

Disclosure Brochure



retirement advisory services corp
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This brochure provides information about the qualifications and business practices of retirement advisory services corp (the “rascorp”). If you have any questions about the contents of this brochure, please contact us at (215) 628-8500. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. SEC File Number: 801 – 57956

Additional information about retirement advisory services corp also is available on the SEC’s website at www.adviserinfo.sec.gov.

References herein to retirement advisory services corp as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Contact: Patricia H. Sobel, Chief Compliance Officer

Item 2 Material Changes

rascorp is required to describe the material changes, if any, which have occurred since the last annual update to the Disclosure Brochure on September 21, 2011. There are no material changes to discuss in relation to this Item.

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Item 4 Advisory Business

rascorp is a comprehensive financial services firm founded in the early 1970s and has been in business as an SEC registered investment adviser since September 2000.

rascorp provides a range of advisory services, which include financial planning and consulting, as well as investment portfolio management. For each of these services, rascorp offers customized advisory programs designed with the objective of helping its clients achieve their financial goals and grow, preserve and conserve their wealth. Prior to engaging rascorp to provide any of the foregoing services, clients are required to enter into an agreement with rascorp setting forth the specific terms and conditions of the advisory relationship (the “Agreement”).

The principal owners of rascorp are Elliott D. Freiberg and Patricia H. Sobel. As of August 21, 2012, the firm had approximately \$ 139,349,176 in assets under management, of which \$ 119,944,237 was managed on a discretionary basis and \$ 19,404,939 was managed on a non-discretionary basis.

While this Brochure generally describes the business of rascorp, certain sections also discuss the activities of the firm’s *Supervised Persons*, which include rascorp’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees, and any other person who provides investment advice on the firm’s behalf and is subject to its supervision or control. In addition, the firm serves as the sponsor to the RASCORP Advisory Wrap Program, a wrap fee program through which participating clients receive investment management services under a different arrangement than those described herein. This Program is described at length in the firm’s Wrap Fee Program Brochure, which appears as Part 2A Appendix 1 of rascorp’s Form ADV.

Financial Planning and Consulting Services

rascorp offers a variety of financial planning and consulting services addressing various investment and non-investment related matters, which include, without limitation:

- Insurance Planning
- Business Counseling
- Cash Flow Analysis
- Educational Funding
- Estate Planning
- Pension Plan Administration
- Tax Strategy
- Retirement Planning

Pension & Estate Planners (“*PEP*”), the pension consulting and administration division of rascorp, services the pension and estate planning needs of the small business community. *PEP* offers individualized qualified plan consulting for each client, working with their advisors in an effort to help increase their tax advantages and meet their retirement planning goals. *PEP* uses what it considers to be state-of-the-art plan administration software through Dataair Employee Benefit systems, Inc. for calculations, reporting and testing. It also utilizes Fort William’s pre-approved Internal Revenue Service defined contribution documents, which allow the firm the flexibility to design a plan that accommodates a client’s retirement needs. Both Dataair Employee Benefit systems, Inc. and Fort William software are updated as often as the Qualified Plan laws change, which aid *PEP* in helping to keep a client’s plan current as a tax sheltered plan under the Internal Revenue Code. In addition to the firm’s experienced internal staff, *PEP* engages a highly regarded Enrolled Actuary for Defined Benefit and Cash Balance Plans, as well as an ERISA attorney for those challenging plan problems. *PEP*’s partnering with these vendors and advisors assist the firm in its pursuit to provide advanced plan design, accuracy and timely reporting at a reasonable cost.

In performing its services, rascorp is not required to verify any information received from the client or from the client’s other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. rascorp may recommend the services of itself, its *Supervised Persons* in their individual capacities as registered representatives of a broker-dealer, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if rascorp recommends its own services. The client is under no obligation to act upon any of the recommendations made by rascorp under a financial planning or consulting engagement or to engage the services of any such recommended professional, including rascorp itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of rascorp’s recommendations. Clients are advised that it remains their responsibility to promptly notify rascorp if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising rascorp’s previous recommendations and/or services.

Retirement Plan Consulting Services

rascorp provides retirement plan consulting services to employee benefit plans and their fiduciaries. These services are designed to assist plan sponsors in meeting their management and fiduciary obligations under ERISA. Depending upon the specific engagement, these services may include any or all of the following:

- Strategic Planning and Investment Policy Development / Review. rascorp meets with the plan sponsor, the named fiduciary and/or their fiduciary delegate to assist in developing an investment policy statement (“IPS”) or reviewing an existing IPS. rascorp then assists the plan sponsor, named fiduciary and/or their fiduciary delegate in determining whether the plan performance is consistent with the IPS and/or whether the IPS needs to be revised, based on an analysis of the plan’s liquidity requirements, performance goals and risk tolerance levels of the plan.
- Plan Review. rascorp conducts a review of the plan design and advises the named fiduciary on whether the plan is operating in accordance with plan documents and applicable provisions of ERISA. The firm also reviews the named fiduciary’s compliance with fiduciary responsibilities, including compliance with requirements for self-directed plans (if applicable) under ERISA §404(c).

- Plan Fee and Cost Review. rascorp conducts an annual review of the applicable fees and costs charged to the plan by other service providers and assists the named fiduciary in determining the reasonableness of fees and costs paid by the plan.
- Third-Party Service Provider Liaison. rascorp acts as the liaison for the plan and the named fiduciary when dealing with the trustee, custodian, plan actuary and other third-party service providers.
- Assessment of Investments. rascorp conducts a periodic review of fund expenses, investment performance and style drift for mutual funds offered by the plan to participants by comparing them with other funds in the same asset category and may use Morningstar data from Principia. The firm also provides periodic suggestions to the named fiduciary with respect to alternative mutual fund options for the plan to make available to its participants. The named fiduciary and/or the fiduciary delegates retain the ultimate discretion as to whether to override any plan related recommendations or decisions made by rascorp.
- Participant Education and Communication. rascorp coordinates and/or conducts investment education and enrollment meetings for plan participants as determined by the plan sponsor.

The firm also offers the following additional services to retirement plan sponsors:

- Executive Benefits. rascorp reviews, designs and implements non-qualified plans and deferred compensation packages.
- Plan Conversion. rascorp assists with the conversion to alternate vendors by aiding in the preparation of Requests for Proposals (“RFPs”) from prospective new vendors and reviewing the responses thereto.
- Merger and Acquisition Assistance. rascorp performs merger and acquisition due diligence reviews of pension plan documents and investments for possible merger or termination of duplicate plans.
- Compliance Correction. rascorp assists plan sponsors with corrective actions as necessary to comply with applicable laws and regulations.
- Coordination with Other Advisers. rascorp interacts with outside advisors, tax, legal and accounting professionals as necessary.

Investment Management Services

rascorp manages its clients’ investment portfolios on a discretionary or non-discretionary basis.

rascorp primarily allocates clients’ investment management assets among individual debt and equity securities, various no-load and load-waived mutual fund classes, exchange-traded funds (“ETFs”), and/or certain *Independent Managers* (as defined below), in accordance with its clients’ investment objectives. rascorp also provides advice about any type of legacy positions or investments otherwise held in clients’ portfolios.

In addition, rascorp also renders investment management services to clients relative to their variable life/annuity products, individual employer-sponsored retirement plans, qualified tuition plans (i.e., 529 plans) and other products that are not held by the client’s primary custodian. In so doing, rascorp either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product sponsor.

The firm consults with clients on an initial and ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. rascorp tailors its advisory services to accommodate the individual needs of its clients and continuously seeks to ensure that its clients' portfolios are managed in a manner consistent with their individual circumstances.

Clients are advised to promptly notify rascorp if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if rascorp determines, in its sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to the firm's management efforts.

Independent Managers

As mentioned above, rascorp recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers ("*Independent Managers*") either directly or through a wrap fee program.

rascorp evaluates various information about the *Independent Managers* in which it recommends or selects to manage its clients' portfolios under the Program. The firm generally reviews a variety of different resources, which may include the *Independent Managers*' public disclosure documents, materials supplied by the *Independent Managers* themselves and other third-party analyses it believes are reputable. To the extent possible, the firm seeks to assess the *Independent Managers*' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposures. rascorp also takes into consideration each *Independent Manager*'s management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other related factors.

rascorp generally monitors the performance of those accounts being managed by *Independent Managers* by reviewing the account statements and trade confirmations produced by the *Financial Institutions*, as well as other performance information furnished by the *Independent Managers* and/or other third-party service providers. The firm does not verify the accuracy of any such performance information and does not ensure its compliance with presentation standards. Clients are advised that any performance information they receive from the *Independent Managers* may not be calculated on a uniform and consistent basis. Clients should compare all supplemental materials with the account statements they receive from their respective custodians.

The terms and conditions under which the client engages an *Independent Manager* are set forth in a separate written agreement between rascorp or the client and the designated *Independent Managers*. In addition to the firm's Disclosure Brochure, the client also receives the written disclosure document of the designated *Independent Managers* engaged to manage all or a portion of their assets.

Independent Investment Programs

rascorp recommends that certain advisory clients participate in one or more independent investment programs (collectively "*Independent Investment Programs*").

Each *Independent Investment Program* is offered as either a wrap fee program or an unbundled service arrangement. A wrap fee program is considered any arrangement under which clients receive investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions for a specified fee or fees not based upon transactions in their accounts. Prior to receiving services through a wrap fee program, clients are

generally required to execute a separate agreement with the sponsor and broker-dealer under the program, as well as the *Agreement* with rascorp.

In addition to the *Independent Investment Programs* discussed in this section, a number of existing clients continue to receive services through certain legacy programs, which are no longer offered to clients on an ongoing basis. A complete description of each *Independent Investment Program* is contained in the sponsoring adviser's disclosure documents, which are provided to clients in accordance with Rule 204-3 of the Investment Advisers Act of 1940. Clients are advised to read all such disclosure documents thoroughly prior to investing.

VISION2020 Wealth Management Platform – Model Portfolios Program

rascorp advises certain clients to participate in the VISION2020 Wealth Management Platform - Model Portfolios Program (the "*Model Program*"), a wrap fee program sponsored by VISION2020 Wealth Management Corp. ("*VISION2020*"), an SEC registered investment adviser. *VISION2020* is an affiliate of Royal Alliance Associates, Inc. ("*Royal*"), a dually registered investment adviser and broker-dealer which serves as the firm's primary custodian for investment management accounts.

The *Model Program* offers clients managed asset allocation models ("*Asset Allocation Models*") of mutual funds or exchange traded funds ("ETFs") diversified across various investment styles and strategies. The *Asset Allocation Models* are constructed by managers ("*Program Managers*"), including, but not limited to, Russell Investment Management Company, Avatar Associates and Morningstar Associates, LLC.

Based upon the risk tolerance of each client, the *Model Program* utilizes a system that selects a specific *Asset Allocation Model* which may contain either 1) a combination of mutual funds or 2) a combination of ETFs, depending on which *Program Manager* is used. With the client's assistance, the firm determines initial and ongoing suitability of the *Asset Allocation Model* selected. After such determination is made, rascorp, with the assistance of *VISION2020*, opens a *Model Program* account and client assets are invested in the specific investments contained within the recommended *Asset Allocation Model*. Clients have the opportunity to place reasonable restrictions on investments held within the *Model Program* account.

For further *Model Program* details, including a full list of *Program Managers*, please see the Model Program Wrap Fee Program Brochure. This brochure is provided by rascorp to clients prior to or concurrent with their enrollment in the *Model Program*.

VISION2020 Wealth Management Platform – Advisor Managed Portfolios

rascorp also recommends that certain clients participate in the VISION2020 Wealth Management Platform – Advisor Managed Portfolios (the "*AMP Program*"), which offers both wrap fee accounts and unbundled, non-wrap fee accounts. The *AMP Program* provides comprehensive investment management of clients' assets through the application of asset allocation planning software as well as the provision of execution, clearing and custodial services through Pershing, LLC ("*Pershing*").

The *AMP Program* provides risk tolerance assessment, efficient frontier plotting, fund profiling and performance data, and portfolio optimization and re-balancing tools. Utilizing these tools, and based on the client's responses to a risk tolerance questionnaire and discussions with rascorp regarding, among other things, investment objective, risk tolerance, investment time horizon, account restrictions, and overall financial situation, rascorp constructs a portfolio of investments for the client. This portfolio may consist of mutual funds, ETFs, equities, options, debt securities, variable life, variable annuity sub-accounts (certain restrictions may apply) and other investments.

Each portfolio is designed to meet the client's individual needs, stated goals and objectives. Additionally, clients have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

The *AMP Program* is sponsored by rascorp or *Royal*. Regardless of the sponsor, rascorp manages the *AMP Program*. For further details of the RASCORP Advisory Wrap Program or *Royal's* wrap program, please see the firms' respective wrap fee program brochures. rascorp provides this brochure to clients prior to or concurrent with their enrollment in the *AMP Program*.

VISION2020 Wealth Management Platform – SMA and UMA Account Program

Additionally, the firm recommends that certain clients receive advisory services through the Vision2020 Wealth Management Platform – SMA and UMA Account Program ("*SMA/UMA Program*").

Through the *SMA/UMA Program*, rascorp offers clients the opportunity to invest assets across multiple investment strategies and asset classes by implementing an asset allocation strategy. The *SMA/UMA Program* is a wrap account program that offers these advisory services along with brokerage and custodial services for a single, asset-based, advisory fee.

In the *SMA/UMA Program*, rascorp presents clients with an asset allocation model consisting of: 1) third party money managers who manage a client's *SMA/UMA Program* account according to a particular equity or fixed income model or strategy, or 2) no-load mutual funds, or 3) ETFs, or 4) any combination thereof. These investments are managed according to the selected asset allocation model. The investments are held within a separately managed account or a series of separately managed accounts (collectively, "*SMA Account*") or in one, unified managed account ("*UMA Account*").

rascorp suggests the asset allocation model (discussed in the preceding paragraph) based on a client's response to a risk tolerance questionnaire and the firm's discussion with the client regarding among other things, investment objective, risk tolerance, investment time horizon, account restrictions, and overall financial situation. In addition, clients have the opportunity to place reasonable restrictions on investments held within their *SMA/UMA Program* accounts.

For further *SMA/UMA Program* details please see the Wealth Management Account Program Wrap Fee Program Brochure, which rascorp provides to clients prior to or concurrent with their enrollment in the *SMA/UMA Program*.

RASA 044 Accounts

rascorp may also offer RASA 044 ("*RASA*") accounts to clients as a non-commissionable advisory account where rascorp can purchase load waived and no-load mutual funds and other equity, debt and option securities for the client. rascorp will base investment strategy on each client's specific goals and situation. In addition, clients have the opportunity to place reasonable restrictions on investments held within their *RASA* accounts.

RASCORP Advisory Wrap Program

rascorp is the sponsor and portfolio manager to the RASCORP Advisory Wrap Program, a wrap fee program (the "*RAS Program*"). Under the *RAS Program*, the firm manages clients' investment portfolios on a discretionary or non-discretionary basis. rascorp manages accounts through the *RAS Program* in substantially the same manner as those managed under arrangements where clients pay separately for advisory and brokerage services. A complete description of the *RAS Program* is contained in rascorp's Wrap Fee Program Brochure, which appears as Part 2A Appendix 1 of the firm's Form ADV. Clients

who engage rascorp to provide services through the *RAS Program* are furnished with the requisite firm disclosure documents in accordance with Rule 204-3 of the Investment Advisers Act of 1940.

Miscellaneous

Non-Investment Consulting/Implementation Services

To the extent requested by the client, rascorp *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither rascorp, nor any of its representatives, serves as an attorney or an accountant and no portion of rascorp's services should be construed as same. To the extent requested by a client, rascorp may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including rascorp's representatives in their separate registered/licensed capacities as discussed below. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from rascorp. If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

Non-Discretionary Service Limitations

Clients that determine to engage rascorp on a non-discretionary investment advisory basis must be willing to accept that rascorp cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, rascorp will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client's verbal consent.

Client Obligations

In performing its services, rascorp shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify rascorp if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/ evaluating/revising rascorp's previous recommendations and/or services.

Disclosure Statement

A copy of rascorp's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the advisory agreement.

Item 5 Fees and Compensation

rascorp offers its services on a fee basis, which includes hourly and fixed fees, as well as fees based upon assets under management or advisement. Additionally, certain of the firm's *Supervised Persons*, in their individual capacities, may offer securities brokerage services and insurance products under a separate commission-based arrangement.

Planning and Consulting Fees

rascorp generally charges an hourly fee to provide clients with financial planning and consulting services. These fees are negotiable, but generally range from \$100.00 to \$200.00 per hour, depending upon the level and scope of the services and the professional engaged to render them.

Generally, rascorp generally requires one-half of the estimated hourly fee payable upon entering the *Agreement*. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services. If the client engages rascorp for additional investment advisory services, rascorp may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

In addition, where the firm provides fee based pension planning and consulting services under *PEP*, the specific terms and conditions of the engagement, including the portion of the fee due prior to commencing services, are set forth in the *Agreement*. In these situations, rascorp may offset all or a portion of its fee in accordance with the applicable rules and regulations issued under ERISA and the Internal Revenue Code, or as otherwise agreed.

Retirement Plan Consulting Fees

Clients who engage rascorp to provide retirement plan consulting services are charged either a fixed fee or a fee based upon a percentage of the plan assets on which the firm is advising. The firm's fixed fees generally range between \$500.00 and \$5,000.00, but may be more or less depending on the needs of a particular client. The firm's asset-based fees generally vary between three and 100 basis points (0.03% and 1.00%) depending on the level of plan assets, as follows:

<u>VALUE OF PLAN ASSETS</u>	<u>FEE RATE</u>
Up to \$20,000,000	10-100 bps
\$20,000,001 - \$40,000,000	5-50 bps
Above \$40,000,000	3-25 bps

These fees are typically billed quarterly in arrears; however, rascorp may, in its sole discretion, agree to negotiate alternative fee arrangements. These fees may be exclusive of, and in addition to, certain out-of-pocket expenses incurred by rascorp, which are necessary to perform the services as agreed (e.g., courier services, translation fees, overnight mailings, etc.).

Investment Management Fees

rascorp provides unbundled investment management services for an annual fee based upon a percentage of the assets being managed by rascorp. This fee varies between 25 and 150 basis points (0.25% and 1.50%), depending upon the market value of the assets under management and the type of portfolio management services to be rendered. The annual fee is generally prorated and charged quarterly in advance, based upon the amount of the assets being managed by the firm on the last day of the previous quarter. In addition, certain *Independent Managers* used by rascorp may have different billing practices, which are fully-disclosed to clients prior to receiving any such services.

The firm's investment management fees are exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. rascorp does not receive any portion of these commissions, fees, and costs.

Independent Investment Program Fees

As referenced above, certain of the *Independent Investment Programs* are offered as wrap fee programs, meaning that the advisory and transaction charges are bundled together and included under a single annualized fee. Clients are advised that the fees paid in the aggregate under a wrap fee arrangement may be higher than if investment management services and brokerage services were charged separately. Those clients receiving services under a non-wrap arrangement also incur various transaction fees and expenses imposed by the *Financial Institutions* (as defined and discussed below).

Additional information about the fees for each of the *Independent Investment Programs* is contained within the sponsoring adviser's disclosure documents. The management fees and account requirements imposed under the *Independent Investment Programs* to which rascorp directs client assets may differ from the firm's stated fee schedule, as follows:

- **Model Program.** The annual wrap fee ranges up to 3.00% of the assets in a *Model Program* account. This fee is negotiable, but is generally determined by the amount of assets under management, nature and extent of account relationships, type of services requested and other factors that the adviser deems relevant.
- **AMP Program.** The annual fee for the *AMP Program* ranges up to 2.50% for wrap accounts and up to 2.30% for non-wrap accounts. In addition, clients are charged up to 2.50% of the variable annuity products being managed through the *AMP Program*. These fees are negotiable, but are generally determined by the amount of assets under management, nature and extent of account relationships, type of services requested and other factors that the adviser deems relevant.
- **SMA/UMA Program.** The annual wrap fee for the *SMA/UMA Program* ranges up to 2.75% for SMAs and up to 2.65% for UMAs. This fee is negotiable, but is generally determined by the amount of assets under management, nature and extent of account relationships, type of services requested and other factors that the adviser deems relevant.

General Fee Discretion

rascorp may, in its sole discretion, negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of the assets to be managed, related accounts, account composition, preexisting client relationship, account retention, *pro bono* activities, etc.).

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), rascorp generally recommends that the firm's investment management clients utilize the brokerage and custodial services of *Royal*, which clears securities transactions through Pershing, LLC ("*Pershing*"), an SEC registered broker-dealer and member of FINRA.

rascorp may only implement its investment management recommendations after the client has arranged for and furnished rascorp with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Royal*, *Pershing*, other broker-

dealers recommended by rascorp, broker-dealers directed by the client, trust companies, banks etc. (collectively the “*Financial Institutions*”).

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by the *Independent Managers*, custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to rascorp’s fee.

Fee Debit

rascorp’s *Agreement* and the separate agreement with any *Financial Institutions* generally authorize rascorp and/or the *Independent Managers* to debit the client’s account for the amount of rascorp’s fee and indirectly remit that management fee to rascorp and/or the *Independent Managers*. Any *Financial Institutions* recommended by rascorp have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid to rascorp.

Fees for Management During Partial Quarters of Service

For the initial period of investment management services, fees are calculated on a *pro rata* basis.

The *Agreement* between rascorp and the client continues in effect until terminated by either party pursuant to the terms therein. rascorp’s fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients are generally permitted to make additions to and withdrawals from their accounts at any time. Additions may be in cash or securities provided that rascorp reserves the right to liquidate any transferred securities or decline to accept particular securities into a client’s account. Clients may withdraw account assets on notice to rascorp, subject to the usual and customary securities settlement procedures. However, rascorp designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client’s investment objectives. rascorp may consult with its clients about the options and implications of transferring securities. However, clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

Generally, if a client deposits assets in excess of \$10,000.00 into an account (or accounts) after the inception of a quarter, the fee payable with respect to such assets is prorated accordingly. For partial account withdrawals in excess of \$10,000.00 during a quarter, the fee payable with respect to such assets is prorated and credited towards the fee for the following quarter. Certain *Independent Managers* used by rascorp may, however, impose different standards for prorating management fees.

Commissions or Sales Charges for Recommendations of Securities

Clients can engage certain persons associated with the firm (but not rascorp) to render securities brokerage services under a fully-disclosed commission arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with rascorp. Under this arrangement, clients may implement securities transactions through certain of rascorp’s *Supervised Persons* in their respective individual capacities as registered representatives of *Royal*, an SEC registered broker-dealer and member of FINRA, as described above. *Royal* may charge brokerage commissions to effect these securities transactions and thereafter, a portion of these commissions may be paid by *Royal* to

such *Supervised Persons*. Prior to effecting any transactions clients are required to enter into a new account agreement with *Royal*. The brokerage commissions charged by *Royal* may be higher or lower than those charged by other broker-dealers. In addition, certain of rascorp's *Supervised Persons* may also receive ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment. rascorp also recommends no-load funds.

A conflict of interest exists to the extent that rascorp recommends the purchase of securities where rascorp's *Supervised Persons* receive commissions or other additional compensation as a result of rascorp's recommendations. rascorp has procedures in place to ensure that any recommendations made by such *Supervised Persons* are in the best interest of clients.

For accounts covered by ERISA (and such others that rascorp, in its sole discretion deems appropriate), rascorp provides its investment advisory services on a fee-offset basis. In this scenario, rascorp may offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by rascorp's *Supervised Persons* in their individual capacities as registered representatives of *Royal*.

Item 6 Performance-Based Fees and Side-by-Side Management

rascorp does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

Item 7 Types of Clients

rascorp provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

Minimum Account Size

As a condition for starting and maintaining an advisory relationship, rascorp generally imposes a minimum portfolio size of \$100,000.

rascorp, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria, including: anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention, and *pro bono* activities. rascorp only accepts clients with less than the minimum portfolio size if rascorp determines, in its sole opinion, the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. rascorp may aggregate the portfolios of family members to meet the minimum portfolio size.

In addition, the *Independent Investment Programs* through which the firm provides advisory services generally impose their own account minimum requirements. rascorp may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Investment Programs*. Please refer to the relevant *Independent Investment Programs'* wrap brochure for each program's minimums and fees.

Certain other *Independent Managers* recommended by the firm may also impose more restrictive account requirements and varying billing practices than those of rascorp described above. In such instances, rascorp may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

Methods of Analysis

rascorp employs a combination of largely fundamental and technical methods of analysis when assessing investment opportunities.

Fundamental analysis involves an evaluation of an issuer's fundamental financial condition and competitive position. rascorp generally analyzes the financial condition, capabilities of management, earnings capacity, new products and services, as well as the company's markets and position amongst its industry competitors in order to determine the recommendations made to clients. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the examination of past market data rather than specific company information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that rascorp will be able to accurately predict such a reoccurrence.

Investment Strategies

rascorp selects securities based upon each client's individual asset allocation, risk tolerance and investment objectives. As referenced above, the firm generally utilizes a combination of mutual funds, ETFs, bonds, equities, cash equivalents and *Independent Managers*. Relying upon both fundamental and technical indicators, rascorp considers factors such as fund management, underlying expenses, performance history, potential tax implications and fund styles, as well as current economic and market conditions. When assessing fixed income investments, the firm examines factors such as bond ratings, tax preferences, current prices, yield-to-maturity and time-to-maturity, among others. Depending upon portfolio exposure, rascorp also utilizes cash deposits and corporate, municipal and agency bonds.

Risks of Loss

Mutual Funds and Exchange Traded Funds (ETFs)

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Market Risks

The profitability of a significant portion of rascorp's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that rascorp will be able to predict those price movements accurately.

Use of Independent Managers

rascorp may recommend the use of *Independent Managers* for certain clients. rascorp will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the *Independent Managers* ability to successfully implement their investment strategy. In addition, rascorp does not have the ability to supervise the *Independent Managers* on a day-to-day basis other than as previously described in response to Item 4, above.

Management Through Similarly Managed "Model" Accounts

rascorp manages certain accounts through the use of similarly managed "model" portfolios, whereby the firm allocates all or a portion of its clients' assets among various mutual funds and/or securities on a discretionary basis using one or more of its proprietary investment strategies. In managing assets through the use of models, the firm remains in compliance with the safe harbor provisions of Rule 3a-4 of the Investment Company Act of 1940.

The strategy used to manage a model portfolio may involve an above average portfolio turnover that could negatively impact clients' net after tax gains. While the firm seeks to ensure that clients' assets are managed in a manner consistent with their individual financial situations and investment objectives, securities transactions effected pursuant to a model investment strategy are usually done without regard to a client's individual tax ramifications. Clients should contact rascorp if they experience a change in their financial situation or if they want to impose reasonable restrictions on the management of their accounts.

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Item 9 Disciplinary Information

rascorp has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management.

Item 10 Other Financial Industry Activities and Affiliations

Registered Representatives of Broker Dealer

Certain of the firm's *Supervised Persons* are registered representatives of *Royal* and may provide clients with securities brokerage services under a separate commission-based arrangement. A conflict of interest

exists to the extent that rascorp recommends the purchase of a security and its *Supervised Person* receives a portion of the commissions paid to *Royal*. The firm has procedures in place to ensure that all such recommendations are made in its clients' best interests, as described in Item 5 (above).

Dually-Registered Investment Adviser Representatives

A number of rascorp's *Supervised Persons* are dually registered as investment adviser representatives of *Royal*, which is also an SEC registered investment adviser. A conflict of interest exists to the extent that rascorp recommends *Royal*'s advisory services to its clients where one of its *Supervised Persons* is entitled to a portion of the fees paid thereto. rascorp has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interests regardless of any such arrangements.

Licensed Insurance Agents

Certain of rascorp's *Supervised Persons* are also licensed insurance agents and in such capacity may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. A conflict of interest exists to the extent that rascorp recommends the purchase of insurance products where its *Supervised Person* receives insurance commissions or other additional compensation. The firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

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

rascorp and persons associated with rascorp ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with rascorp's policies and procedures.

rascorp has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("*Code of Ethics*"). In accordance with Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by rascorp or any of its associated persons. The *Code of Ethics* also requires that certain of rascorp's personnel (called "*Access Persons*") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

When rascorp is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when rascorp is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Unless specifically permitted in rascorp's *Code of Ethics*, none of rascorp's *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of rascorp's clients.

Clients and prospective clients may contact rascorp to request a copy of its *Code of Ethics*.

Item 12 Brokerage Practices

As discussed in Item 5 (above), rascorp generally recommends that clients utilize the brokerage and custodial services of *Royal*, which clears securities transactions through *Pershing*.

Factors which rascorp considers in recommending *Royal* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Royal* enables rascorp to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Royal* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by rascorp's clients comply with rascorp's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where rascorp determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. rascorp seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions. rascorp periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct rascorp in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and rascorp will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by rascorp (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, rascorp may decline a client's request to direct brokerage if, in rascorp's sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

Transactions for each client generally will be effected independently, unless rascorp decides to purchase or sell the same securities for several clients at approximately the same time. rascorp may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among rascorp's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among rascorp's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that rascorp determines to aggregate client orders for the purchase or sale of securities, including securities in which rascorp's *Supervised Persons* may invest, rascorp generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. rascorp does not receive any additional compensation or remuneration as a result of the aggregation. In the event that rascorp determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may

be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, rascorp may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist rascorp in its investment decision-making process. Such research generally will be used to service all of rascorp's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because rascorp does not have to produce or pay for the products or services.

Commissions or Sales Charges for Recommendations of Securities

As discussed above, certain *Supervised Persons* in their respective individual capacities, are registered representatives of *Royal*. These *Supervised Persons* are subject to FINRA Rule 3040 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless *Royal* provides written consent. Therefore, clients are advised that certain *Supervised Persons* may be restricted to conducting securities transactions through *Royal* unless they first secure written consent from *Royal* to execute securities transactions through a different broker-dealer. Absent such written consent or separation from *Royal*, these *Supervised Persons* are prohibited from executing securities transactions through any broker-dealer other than *Royal* under *Royal's* internal supervisory policies. rascorp is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

rascorp's *Supervised Persons*, in their individual capacities as registered representatives of *Royal* may, from time to time, receive incentive awards for the recommendation and introduction of investment products, or 12b-1 distribution fees from investment companies in connection with the placement of clients' funds into certain investment companies. Therefore, the receipt of this compensation may affect rascorp's objectivity in recommending products to its clients.

Software and Support Provided by Financial Institutions

rascorp may receive from *Royal*, without cost to rascorp, computer software and related systems support, which allow rascorp to better monitor client accounts maintained at *Royal*. rascorp may receive the software and related support without cost because rascorp renders investment management services to clients that maintain assets at *Royal*. The software and related systems support may benefit rascorp, but not its clients directly. In fulfilling its duties to its clients, rascorp endeavors at all times to put the interests of its clients first. Clients should be aware, however, that rascorp's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence rascorp's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Item 13 Review of Accounts

Account Reviews

rascorp monitors the portfolios of its investment management clients as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom rascorp provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one or more of rascorp’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with rascorp and to keep rascorp informed of any changes thereto. rascorp contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

Account Statements and General Reports

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom rascorp provides investment management services may also receive reports from rascorp that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance from time to time. Clients should compare the account statements they receive from their custodian with those they receive from rascorp.

Those clients to whom rascorp provides financial planning and/or consulting services generally receive reports from rascorp summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by rascorp.

Item 14 Client Referrals and Other Compensation

Other Economic Benefits

rascorp may receive an economic benefit from a third party for providing investment advice to the firm’s clients. This relationship poses certain conflicts of interest and is discussed in Item 12 (above).

Client Referrals

rascorp has arrangements in place whereby the firm provides compensation for client referrals. In the event a client is introduced to rascorp by a solicitor, rascorp may pay that solicitor a referral fee in accordance with applicable laws, rules and regulations. All referral fees are paid solely from rascorp’s fee and do not result in any additional charges to the firm’s clients. In these situations, clients are advised of the solicitation relationship with rascorp and are provided with the appropriate disclosure documents prior to or at the time the *Agreement* is executed. Additionally, any third-party solicitors who are not affiliated with rascorp also provide clients with a copy of the solicitor’s disclosure statement containing the terms and conditions (including compensation) of the solicitation arrangement.

Item 15 Custody

rascorp's *Agreement* and/or the separate agreement with any *Financial Institution* generally authorizes rascorp through such *Financial Institution* to debit the client's account for the amount of rascorp's fee and to indirectly remit that management fee to rascorp in accordance with applicable custody rules.

The *Financial Institutions* recommended by rascorp have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid to rascorp. In addition, as discussed in Item 13, rascorp also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from rascorp.

Item 16 Investment Discretion

rascorp may be given the authority to exercise discretion on behalf of clients. rascorp is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. rascorp is given this authority through a power-of-attorney included in the agreement between rascorp and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). rascorp takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made.

Item 17 Voting Client Securities

rascorp does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall 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.

Item 18 Financial Information

rascorp is not required to disclose any financial information pursuant to this Item due to the following:

- The firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance;
- The firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The firm has not been the subject of a bankruptcy petition at any time during the past ten years.