the trade in question. Such factors include the security being traded, the price of the trade, the speed of the execution, apparent conditions in the market, and the specific needs of the Client.

RIS utilizes a custodian that it believes offers a competitive price based upon the custodian's market access, the transaction confirmation and account statement practices, the execution, clearance and settlement capabilities, and the reasonableness of the commission or its equivalent for the specific transaction. RIS will monitor the services offered by the custodian and make any changes, as appropriate.

The Firm recommends that all Clients use a particular broker-dealer for execution and/or custodial services. The broker-dealer is recommended based on criteria such as, but not limited to, reasonableness of commissions charged to the Client, tools and services made available to the Client and RIS, and convenience of access to the account trading and reporting. The Client will provide authority to RIS to direct all transactions through that broker-dealer in the investment advisory agreement.

RIS does not generally accept directed brokerage arrangements, which is where a Client requires that account transactions be affected through a specific broker-dealer. Furthermore, RIS financial professionals who are also broker-dealer registered representatives of LPL are not able to participate in brokerage arrangements away from LPL. Typically, Client transactions are executed through the above referenced and designated custodian(s).

From an order aggregation perspective, individual RIS financial professionals generally operate independently of other RIS financial professionals when implementing investment strategies involving the purchase and sale of securities.

RIS may combine orders into block trades when more than one account is participating in the trade. This blocking or bunching technique must be equitable and potentially advantageous for each such account (e.g., for the purposes of reducing brokerage commissions or obtaining a more favorable execution price). Block trading may be performed when it is consistent with the duty to seek best execution and is consistent with the terms of RIS's investment advisory agreements. Equity trades are blocked based upon fairness to the Client, both in the participation of their account, and in the allocation of orders for the accounts of more than one Client. Allocations of all orders are performed in a timely and efficient



manner. All managed accounts participating in a block execution receive the same execution price (average share price) for the securities purchased or sold on a trading day.

Any portion of an order that remains unfilled at the end of a given day will be rewritten on the following day as a new order with a new daily average price to be determined at the end of the following day. Due to the low liquidity of certain securities, broker availability may be limited. Open orders are done until they are filled, which may span the course of several days. If an order is filled in its entirety, securities purchased in the aggregated transaction will be allocated among the accounts participating in the trade in accordance with the allocation statement.

If an order is partially filled, the securities will be allocated pro rata based on the allocation statement. RIS may allocate trades in a different manner than indicated on the allocation statement (non-pro rata) only if all managed accounts receive fair and equitable treatment.

### **Oversight Fee for Assets Held Away**

As stated previously, individuals associated with RIS are licensed as registered representatives of LPL. As a result of this licensing relationship, LPL is responsible for supervising certain activities of RIS to the extent that RIS manages assets at a broker-dealer and custodian other than LPL. LPL charges a fee for this oversight. This presents a conflict of interest in that RIS has a financial incentive to recommend that you maintain your account with LPL rather than another custodian in order to avoid the oversight fee. However, to the extent RIS recommends you use LPL for such services, it is because RIS believes that it is in your best interest to do so based on the quality and pricing of the execution, benefits of an integrated platform for brokerage and advisory accounts, and other services provided by LPL.

### **Benefits of Using LPL as a Custodian**

The Firm receives support services and/or products from LPL, many of which assist RIS to better monitor and service program accounts maintained at LPL; however, some of the services and products benefit RIS and not the Client accounts. These support services and/or products may be received without cost, at a discount, and/or at a negotiated rate, and may include the following:

- Investment-related research
- Pricing information and market data
- Software and other technology that provide access to Client account data
- Compliance and/or practice management-related publications
- Consulting services
- Attendance at conferences, meetings, and other educational and/or social events
- Marketing support
- Computer hardware and/or software
- Other products and services used by RIS in furtherance of its investment advisory business operations.

LPL may provide these services and products directly or may arrange for third-party vendors to provide the services or products to RIS. In the case of third-party vendors, LPL may pay for some or all of the third party's fees.





These support services are provided to RIS based on the overall relationship between RIS and LPL. It is not the result of soft dollar arrangements or any other express arrangements with LPL that involves the execution of Client transactions as a condition to the receipt of services. The Firm will continue to receive the services regardless of the volume of Client transaction executed with LPL. Clients do not pay more for services as a result of this arrangement. There is no corresponding commitment made by RIS to LPL or any other entity to invest any specific amount or percentage of Client assets in any specific securities as a result of the arrangement. However, because RIS receives these benefits from LPL, there is a potential conflict of interest. The receipt of these products and services presents a financial incentive for RIS to recommend that its Clients use LPL's custodial platform rather than another custodian's platform.

### **Recommendation of LPL Financial**

The Firm will generally recommend, request, or require that Clients establish a brokerage account with LPL to maintain custody of Clients' assets and to effect trades for their accounts. LPL provides brokerage and custodial services to independent investment advisory firms, including RIS. For RIS's accounts custodied at LPL, LPL generally is compensated by Clients through commissions, trails, or other transaction-based fees for trades that are executed through LPL or that settle into LPL accounts. For IRA accounts, LPL also charges Clients miscellaneous fees and charges, such as account transfer fees. LPL charges RIS an asset-based administration fee for administrative services provided by LPL. Such administration fees are not directly borne by Clients, but may be taken into account when RIS negotiates its advisory fee with Clients.

While LPL does not participate in, or influence the formulation of, the investment advice RIS provides, certain supervised persons of RIS are Dually Registered Persons. Dually Registered Persons are restricted by certain FINRA rules and policies from maintaining Client accounts at another custodian or executing Client transactions in such Client accounts through any broker-dealer or custodian that is not approved by LPL. As a result, the use of other trading platforms must be approved not only by RIS, but also by LPL.

Clients should also be aware that for accounts where LPL serves as the custodian, RIS is limited to offering services and investment vehicles that are approved by LPL and may be prohibited from offering services and investment vehicles that may be available through other broker-dealers and custodians, some of which may be more suitable for a Client's portfolio than the services and investment vehicles offered through LPL.

Clients should understand that not all investment advisors require, request, or recommend that Clients custody their accounts and trade through specific broker-dealers.

Clients should also understand that LPL is responsible under FINRA rules for supervising certain business activities of RIS and its Dually Registered Persons that are conducted through broker-dealers and custodians other than LPL. LPL charges a fee for its oversight of activities conducted through these other broker-dealers and custodians. This arrangement presents a conflict of interest because RIS has a financial incentive to recommend that you maintain your account with LPL rather than with another broker-dealer or custodian to avoid incurring the oversight fee.

### **Benefits Received by RIS Personnel**



LPL makes available to RIS various products and services designed to assist RIS in managing and administering Client accounts. Many of these products and services may be used to service all or a substantial number of RIS's accounts, including accounts not held with LPL. These include software and other technology that provide access to Client account data, such as trade confirmation and account statements; facilitate trade execution, aggregation, and allocation of trade orders for multiple Client accounts; provide research, pricing information and other market data; facilitate payment of RIS's fees from its Clients' accounts; assist with back-office functions; and recordkeeping and Client reporting.

LPL also makes available to RIS other services intended to help RIS manage and further develop its business. Some of these services assist RIS to better monitor and service program accounts maintained at LPL; however, many of these services benefit only RIS, for example, services that assist RIS in growing its business. These support services and/or products may be provided without cost, at a discount, and/or at a negotiated rate, and include practice management-related publications; consulting services; attendance at conferences and seminars, meetings, and other educational and/or social events; marketing support; and other products and services used by RIS in furtherance of the operation and development of its investment advisory business.

Where such services are provided by a third-party vendor, LPL will either make a payment to RIS to cover the cost of such services, reimburse RIS for the cost associated with the services, or pay the third-party vendor directly on behalf of RIS.

The products and services described above are provided to RIS as part of this overall relationship with LPL. While as a fiduciary, RIS endeavors to act in its Clients' best interests, the receipt of these benefits creates a conflict of interest because RIS's requirement, request, or recommendation that Clients custody their assets at LPL is based in part on the benefit to RIS of the availability of the foregoing products and services and not solely on the nature, cost, or quality of custody or brokerage services provided by LPL. The Firm's receipt of some of these benefits may be based on the amount of advisory assets custodied on the LPL platform.

### **Transition Assistance Benefits**

LPL provides various benefits and payments to Dually Registered Persons that are new to the LPL platform to assist the representative with the costs, including foregone revenues during the account transition, associated with transitioning his or her business to the LPL platform (collectively referred to as "Transition Assistance"). The proceeds of such Transition Assistance payments are intended to be used for a variety of purposes, including, but not necessarily limited to, providing working capital to assist in funding the Dually Registered Person's business, satisfying outstanding debt owed to the Dually Registered Person's prior firm, offsetting account transfer fees (ACATs) payable to LPL as a result of the Dually Registered Person's Clients transitioning to LPL's custodial platform, technology set-up fees, marketing and mailing costs, stationary and licensure transfer fees, moving expenses, office space expenses, staffing support, and termination fees associated with moving accounts.

The amount of Transition Assistance payments is often significant in relation to the overall revenue earned or compensation received by the Dually Registered Person at his or her prior firm. Such payments



are generally based on the size of the Dually Registered Person's business established at his or her prior firm and/or the assets under custody on the LPL platform. Please refer to the relevant Part 2B brochure supplement for more information about the specific Transition Payments your representative receives.

Transition Assistance payments and other benefits are provided to associated persons of RIS in their capacity as registered representatives of LPL. However, the receipt of Transition Assistance by such Dually Registered Persons creates a conflict of interest relating to RIS's advisory business because it creates a financial incentive for RIS's representatives to recommend that its Client maintain their accounts with LPL. In certain instances, the receipt of such benefits is dependent on a Dually Registered Person maintaining its Clients' assets with LPL and therefore RIS has an incentive to recommend that Clients maintain their account with LPL in order to generate such benefits.

The Firm attempts to mitigate these conflicts of interest by evaluating and recommending that Clients use LPL's services based on the benefits that such services provide to our Clients, rather than the Transition Assistance earned by any particular Dually Registered Person. RIS considers the following factors when recommending or requiring that Clients maintain accounts with LPL.

- Execution capability
- Availability of competing markets and liquidity
- Trading characteristics of the security
- Availability of accurate information comparing markets
- Quantity and quality of research received from the broker dealer
- Financial responsibility of the broker-dealer
- Confidentiality
- Order size and market depth
- Reputation and integrity
- Responsiveness
- Recordkeeping
- Ability and willingness to commit capital
- Available technology
- Ability to address current market conditions

However, Client should be aware of this conflict and take into consideration in making a decision whether to custody their assets in a brokerage account at LPL.

### **ITEM 13 REVIEW OF ACCOUNTS**

RIS financial professionals review Client accounts on an ongoing basis; however, there is no ongoing review for limited scope engagements, such as creating a financial plan or consulting services.

RIS and/or the financial professional conducts account reviews on an other-than-periodic basis upon the occurrence of a triggering event, such as a change in Client investment objectives and/or financial situation, a market correction or material market event or otherwise by Client request. All Clients are encouraged to review financial planning issues (to the extent applicable), investment objectives and



account performance with the Advisor on at least an annual basis. These annual or other-than-periodic reviews are conducted in person, by phone, or via video conference (e.g., via Zoom).

Clients are provided written transaction confirmations and account statements directly from the custodian every quarter. Clients are urged to compare any report provided by RIS with the confirmations and statements received from the custodian.

Please Note: Each Client is responsible for promptly notifying RIS of any change in financial situation or investment objectives.

#### **ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION**

RIS and their financial professionals may receive direct and indirect economic or other benefits from the custodians, including research, other benefits, and transition assistance and product sponsors (e.g., insurance companies, mutual fund companies, sub-advisors, TAMPs or other vendors), as further described below. Some of RIS's financial professionals are also associated with LPL as broker dealer registered representatives. In their individual capacity as registered representatives of LPL, Dually Registered Persons earn commissions for the sale of securities or investment products that the Dually Registered Person recommends to Clients. LPL also provides other compensation to RIS and its Dually Registered Persons, including, but not limited to, bonus payments, forgivable and non-forgivable loans, and other benefits. This compensation is based, in part, on participation in advisory programs sponsored by LPL and derived from advisory fees paid to LPL. The receipt of any such compensation creates a financial incentive for an RIS financial professionals to recommend LPL as custodian for the assets in a Client's advisory account and as advisory program sponsor. RIS encourages Clients to discuss any such conflicts of interest with their financial professional before deciding to custody its assets at LPL and utilize an LPL advisory program.

From time to time, product sponsors pay for Client luncheons, educational meetings, customer appreciation events, marketing events or advertising initiatives, including services for identifying Clients. These arrangements may give rise to conflicts of interest, or perceived conflicts of interest in that RIS and its financial professionals have an incentive to invest Client assets in investment products or services managed, sold, or offered by such product sponsors that provide these benefits to RIS and/or its financial professionals. RIS's commitment to its Clients and the policies and procedures it has adopted that require the review of such arrangements are designed to limit any interference with RIS and its financial professionals' independent decision making when choosing investment products and/or services for Clients.

#### **ITEM 15 CUSTODY**

RIS does not have custody of Client funds or securities, except in the circumstances detailed below. Client investment funds are held by a custodian in accounts identified individually to the Client. Some investments are custodied by or through the issuer, for example mutual funds or variable annuity products.

RIS can have its fees for each Client debited by the custodians. Where RIS can have its fees debited in this manner, it is deemed to have custody, but is not subject to the regulatory surprise audit requirement.



Clients are provided with written transaction confirmations and accounts statements directly from the custodian. RIS may also provide written periodic reports summarizing account activities and performance. Clients are urged to compare any report provided by RIS with the confirmations and statements received from the custodian.

#### **ITEM 16 INVESTMENT DISCRETION**

A Client can determine whether to engage RIS to provide investment advisory services on a discretionary basis. Prior to engaging RIS to provide investment advisory services, the Client will be required to execute a written agreement setting forth the terms and conditions under which RIS will manage the Client's assets, and a separate custodial agreement(s), account application or other applicable documentation, depending on the type of account, with each designated custodian. RIS's written advisory agreement for discretionary investment advisory services designates RIS as the Client's agent and attorney-in-fact, granting RIS and the Client's financial professional full authority to purchase, sell, or otherwise facilitate investment transactions involving the assets in the Client's name within the discretionary account.

Clients who engage RIS on a discretionary basis may, at any time, impose restrictions, in writing, on RIS's discretionary authority (e.g., limit the types/amounts of securities purchased or sold for the account, exclude the ability to purchase or sell securities with an inverse relationship to the market or proscribe RIS's use of margin, etc.). Client restrictions can affect the account's performance.

#### **ITEM 17 VOTING CLIENT SECURITIES**

RIS does not vote for Client proxies. Clients maintain exclusive responsibility for: (1) directing the way proxies solicited by issuers of securities beneficially owned by the Client will be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the Client's investment assets.

Generally, Clients will receive proxy materials directly from the applicable custodian(s) or issuer's proxy agent and should direct any questions as instructed in the specific proxy matter. RIS does not provide legal advice or represent or facilitate class action claims or participate in other similar legal proceedings on behalf of Clients. Furthermore, RIS and its financial professionals do not instruct or give advice as to whether a Client should participate as a member of a class action lawsuit or participate in other legal proceedings and will not file claims on behalf of its Clients. The responsibility and authority for responding to class actions and other legal proceedings rests solely with the registered shareholder (e.g., Client) or legally appointed agent (e.g., custodian) of the Client or the Client's attorney.

RIS will not vote, nor will it advise Clients how to vote on proxies for securities held in Client accounts. The Client clearly keeps the authority and responsibility for the voting of these proxies. Additionally, RIS cannot give any advice or take any action with respect to the voting of these proxies. The Client and Advisor agree to this by contract.

For accounts subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), the plan fiduciary specifically keeps the authority and responsibility for the voting of any



proxies for securities held in plan accounts. Also, RIS cannot give any advice or act with respect to the voting of these proxies.

#### **ITEM 18 FINANCIAL INFORMATION**

RIS does not require or solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance.

RIS has discretionary authority over Client accounts and is not aware of any financial condition that will likely impair its ability to meet contractual commitments to Clients. If RIS does become aware of any such financial condition, this brochure will be updated, and Clients will be notified.

RIS has not been the subject of a bankruptcy petition at any time.

