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This brochure provides information about the qualifications and business practices of Rather & Kittrell, Inc. If you have any questions about the contents of this brochure, please contact us at 865-218-8400 or [lrather@rkcapital.com](mailto:lrather@rkcapital.com). 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.

Rather & Kittrell, Inc. is a SEC registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Rather & Kittrell, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2. Material Changes**

This version of our Form ADV Part 2 brochure, dated October 25, 2011, contains a new fee schedule which is effective immediately. This fee schedule applies to all new clients as of the date of the brochure. Rather & Kittrell, Inc., in its sole discretion, may charge a lower fee or may allow existing clients as of the date of this brochure, to transition to the new fee schedule at a time agreed upon between the client and the firm. This brochure supersedes all previous versions of the firm's disclosure brochure (Form ADV Part 2).

Additional information about Rather & Kittrell, Inc. is available by accessing the SEC's web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Rather & Kittrell, Inc. who are registered, or are required to be registered, as investment adviser representatives of the firm.

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#### **Item 4. Advisory Business**

Rather & Kittrell, Inc. (“RKI” or “the firm”) is a registered investment adviser that was founded in 2000. The principal owners and founders of the firm are Lytle A. Rather, IV, President, and Christian G. Kittrell, Secretary. The firm’s main office is located in Knoxville, Tennessee.

RKI offers both financial planning and portfolio management services to its clients for a fee. RKI also offers the option of more limited consulting services to clients who desire advice in an isolated area of concern. Specific details about these advisory services are described below:

##### **Portfolio Management Services**

RKI provides individualized investment advice to clients based upon the client's specific needs. Through personal consultations, RKI gathers specific financial data to develop a client's personalized profile, which includes a client's investment objectives, current financial position, risk profile, investment time horizon, tax situation and liquidity needs. RKI reviews the client's personalized profile and based upon this review, develops a specific Investment Policy Statement (IPS), which becomes the governing document of the client's selected investment strategy. The IPS puts the allocation strategy and management process in writing, so that expectations for risk and return, investment criteria, and financial objectives are clear. Based on the client's IPS, RKI determines an appropriate asset allocation for the client and recommends specific investments to implement the recommended asset allocation. RKI incorporates a client's existing holdings where appropriate. RKI provides these portfolio management services on either a non-discretionary or discretionary basis, based on a client's needs and desires. In either case, clients may place reasonable restrictions on the types of investments recommended by RKI and for non-discretionary portfolio management services, clients may decline to implement any investment recommendation made by RKI.

For discretionary accounts, RKI typically manages client assets in accordance with specific allocation models. RKI has comprised model allocations designed to achieve five different investment objectives. The firm currently has models representing the following objectives: preservation of capital, conservative, moderate, growth, and aggressive growth. Clients are individually profiled for their appropriate investment objective and risk tolerance, and individual advice is accorded to each client. An allocation model is then recommended and client assets are invested according to the model. Clients should recognize, however, that the models are intended to compliment an overall portfolio strategy that is appropriate for each client's situation. Clients have the ability to impose reasonable restrictions on the types of investments made for their accounts, although accounts may not be eligible for management according to a model if these restrictions are considered to be material by RKI. Clients retain the right of ownership over all securities and funds in their accounts.

## **Financial Planning Services**

RKI may also provide financial, strategic, or tactical planning services that are outside of the customary portfolio management services described above. Financial planning services typically cover areas such as budgeting, tax and cash flow planning, investment planning, insurance planning, retirement planning, estate planning and death and disability planning. Through in-depth personal consultations, RKI gathers information related to a client's current financial situation, future goals, and attitudes toward risk. Clients complete a detailed questionnaire and provide any related documents that are necessary for RKI to gain an understanding of the client's financial situation. These financial planning services may or may not include matters relating to securities and clients will receive a written financial plan typically within 90 days of the date of the financial planning agreement. Clients are responsible for providing all information necessary for RKI to prepare the financial plan in a timely manner. In order to implement recommendations made in the written financial plan, clients are strongly encouraged to consult with their other trusted advisors, including attorneys and accountants. RKI does not provide legal or tax advice.

If clients choose to implement financial planning strategies involving portfolio management services, clients may engage RKI for the portfolio management services described above. Such services would be separate and apart from the financial planning services described here, and clients are under no obligation to implement financial planning recommendations.

## **Consulting Services**

In some cases, clients may choose to engage RKI for more limited consulting services. These services typically involve consultation on a specific or isolated area of concern, such as estate planning, retirement planning, or any other specific area of financial planning. Consulting services will generally not include the development of a written plan and will be more limited in focus.

## **General Information Regarding Investment Advice**

For any of the investment advisory services offered by RKI, the firm does not limit its investment recommendations to any specific type of product or security. A client's individual needs and objectives are analyzed to determine appropriate investments and products for the client. For clients who choose to have their assets managed in accordance with a model portfolio, investments selected will be based on the objective of the model portfolio and the individual objectives of the client. Each model is assigned specific constraints and weights as described in Item 8 below. Since different types of investments typically involve different

types of risk, the firm conducts a risk analysis of the client and his/her overall portfolio, before recommending a certain investment. RKI manages assets on either a non-discretionary or discretionary basis. Either way, the client is always free to place restrictions on the types of investments the firm recommends for the client's portfolio. For non-discretionary portfolio management, the client may also decline to implement any of the recommendations made by the firm.

RKI primarily recommends that clients purchase shares of mutual funds and exchange traded funds. However, RKI also provides recommendations on individual stocks, individual bond positions, certificates of deposit, variable annuities and variable life insurance products. The firm may also provide advice on other products not listed above, as is appropriate for the specific client. In some cases, these products may be non-securities products.

Since RKI's associates who offer investment advice are also registered representatives of Securities Service Network, Inc. ("SSN"), an unaffiliated registered broker/dealer member FINRA, securities recommendations may be limited to those products approved by or offered by SSN. Clients should be aware that all securities investments involve risk and clients may lose all or part of their investment. Clients who elect to invest in securities must be willing to bear this risk. For this reason, RKI takes extra care to determine an appropriate risk tolerance of its clients. Investment recommendations are made with this risk tolerance in mind.

As part of its comprehensive approach to investment advisory services, RKI may refer clients to unaffiliated third-party service providers for specific areas for which a client may need advice. Examples of these referrals may include local CPAs or attorneys. RKI offers this referral service as a convenience to clients only and any decision to engage a third-party service provider lies solely with the client. RKI is not responsible or liable for any of the services provided by these unaffiliated third-parties and the firm is not compensated for these referrals.

### **Assets Under Management**

As of December 31, 2010, RKI was providing investment advisory services to 359 clients. The firm was providing regular and continuous discretionary Portfolio Management services for 619 accounts, and the total value of assets under management in these accounts was \$123,193,773. The firm was also providing regular and continuous non-discretionary Portfolio Management services for 187 accounts, and the total value of assets under management in these accounts was \$25,739,198.

## **Item 5. Fees and Compensation**

### **Portfolio Management Services**

The annual management fee for portfolio management services is based on the market value of the portfolio as of the last business day of the billing period and is payable quarterly in arrears of services being rendered. If a market value is not available, RKI will use the value based on the original cost of the asset. Fees are typically debited directly from a client's custodial account, as agreed upon in writing. In some cases, RKI may allow a client to pay fees directly, upon presentation of an invoice.

The annual fee for portfolio management services is based on the following fee schedule:

<b><u>Annual Fee</u></b>	<b><u>Asset Level</u></b>
1.25%	For the first \$500,000
1.00%	For amounts greater than \$500,000 and up to \$1,000,000
.75%	For amounts greater than \$1,000,000 and up to \$3,000,000
.50%	For amounts greater than \$3,000,000 and up to \$5,000,000
.30%	For amounts greater than \$5,000,000

In certain circumstances, RKI may charge a lower fee at its sole discretion. The portfolio management fee is exclusive of all transaction costs, which client will incur separately. Clients are responsible for paying all execution and/or transaction costs associated with trade execution and/or account custody. If mutual funds are purchased, clients should refer to the product prospectus for a complete discussion of the fees associated with the product. Some mutual fund shares may pay on-going 12b-1 management fees. Portfolio management fees are negotiable at the sole discretion of RKI and fees may be higher or lower than fees charged by other investment advisors.

Fees charged upon the establishment or termination of an account will be prorated for the portion of the billing period for which RKI is retained by the client. Portfolio Management Agreements may be canceled by either party at any time by written notice. If the agreement is canceled within the first five (5) business days after the signing of the agreement, then the client is entitled to a full refund of any fees paid.

### **Financial Planning and Consulting Services**

Financial planning and consulting services fees are charged in one or both the following two ways:

1. As a fixed fee, typically ranging from \$500 to \$15,000, depending on the nature and complexity of the client's circumstances and upon mutual agreement with the client. RKI may collect one-half of this fee upon execution of the financial planning or

consulting services agreement, with the balance due upon presentation of the written financial plan or completion of the consulting services; or,

2. On an hourly basis, with hourly fees ranging from \$100 to \$300, depending on the nature and complexity of the client's circumstances and upon mutual agreement with the client. An estimate of the total hours expected to be expended will be provided to the client at the start of the engagement. RKI may collect one-half of the total estimated fee upon execution of the financial planning or consulting services agreement, with the remaining fee due upon presentation of the final invoice detailing actual hours expended.

### **General Information Regarding Fees and Account Termination**

All fees charged by RKI for investment advisory services are separate and distinct from the fees and expenses charged by account custodians or product issuers. RKI will not charge any advisory fees on the basis of a share of capital gains or capital appreciation of a client's account. As discussed above, clients are responsible for paying all execution and/or transaction costs associated with trade execution and/or account custody. If mutual funds or variable insurance products are purchased, clients should refer to the product prospectus for a complete discussion of the fees associated with the product, including any management fees, fund expenses, distribution fees or other sales charges.

RKI's associates who provide investment advice to clients ("RKI associates") are registered securities representatives of Securities Service Network, Inc. ("SSN"), an unaffiliated registered broker-dealer, member FINRA. If RKI's clients purchase securities products from RKI associates in their capacity as SSN registered representatives, clients may pay a securities commission. Clients are under no obligation to purchase securities products from RKI associates and may choose any broker/dealer of their choice.

As part of its comprehensive approach to investment advisory services, RKI may refer clients to unaffiliated third-party service providers for specific areas for which a client may need advice. Examples of these referrals may include local CPAs or attorneys. In these cases, clients may be subject to additional fees charged by the third-party service provider to whom the client has been referred. RKI does not receive any portion of the fees charged by these third-party service providers. RKI offers this referral service as a convenience to clients only, and any decision to engage a third-party service provider lies solely with the client. RKI is not responsible or liable for any of the fees charged or services provided by these unaffiliated third-parties.

Investment advisory agreements may be terminated at any time by any party upon 30 days prior written notice. If an agreement is terminated within the first five business days, clients are entitled to a full refund of any fees pre-paid. If an investment advisory agreement is



terminated after more than five business days, clients are assessed fees on a pro-rata basis, based on the investment advisory services provided prior to termination.

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

RKI does not charge performance-based fees.

#### **Item 7. Types of Clients**

RKI provides investment advisory services to individuals, high-net worth individuals, pension and profit sharing plans, corporations or other businesses, trust, estates and charitable organizations. RKI typically provides its portfolio management services to clients who have at least \$100,000 of assets under management. This minimum may be waived at RKI's sole discretion.

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

There are general standards of education and business experience which RKI requires of those involved in determining or giving investment advice to its clients. RKI associates are required to have the technical knowledge in the areas of securities portfolio management and investment manager evaluation in order for an associate to provide investment advisory services. They are also expected to possess, minimally, a college degree and/or appropriate business experience, including all required professional licenses.

RKI uses various methods of analysis in formulating the investment advice offered on behalf of the firm. RKI takes a holistic approach to evaluate an overall portfolio strategy and asset allocation that meets a client's needs and objectives. Rather than focusing on specific investments, RKI identifies an appropriate ratio of securities, fixed income investments, cash and other investments, to build a portfolio that is suitable for a client's investment needs, objectives and risk tolerance. Portfolios are typically made up of various mutual funds and exchange traded funds, and may also include other investment as appropriate for the client.

RKI's core investment strategy consists of a series of globally diversified, multi-asset class model portfolios designed to deliver expected long-term returns within well-defined ranges of risk. Conservative strategies emphasize preservation of capital while aggressive strategies emphasize long term growth.

Each strategy allocates capital across the world's asset classes for long term appreciation of wealth, with an emphasis on preservation when prevailing market conditions are considered unfavorable to risk taking. This tactical element means that the firm's allocation process is "dynamic" as opposed to "static". Investment selection and strategy decisions are made by RKI's investment committee within the following Tiered Discipline management philosophy.

**Tier I – Modern Portfolio Foundations:** Modern Portfolio Theory has become a hallmark of professional money management. It has shown that markets are practically efficient so that market timing and security selection are not consistently profitable. It is the portfolio's exposure to asset classes such as stocks, bonds, real estate, etc. that will determine over ninety percent of the investment return. For this reason, RKI predominantly uses passive investments in entire asset classes to acquire desired portfolio exposure to economic traits. The benefits to passively managed mutual funds and exchange-traded funds include style purity, low costs, and tax efficiency, all of which can enhance the net return kept by the firm's clients.

RKI believes that wide global diversification reduces portfolio risk and enhances returns when compared to portfolios concentrated in one or a few types of investments. RKI manages risk in part by targeting assets with different economic footprints and non-correlating behavior. The firm's belief in diversification places emphasis on total real return after taxes and inflation. Whether conservative or aggressive, individuals must usually invest in such a way that their purchasing power meets or exceeds inflation over time.

Within the equity universe RKI has found significant evidence of small and value stock premiums across geographical markets. Targeting these risk factors through "portfolio engineering" may increase the expected return of stock portfolios over the long term.

**Tier II – Strategic Allocation Structure:** RKI's investment committee determines how each strategy will allocate capital among four broad categories: (1) global equity; (2) global fixed income; (3) real assets; and (4) absolute return investments. Neutral percentage weights are established for each category according to the risk-return profile of the client's IPS. These baselines set the strategic allocation structure for equilibrium market conditions. Each category is then further broken down into as many as twenty sub-asset classes to engineer the desired level of risk and expected return.

Absolute return is a collection of component strategies that seek positive returns in excess of risk-free investments regardless of stock market direction. We evaluate and utilize outside managers in private investments, market neutral funds, long-short equity, or various arbitrage strategies. Their purpose is not aggressive returns, but another layer of risk management.

Tier III – Dynamic Allocation Structure: Strategic allocation assumes equilibrium market conditions of valuation and expected returns for all asset classes. RKI's dynamic allocation overlay goes a step further by its ability to adjust the allocation in accordance with prevailing market conditions. The firm's investment committee utilizes Relative Valuation Analysis to reduce exposure to assets it believes are at unfavorable valuations (lower expected return) and increase exposure to those it believes are at favorable valuations (higher expected return).

Dynamic allocation is not to be confused with market timing or short term trading systems and is not meant to be predictive of market movements. It simply adjusts the allocation over time in proportion to the present risk-reward picture.

RKI uses investment management strategies that it feels best meet its clients' needs and objectives. Such strategies typically include long-term investment strategies of asset allocation and diversification. While this strategy typically meets the needs and objectives of the firm's clients, long-term investment strategies may include the risk of not taking advantage of short-term gains that could be profitable to a client. In addition, all securities investments involve risk and clients may lose all or part of their investment. Clients who elect to invest in securities must be willing to bear this risk. For this reason, RKI takes extra care to determine an appropriate risk tolerance of its clients. Investment recommendations are made with this risk tolerance in mind.

## **Item 9. Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of RKI or the integrity of RKI's management. RKI has no reportable information applicable to this Item.

## **Item 10. Other Financial Industry Activities and Affiliations**

As discussed previously in Item 5 above, RKI associates are registered representatives of Securities Service Network, Inc. (SSN), an unaffiliated registered broker/dealer and FINRA member. In this capacity, RKI associates may affect securities transactions for clients for which they may receive separate, yet customary compensation. Clients always have the option of declining any investment recommendation made by RKI and they may affect transactions with firms or representatives of their choice. However, if clients elect to transact recommendations with firms or agents other than those recommended by the firm, RKI may be unable to provide investment advisory services for those investments.

While RKI associates endeavor to put clients' interests first and foremost, clients should be aware that the receipt of additional compensation itself creates a conflict of interest when making investment recommendations. To address the potential for a conflict of interest, RKI associates make certain to disclose to clients, any fees or compensation associated with recommended investment products. Clients are provided with applicable product prospectuses and offering materials, which discuss the fees associated with the applicable products. Clients are also asked to sign applicable disclosure documents and/or account applications that point out important product features and fees. As fiduciaries, RKI associates make product recommendations that they feel are in the client's best interest and are based on the specific needs and objectives of the client. The compensation potential of the product is not a criterion on which investment recommendations are made.

RKI associates are also licensed to sell various insurance products for which they may receive product commissions. The potential for this additional insurance compensation creates a conflict of interest when making financial planning recommendations that involve insurance products for which commissions may be earned. RKI associates make insurance product recommendations when they feel it is in the client's best interest, based on the specific needs and objectives of the client. The potential for additional compensation is not a criterion on which these recommendations are based.

RKI may refer clients to an unaffiliated third-party service provider for specific services such as legal or accounting services. RKI is not compensated for these referrals but instead makes these referrals when it feels it is in the client's best interest to do so, based on the specific needs and objectives of the client. Clients are under no obligation to engage the services of the third-party service provider and clients do so at their own discretion. RKI is not liable or responsible for any of the fees charged or services provided by an unaffiliated third-party service provider.

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

RKI has adopted a Code of Ethics to promote the principles of honesty and integrity in its business practices, and to maintain RKI's reputation as a firm that operates with the highest level of professionalism. RKI recognizes its fiduciary responsibilities to its clients, and its duty and pledge to place clients' interests first and foremost. In connection with this duty, all employees of RKI are subject to the firm's Code of Ethics, and are required to acknowledge their understanding of its terms. A copy of the RKI Code of Ethics will be provided to any client or prospective client upon request.

RKI's Code of Ethics establishes procedures for employees to report personal securities transactions and personal securities holdings. The Code sets forth procedures for management review of these reports. In some cases, RKI's employees may be required to obtain pre-approval for certain personal securities transactions or refrain from certain transactions altogether. RKI's Code of Ethics also sets forth the obligation of all RKI employees to comply with applicable state and federal securities laws, and the duty to cooperate in any investigation or inquiry conducted on or by RKI. Finally, RKI's Code of Ethics establishes procedures for the reporting of any potential violation of the firm's Code.

RKI or its owners, officers and employees may buy or sell securities that are the same or different than those they recommend to clients. While buying or selling the same security as a client would be incidental, it may represent a potential conflict of interest, which would be fully disclosed to the client. RKI or its owners, officers and employees may not sell securities from their accounts directly to a client, nor may they purchase securities directly from a client. RKI, its owners, officers and employees are prohibited from trading on material nonpublic information. RKI does not trade ahead of clients, but instead puts clients' interests first. Employees may not purchase or sell any security prior to a transaction being implemented for an advisory client, unless the timing of such transaction was done without the employee's knowledge of a client's transaction. RKI endeavors to ensure that the personal trading activities of its owners, officers and employees do not interfere with the decision making process for client investment recommendations. RKI also endeavors to ensure that the personal trading activities of its owners, officers and employees do not interfere with the implementation of investment recommendations made to clients. RKI's owners, officers and employees may implement trading strategies for their personal accounts that are more speculative or more conservative than client trading strategies.

RKI prohibits its owners, officers, and employees from participating in any principal transactions, where securities are purchased directly from, or sold directly to a client. RKI also prohibits its owners, officers and employees from purchasing shares in initial public offerings or private placement offerings, unless express written permission is provided in advance, by the firm's Chief Compliance Officer. RKI, its owners, officers and employees, do not recommend to clients that they buy or sell securities in which a person associated with RKI has a material financial interest.

As disclosed in Item 10 above, RKI associates may be registered representatives of Securities Service Network, Inc., an unaffiliated registered broker/dealer. This relationship may present a conflict of interest relating to client transactions. Please refer to Item 10 above for a complete discussion of this relationship.

## **Item 12. Brokerage Practices**

RKI provides portfolio management services on either a non-discretionary or discretionary basis. Clients are generally free to implement or decline investment recommendations made by RKI, unless RKI is acting in a discretionary role. In addition, clients are free to implement investment recommendations at firms of their choice; however, if clients choose to implement transactions at firms other than those recommended by RKI, the firm may be unable to provide investment advisory services for those assets. For discretionary portfolio management services, RKI will determine which custodian to use for account custody and trade execution.

For portfolio management services, RKI generally recommends the clearing and custodial services offered through Fidelity Institutional Wealth Services ("FIWS"). FIWS provides RKI with various institutional platform services which include, among other things, brokerage, custody and other related services. The institutional platform services assist RKI in managing and administering client accounts, and include software and other technology that (i) provide access to client account data through trade confirmations and account statements; (ii) facilitate trade execution; (iii) provide research, pricing and other market data; (iv) facilitate the payment of advisory fees from client accounts; and (iv) assist with back-office functions, recordkeeping and client reporting. FIWS offers the clearing, custody and brokerage services of either National Financial Services, Inc. ("NFS") or Fidelity Brokerage Services, LLC ("Fidelity"), members NYSE, SIPC. FIWS generally does not charge clients separately for custodial services but is compensated by account holders through commissions and other transaction-related or asset-based fees for trades executed through either Fidelity or NFS. RKI and FIWS are independently operated and are not affiliated companies.

In some cases, RKI may also recommend the custodial services offered through Securities Service Network, Inc. ("SSN"), the registered broker/dealer with which RKI associates are registered. SSN has a fully disclosed clearing arrangement with National Financial Services, Inc. ("NFS").

While RKI cannot guarantee that the execution services provided by the above referenced custodians are the best executions available, the firm feels that that the overall quality of execution services provided by these firms is in the clients' best interests. Clients must agree in writing to the establishment of custodial accounts at the above referenced firms. If a client chooses to implement certain investment recommendations through RKI associates in their capacities as registered representatives, then securities products may be limited to those products that RKI associates can offer through SSN. The firm believes that

the overall quality of the execution services provided by SSN is in clients' best interest, but best execution cannot be guaranteed.

As stated previously, RKI routinely recommends that portfolio management clients utilize the clearing, brokerage and custodial services offered through FIWS or SSN, unlike other advisors who may permit clients to direct brokerage to any firm of their choice. RKI may be unable to negotiate specific transaction costs for transaction execution. RKI does not aggregate or "block" trades. Transactions executed by these firms will be subject to the transaction and commission fee schedule in effect at the time of execution. RKI does not negotiate commission rates or volume discounts. Therefore, brokerage and investment advisory services offered by RKI may cost a client more or less than similar investment advisory services offered by another firm, or by purchasing similar services separately.

Through its relationships with FIWS and SSN, RKI has access to free research, software, account administrative support, record keeping, brokerage, custodial and other related services that are intended to support advisers in conducting an investment advisory business. RKI also has access to an extensive list of product offerings from which client recommendations can be made, and may have the ability to execute client no-load or low-load mutual fund transactions without transaction charges or with nominal transaction charges. RKI also has access to the NFS Streetscape program and the Fidelity Wealth Central program, which provide RKI with software downlinks of daily transaction, balance and position information on client accounts held at each custodian. The provision of these additional services may present a conflict of interest in that RKI may be incented to recommend the custodial and brokerage services of these firms. However, receipt of these services is not dependent upon any level of trade execution and RKI uses these services to benefit all client accounts, whether or not a client has chosen to use either FIWS or SSN. As a fiduciary, RKI endeavors to seek qualitative execution services for its clients, regardless of the provision of these additional services.

For financial planning services, clients may choose to implement investment recommendations at firms of their choice. If clients choose to implement investment recommendations through RKI associates, the custodial, clearing and brokerage services offered through either FIWS or SSN will be recommended.

RKI may accept reimbursement for marketing costs, such as expenses related to meetings held by, or attended by RKI associates. Such costs will be associated with "due diligence" or training trips that allow RKI to better analyze a company and/or investment manager. The acceptance of reimbursement will not be contingent upon any commitment by RKI to place client assets with a product sponsor or investment manager, and will not influence RKI's decision to select a product or investment manager for its clients, other than to allow RKI's associated persons an opportunity to gain further knowledge.

### **Item 13. Review of Accounts**

For discretionary portfolio management accounts, RKI's investment committee reviews the strategic allocation in the four asset classes, as well as the allocation to the underlying investment styles within these asset classes, on a weekly basis as part of the firm's Investment Committee meetings. The model portfolios are adjusted accordingly, within a range that is dictated by prevailing market conditions and is consistent with the portfolio's assigned constraints and weights. In addition, RKI's investment committee performs regular reviews of client portfolios. Each account is reviewed in light of the client's specific needs, goals, objectives, asset mix and overall market conditions. Special reviews with clients are made in the case of substantial changes in market conditions or changes in the client's investment objectives. Accounts are compared against general market conditions and the strongest industry benchmark indicators to monitor account performance in light of the client's investment objectives.

For non-discretionary portfolio management services, RKI reviews client accounts at least annually, or at the request of a client. Significant changes in social, economic or political conditions or a change in a client's financial situation may prompt more frequent reviews. Financial planning and consulting services clients do not receive regular account reviews unless a client has specifically engaged RKI for these services.

RKI may provide quarterly performance reports to portfolio management clients. The nature of performance information provided will depend upon the type of client and the needs of the client. All clients will receive normal and customary brokerage or custodial statements, which they should compare against any information provided by RKI. Statements should be reviewed carefully.

Financial planning and consulting services clients will not receive regular reports from RKI. Any written reports will be agreed upon at the inception of the financial planning or consulting services relationship.

### **Item 14. Client Referrals and Other Compensation**

As discussed previously, RKI associates may receive some economic benefit through their affiliations with SSN. However, these economic benefits are not provided as a direct result of RKI's advisory services offered to clients. RKI associates may also receive product commissions or 12b-1 fees as a result of other client investments outside of the advisory relationship. While this presents a potential for conflict of interest in that it may incent RKI associates to recommend certain products, all fees and expenses related to transactions



executed through SSN are disclosed to clients in product offering materials or verbally by RKI associates. Clients are encouraged to read product offering materials carefully.

If RKI associates make recommendations to clients for the purchase of insurance products, clients may pay a normal and customary insurance commission for the purchase of the product. In these cases, RKI associates may receive commission as insurance agents, generally based upon a percentage of the premiums paid. Such insurance commission is paid directly to the RKI associate from the issuer of the insurance product. RKI makes this service available to clients simply as a convenience to clients. Clients are not obligated to purchase any insurance products from RKI associates. The receipt of additional compensation presents a conflict of interest in that RKI associates may be induced to recommend that clients purchase insurance products. While this may be true, RKI associates endeavor at all times to act in the best interests of their clients, and recommendations to purchase insurance products are only made when they feel it is in the best interest of a client.

In some cases, RKI may refer clients to a third-party service provider for specific services. RKI is not compensated for these referrals. RKI makes these referrals when it feels it is in the client's best interest to do so, based on the specific needs and objectives of the client. Clients are under no obligation to engage the services of the third-party service provider and clients do so at their own discretion. RKI is not liable or responsible for any of the fees charged or services provided by an unaffiliated third-party service provider.

RKI may, from time to time, accept reimbursement for costs associated with on-site inspections of product sponsors or investment managers to which clients' assets may or may not be directed. Such costs will be associated with "due diligence" trips that allow associated persons of RKI to better analyze a company and/or investment manager. The acceptance of reimbursement will not be contingent upon any commitment by RKI to place client assets with a product sponsor or investment manager, and will not influence RKI's decision to select a product or investment manager for its clients, other than to allow RKI's associated persons an opportunity to gain further knowledge.

RKI may receive client referrals from Dave Ramsey, a nationally known syndicate radio host who provides financial information to listeners. RKI does not compensate Dave Ramsey for these referrals but the firm does pay a marketing fee and went through a screening process to allow the firm to become Ramsey's endorsed local provider. As a result of this screening process, RKI is also permitted to associate the firm with the Dave Ramsey brand. Potential clients referred to RKI by Dave Ramsey are under no obligation to engage RKI for its investment advisory services. RKI does not have an exclusive relationship with either Mr. Ramsey or his company for these client referrals, although RKI may be the exclusive firm recommended by Ramsey in certain zip codes.

**Item 15. Custody**

RKI does not maintain custody of client funds or securities, except to the extent that it has the ability to debit advisory fees directly from client accounts, as agreed to in writing by the client. Clients receive normal and customary custodial account statements that detail the amount of advisory fees debited from an account. Clients are responsible for verifying the accuracy of the fees debited, as custodians do not verify accuracy. Clients are also strongly encouraged to compare information provided on custodial statements against any information provided by RKI.

**Item 16. Investment Discretion**

RKI accepts discretionary authority to manage securities accounts on behalf of clients, upon express written permission from the client. Clients will execute required custodial applications granting discretion to RKI. Clients will also execute discretionary Investment Management Agreements. RKI also offers non-discretionary portfolio management services, so clients may choose the best option for their situations.

**Item 17. Voting Client Securities**

RKI does not accept authority to vote client securities on behalf of clients. Clients retain all rights to their brokerage accounts, including the right to vote proxies. Clients are responsible for directing each custodian of their assets to forward copies of all proxies and shareholder communications directly to the client. While RKI may provide information or consultation to assist a client in deciding how to vote a particular security, the ultimate decision and responsibility to vote a security lies with the client.

In addition, RKI will neither advise nor act on behalf of a client in any legal proceeding involving companies whose securities are held in a client's account. This includes such things as class action lawsuits or settlements.

**Item 18. Financial Information**

RKI does not require or solicit prepayment of more than \$1,200 in advisory fees more than six months in advance of services rendered. RKI is therefore not required to include a financial statement or balance sheet with this brochure.

RKI does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. RKI has not been the subject of any bankruptcy petition.

## **Privacy Policy**

RKI maintains a specific Privacy Policy that is distributed to each client at the time an account is opened and annually thereafter. RKI collects nonpublic information about clients from the following sources: information the firm receives from clients verbally, on applications or other forms and information about client transactions with others or the firm.

RKI may have to share non-public client information with unaffiliated firms in order to service client accounts. Additionally, RKI may have to provide information about clients to regulatory agencies as required by law. Otherwise, RKI will not disclose any client information to an unaffiliated entity unless a client has given express permission for the firm to do so.

RKI is committed to protecting client privacy. The firm restricts access to clients' personal and account information to those employees who need to know the information. RKI also maintains physical, electronic and procedural safeguards that the firm believes comply with Federal standards to protect against threats to the safety and integrity of client records and information.