

No. _____

ADV PART 2



Financial Advice and Representation

R. S. Crum, Inc.
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Dated: March 28, 2012

This Brochure provides information about the qualifications and business practices of R. S. Crum, Inc. If you have any questions about the contents of this Brochure, please contact us at (949) 428-9696 or by email at rscrum@rscrum.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

R. S. Crum, Inc. is a 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 provides you with information which you may use to determine to hire or retain an Adviser.

Additional information about R. S. Crum, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Revised March 28, 2012

This section will discuss only specific material changes that are made to the Brochure. This Brochure was last updated August 11, 2011 and our last annual-updating-amendment was made on March 23, 2011. If you are receiving this brochure for the first time, this section may not be relevant to you.

Item 4 – Advisory Business

Changes were made to reflect an internal succession of ownership. Richard Crum as of July 2011 is no longer the principal owner of R. S. Crum, Inc. The current principal owners are Mark Rylance, Jon Theriault, and Daniel Sexton.

Item 5 – Fees and Compensation

Changes were made to reflect R. S. Crum Inc.'s current policy that under certain circumstances the Firm does accept the authority to bill / debit client account(s) directly for fees. Previously, RS Crum Inc.'s policy was NOT to accept such authority.

Item 15 – Custody

Changes were made to reflect that we have limited custody of some of our clients' funds or securities when clients authorize us to deduct our management fees directly from the client's account. A qualified custodian (generally a broker-dealer, bank, trust company, or other financial institution) holds clients' funds and securities. Clients will receive statements directly from their qualified custodian at least quarterly. The statements will reflect the client's funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of our fee.

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Item 4 – Advisory Business

In 1976 Richard S. Crum founded RS Crum Advisory Services, which was incorporated in 2003 as R. S. Crum, Inc. (“RS Crum Inc.,” the “Firm,” “we,” “our,” or “us”). In July 2011, the Firm completed a transfer of ownership to senior employees. Currently, RS Crum Inc.’s principal owners are Mark Rylance, Jon Theriault, and Daniel Sexton.

Since our beginning, RS Crum Inc. has provided investment management, financial planning and business consulting services on a FEE ONLY basis. The Firm does not participate or offer product sales (or accept commissions) in connection with services. We believe this enhances objectivity to our clients.

Financial Advice and/or Representation Services

The scope of financial advice and/or planning services provided by RS Crum Inc. differs from client to client depending on their specific need.

RS Crum offers both comprehensive financial services and services that are limited in scope. Areas that could be covered include:

- Budget, Cash Flow, and Net Worth Assessment
- Summary of Client Goals
- Investment Management
- Retirement Analysis
- Transitional Event Planning
- Real Estate Analysis
- Business Consulting

The Firm might also work with a client’s other advisors as they generally relate to estate planning, tax planning, and / or insurance. See below ***Item 14 – Client Referrals and Other Compensation***.

Services That are Limited in Duration

RS Crum Inc. offers engagements of limited duration up to one year.

The cost of a limited engagement does not include the follow up or monitoring of future activities. In addition, the limited engagement does not include periodic review nor is there any obligation on the part of the client to re-utilize RS Crum Inc.

Clients who previously received limited financial advice and / or planning services may choose to have such services updated and / or modified.

This decision is solely that of the client. RS Crum Inc. does not send periodic reminders or advocate any specific time frame wherein a “financial check-up” may become advantageous. However, the client is told

that time and economic circumstances do change and that every financial plan will need modification and/or revision at some future time.

The policy of RS Crum Inc. is to charge a flat fee for such review services.

Continuous (On-Going) Advisory Services

Individuals may engage RS Crum Inc. for financial services on an ongoing basis (i.e., month to month).

A fixed fee, paid monthly or quarterly, is usually determined and agreed upon by both parties prior to entering any service arrangement. The fee and billing schedule are included in a formal engagement contract. This contract is signed by parties and retained on file before work begins. An electronic copy is also retained.

A retainer fee might be determined that may not relate purely to asset management. This fee might be based on estimated work and responsibilities attributable to the service provided including work in other financial areas such as estate planning, income tax planning, retirement analysis, business consulting, etc.

Ongoing investment management is normally conducted on a discretionary basis. Although clients participate in identifying specific goals, they usually are not involved in the “day-to-day” specificity of investment selection.

Each client receives periodic statements and confirmations of any and trading activity from independent account custodian(s) or third party administrator(s). RS Crum Inc. receives duplicate account statements and confirmations.

RS Crum Inc. DOES NOT maintain general powers of attorney over client accounts.

New Clients (Limited Duration and Continuous Advisory Clients)

An initial consultation is given free of charge to potential clients. This meeting may include a general discussion of their financial options, alternatives, and goals in one or more of the following financial areas:

- Budget, Cash Flow, and Net Worth
- Investments
- Income Tax
- Retirement
- Estate
- Real Estate
- Business Consulting

A copy of the ADV Part 2A (Brochure) is generally mailed to any potential new client(s) approximately one week prior to the initial conference along with a letter confirming time or it is provided at the initial meeting. Receipt of a copy of the ADV Part 2A (Brochure) is confirmed with any new client(s) in their

engagement contract.

Prospective clients are normally asked to provide the following prior to the initial meeting:

- Most recent year's income tax returns
- Brief description of assets and liabilities (or a financial statement if available)
- Brief written description of goals or special questions or matters to be covered during that session
- Any additional data that may be relevant to the discussions

The initial interview session generally lasts from 1 to 2 hours.

No decision is made at time of the complimentary initial meeting as to the cost, duration, or scope of services that might be provided. Prospective clients are typically contacted within several business days of the initial consultation to discuss such matters.

A written engagement letter is prepared for each client prior to commencing any specified activity. In part, this letter discusses estimated cost and duration of services as well as specific areas the client wishes to be included. Financial areas not specified in the Advisory/Engagement Letter are not included.

Generally a portion of the fee is due on signing, to pay for services in advance. Such advanced fees usually cover the first calendar quarter of services.

A signed copy of this letter is required in advance of any work and is retained on file. An electronic copy is also retained.

Investment Management

RS Crum Inc. manages client accounts on an individual basis separate from other client portfolios.

Our goal is to manage risk and accumulate wealth safely for our clients. Individual portfolios are based on an asset allocation invested across an array of asset classes that may include cash, stocks, bonds, and alternative investments. RS Crum Inc. provides continuous and regular investment services on a discretionary basis. We work with clients and have the ongoing responsibility to select and/or make recommendations, based upon the objectives of the client, as to specific securities and / or asset allocation. Our investment management services include designing, implementing, and continued monitoring of client accounts, limited only by the client's individual needs and any restrictions imposed on the account.

Non-managed Accounts

Assets or securities that are identified as non-managed are removed from managed accounts or designated as non-managed within RS Crum Inc.'s portfolio management software. RS Crum Inc. will only be responsible for the supervision and management of securities we recommend. RS Crum Inc. will not be responsible for the supervision or management of non-managed assets. Non-managed assets are not included in the calculation of portfolio investment performance, nor does RS Crum Inc. monitor non-managed assets. Non-managed assets may include securities held in a client's account that is under management with RS Crum Inc. that were:

1. Delivered into the account by the client;
2. Purchased by the client;
3. Purchased by RS Crum Inc. at the request of the client as an accommodation; or
4. Designated by the client to be non-managed securities by written notification.

Clients are instructed to keep RS Crum Inc. informed of changes in their financial situation.

Assets Under Management

RS Crum Inc.'s discretionary assets under management as of December 31, 2011 were \$188,599,500. On occasion, RS Crum Inc. is asked to help with the supervision of and reporting of accounts on a non-discretionary basis. As of December 31, 2011, such non-discretionary assets were \$509,200.

Special Investments: Trust Deeds and Real Estate Owned

In the past certain clients engaging RS Crum Inc. on an ongoing basis might have been offered the opportunity to invest in loans secured by a first trust deed on real estate. These loans were usually presented to RS Crum Inc. by a licensed real estate broker who represented the borrower.

All proposed loans were reviewed by the Firm for suitability. The due diligence process included a review of recent comparable sales for the property, a visit to the property by one of RS Crum Inc.'s Supervised Persons, and an analysis of possible "exit" strategies. RS Crum Inc. only accepted loans secured by first trust deed. Typically loans greater than a 60% loan-to-value were not accepted. Only loans deemed to be appropriate investments were recommended to clients. Each was offered in varying amounts based upon considerations including a client's liquidity and asset allocation.

RS Crum Inc. did not receive any special fee for these efforts.

RS Crum Inc. has utilized Limited Liability Company (LLC) structures in conjunction with Trust Deed loans and real estate owned. Since there are limits on the number of investors/beneficiaries that can be insured on any single loan, the TD Investment Group LLC was formed In December 2005. This made trust deed loan opportunities available to more clients.

Additionally, an LLC was formed to hold the ownership of a property that was acquired through foreclosure.

There may be investors other than the LLC in any given holding, but normally investors are clients of the Firm. Supervised persons of RS Crum Inc. may also be investors in loans as well as in the LLCs.

These investments are overseen and reported by RS Crum Inc. in the same way as are other investments and/or securities. Loan values are reported by independent third party administrators.

Neither RS Crum Inc. nor an affiliated party is the manager of the LLC(s) nor does the Firm receive any special compensation associated with them.

Item 5 – Fees and Compensation

RS Crum Inc. usually charges on a fixed/flat fee (retainer) basis. The Firm may charge clients on a different basis from time to time (i.e. a percentage of assets under management). All fees are discussed and agreed upon with clients prior to the beginning of services.

The specific manner in which fees are charged by RS Crum Inc. is established in a client's written agreement. The Firm will generally bill its fees on a quarterly or monthly basis. Clients may be billed in arrears or in advance as determined by RS Crum Inc.

Clients may choose to have management fees paid from their account(s) by signing an authorization letter which is submitted, each billing period, to the qualified custodian where accounts are held. In certain circumstances, RS Crum Inc. will accept the authority to bill (debit) client account(s) directly for fees. In these cases, the custodian typically withdraws advisory fees from the client's account based on our instruction, as outlined in our Engagement Contract. All clients will receive brokerage statements from the custodian no less frequently than quarterly. The custodian statement will show the deduction of the advisory fee for those clients who authorize the advisory fees to be withdrawn directly from their custodian account. RS Crum Inc. will send an invoice to all clients who choose not to have advisory fees withdrawn directly from their custodian account and clients can pay management fees by check. The invoice is payable upon receipt and will include the fee calculation and amount due. Clients are billed by The Firm on the schedule set forth in their Engagement Contract.

RS Crum Inc.'s fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment providers and other parties such as fees charged by managers, custodial fees, 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. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to RS Crum Inc.'s fee, and RS Crum Inc. shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that RS Crum Inc. considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

Cancellation of Services (Limited Duration or Continuous)

Services can be cancelled by either party at any time without penalty or advance written notice. The client may terminate the agreement at any time by writing RS Crum Inc. at our office. Monies advanced, if any for services and / or work product not completed are reimbursed on a pro rata basis depending on the extent of work completed. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

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

RS Crum Inc. does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

RS Crum Inc. typically provides services to high income and high net worth individuals. In addition, we provide services to businesses such as corporations, LLC, sole proprietorships or pension and retirement plans.

Other than RS Crum Inc.'s minimum fee, no account requirement is maintained for portfolio management services (See *Item 5 Fees and Compensation*).

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

RS Crum Inc. manages client accounts on an individual basis utilizing an allocation model that invests in a broad spectrum of investment categories. These categories may include cash, bonds, equities (stocks), ETFs, mutual funds and alternative investments.

RS Crum Inc. believes risk is better managed by creating high levels of reliable income with a more modest weighting towards capital appreciation. We treat each client account uniquely. RS Crum Inc. assists our clients to determine their investment objectives, time horizon, income needs, risk tolerance, tax considerations, and any special considerations and/or restrictions.

RS Crum Inc. selects categories of investments based on the clients' attitudes about risk, their need for capital appreciation or income and our analysis of current market and / or economic conditions. Different instruments involve different levels of exposure to risk. Within each investment category, RS Crum Inc. seeks to select individual securities with characteristics that are consistent with investment objectives. We deal with any client restrictions on an account-by-account basis. Since we treat each client account uniquely, client portfolios with a similar investment objectives and asset allocation goals may own different securities. Timing and tax factors also influence our investment decisions.

We are responsible for the supervision and management of securities we recommend. For information on the treatment of Non-managed Accounts and / or Securities please see above *Item 4 Advisory Business*.

Investing Involves Risk

Investing in securities involves risk of loss that clients should be prepared to bear.

General Risks of Owning Securities

The prices of securities held in client accounts and the income they generate may decline in response to certain events taking place around the world. These include events directly involving the issuers of securities held as underlying assets of mutual funds in a client's account, conditions affecting the general economy, and overall market changes. Other contributing factors include local, regional, or global political, social, or economic instability and governmental or governmental agency responses to economic conditions. Finally, currency, interest rate, and commodity price fluctuations may also affect security prices and income.

Specific Security Risks

Mutual Funds (Open-end Investment Company)

A mutual fund is a company that pools money from many investors and invests the money in stocks, bonds, short-term money-market instruments, other securities or assets, or some combination of these investments. The portfolio of the fund consists of the combined holdings it owns. Each share represents an investor's proportionate ownership of the fund's holdings and the income those holdings generate. The price that investors pay for mutual fund shares is the fund's per share net asset value (NAV) plus any shareholder fees that the fund imposes at the time of purchase.

Exchange-Traded Funds (ETFs)

An ETF is a type of Investment Company (usually, an open-end fund or unit investment trust) containing a basket of stocks. Typically, the objective of an ETF is to achieve returns similar to a particular market index, including sector indexes. An ETF is similar to an index fund in that it will primarily invest in securities of companies that are included in a selected market. Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETFs trade throughout the day on an exchange. Like stock mutual funds, the prices of the underlying securities and the overall market may affect ETF prices. Similarly, factors affecting a particular industry segment may affect ETF prices that track that particular sector.

Equity Securities

Equity securities represent an ownership position in a company. Equity securities typically consist of common stocks. The prices of stocks and the income they generate (such as dividends) may fluctuate based on events specific to the company that issued the shares, conditions affecting the general economy and overall market changes, changes or weakness in the business sector the company does business in,

and other factors. Further, prices of these securities can be affected by financial contracts held by the issuer or third parties (such as derivatives) relating to the security or other assets or indices.

Debt Securities (Bonds)

Issuers use debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk.

Cash and Cash Equivalents

The account may hold cash or invest in cash equivalents. Cash and cash equivalents are the most liquid of investments. Cash and cash equivalents are considered very low-risk investments meaning, there is little risk of losing the principal investment. Typically, low risk also means low return and the interest an investor can earn on this type of investment is low relative to other types of investing vehicles.

Deeds of Trust

A Trust Deed (or Deed of Trust) is a document that creates a lien on property securing the obligation of the property owner to make payments pursuant to a Promissory Note. The Trust Deed is recorded in the Official Records of the county where the secured property is located. Some states use a Mortgage instrument rather than a Trust Deed.

If the borrower does not pay in accordance with the terms of the Promissory Note the Payee/Lender/Trust Deed Investor (sometimes referred to the Beneficiary of the Trust Deed) can look to the real property for recovery of payment arrearages and invested capital. A Foreclosure proceeding can be commenced for recovery that could result in the Payee/Lender/Trust Deed Investor causing the secured property to be sold at public auction.

A First Trust Deed, Second Trust Deed or Third Trust Deed, etc. indicates the priority of the lien based on the recording date of the Trust Deed. The earlier recording date would have priority to recover payment arrearages and invested capital at the sale of the secured property. There are risks associated with Trust Deed Investments that investors should understand:

1. An appraiser assesses the value of property reflecting his/her opinion of the value at a specific date. There is no assurance that the appraised value will reflect a future value, as general and local economic conditions may change.

2. The investor makes the investment decision. Investors should not entrust all aspects of the investment decision and subsequent servicing to the broker without full understanding of the delegated responsibilities and rights.
3. The borrower's ability to repay the loan will depend upon the borrower's financial condition, which could change over time.
4. There are general risks associated with real estate investments including general or local economic conditions, neighborhood values, interest rates, real estate tax rates, the supply of and demand for properties of the type involved, the ability of the borrower to obtain necessary alternative financing, governmental rules and acts of nature.
5. Default by the borrower interrupts the investor's monthly payments. Under extreme cases, it may be necessary to foreclose or take other actions to protect the investment. It is possible for the total amount recovered upon foreclosure to be less than the amount of the total investment, resulting in loss of capital to the investor.
6. The foreclosure process could delay if a borrower files a reorganization or full insolvency bankruptcy. Trust deed investors could incur significant legal fees and costs in attempting to obtain relief from the automatic freeze on collection proceedings provided by the Bankruptcy Code. Typically, relief consists of obtaining court approval to release the property out of the bankruptcy so that the property can be foreclosed/sold. Though it has not been out experience, the bankruptcy court could modify the terms of the loan by extending the due date, changing the interest rate and payment structure, or causing the priority of the loan to be subordinated to a bankruptcy court-approved financing plan.
7. Trust deeds are not liquid and involve risk, including possible loss of principal.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose material facts regarding any legal or disciplinary events that would be material to your evaluation of RS Crum Inc. or the integrity of the Firm's management.

RS Crum Inc. and our personnel seek to maintain the highest level of business professionalism, integrity, and ethics. RS Crum Inc. does not have any disciplinary information to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

RS Crum Inc.'s principal business is providing investment and financial advice and its only source of compensation is from fees paid directly to the Firm by clients.

Neither RS Crum Inc., nor any of its management or other personnel, accepts commissions. Therefore, they are NOT registered as a securities broker-dealer, futures commission merchant or commodity pool operator, or commodity trading adviser. Additionally, RS Crum Inc. does NOT pay, directly or indirectly, for client referrals or accept any other form of kickback or compensation.

Although, RS Crum Inc. is a member of several industry trade associations, it does not have any affiliations that are material to its business or present any conflict of interest with its clients.

Item 11 – Code of Ethics

RS Crum Inc. believes that we owe clients the highest level of trust and fair dealing. As part of our fiduciary duty, we place the interests of our clients ahead of the interests of the Firm and our personnel. RS Crum Inc.'s personnel are required to conduct themselves with integrity and follow the principles and policies detailed in our Code of Ethics.

RS Crum Inc.'s Code of Ethics attempts to address specific conflicts of interest that either we have identified or that could likely arise. Our personnel are required to follow clear guidelines from the Code of Ethics in areas such as gifts and entertainment, other business activities, prohibitions of insider trading, and adherence to applicable state and federal securities laws. Additionally, individuals who formulate investment advice for clients, or who have access to nonpublic information regarding any clients' purchase or sale of securities, are subject to personal trading policies governed by the Code of Ethics (see below).

RS Crum Inc. and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for RS Crum Inc.'s clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of RS Crum Inc. will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code of Ethics certain classes of securities (i.e. open-end mutual funds and U.S. Government Securities) have been designated as exempt transactions, based upon a determination that trading in these would not materially interfere with the best interest of RS Crum Inc.'s clients. In addition, the Code of Ethics requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between RS Crum Inc. and its clients.

RS Crum Inc.'s clients or prospective clients may request a copy of the Firm's Code of Ethics by contacting our office.

Principal Trading and Cross Transactions

RS Crum Inc. recognizes the potential for significant conflicts of interest when acting as a principal in client transactions and does not typically engage in such activity. However, on rare occasions, RS Crum Inc. may deem it appropriate and in its client's best interest to purchase a trust deed note from a client account for its own account or the account of a principal and/or affiliated person.

RS Crum Inc. acknowledges its duty to seek best execution for its clients and acknowledges that the use of principal trading is generally prohibited under Section 206(3) of the Advisers Act unless we are in compliance with the provisions of that section.

Therefore, RS Crum Inc. only considers a principal transaction when a client needs to sell an illiquid security and the Firm determines that it is able to provide the client with best execution. Our sole intent for acting as principal in a transaction is to act in the best interest of the client. Principal trades are an exception to the Firm's normal operating procedures and will be effected when it is of conspicuous advantage to the client in the absence of appropriate and comparable alternatives.

It is RS Crum Inc.'s current policy not to effect internal cross transactions for its clients (trades between client accounts). However, if it is later deemed to be in the best interests of its clients, the Firm will revisit this policy prior to a cross transaction taking place to ensure that it follows current rules regarding cross trading between client accounts at such time.

Item 12 – Brokerage Practices

Investment Management

RS Crum Inc. requires clients to open one or more custodian accounts in their own name at a qualified custodian of the client's choice. We encourage the use of a discount type broker and often recommends that clients custody assets through Charles Schwab & Co., Inc. ("Schwab"). A client is not under any obligation to effect trades through any recommended broker or custody their assets with any broker-dealer we recommend. All clients are free to select any broker-dealer of his or her choice. The client will enter into a separate agreement with the broker-dealer/custodian to custody the assets. For clients that we provide investment management services to we require that clients grant us limited power of attorney to execute client transactions through Schwab. RS Crum Inc. is independently owned and operated, and unaffiliated with any broker-dealer/custodian.

How We Select Brokers/Custodians

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

1. Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
2. Capability to execute, clear, and settle trades (buy and sell securities for your account)
3. Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
4. Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
5. Availability of investment research and tools that assist us in making investment decisions
6. Quality of services
7. Competitiveness of the price of those services (commission rates and other fees) and willingness to negotiate the prices
8. Reputation, financial strength, and stability
9. Prior service to us and our other clients
10. Availability of other products and services that benefit us, as discussed below (see ***Products and Services Available to Us From Schwab***)

Your Brokerage and Custody Costs

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services. However, Schwab receives compensation by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on relevant factors, including those listed above (see ***How We Select Brokers/Custodians***).

Products and Services Available to Us from Schwab

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like us. They provide RS Crum Inc. and our clients with access to its institutional brokerage, trading, custody, reporting, and related services, many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts; others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200.

Following is a more detailed description of Schwab's support services:

Services That Benefit You

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

Services That May Not Directly Benefit You

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

1. Provide access to client account data (such as duplicate trade confirmations and account statements)
2. Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
3. Provide pricing and other market data
4. Facilitate payment of our fees from our clients' accounts
5. Assist with back-office functions, recordkeeping, and client reporting

Services That Generally Benefit Only Us

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

1. Educational conferences and events (which may include Schwab paying for related travel expenses, entertainment and meals associated with attending)
2. Consulting on technology, compliance, legal, and business needs
3. Publications and conferences on practice management and business succession
4. Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

Our Interest in Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We do not have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients.

We primarily support our selection of Schwab by the scope, quality, and price of Schwab's services (see ***How We Select Brokers/Custodians***, above) and not Schwab's services that benefit only us.

Directed Brokerage Transactions

We are prepared to work with any broker-dealer that the client chooses and the client may direct the RS Crum Inc. to use a particular broker-dealer to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that broker-dealer, and RS Crum Inc. will not seek better execution services or prices from other broker-dealers or be able to "batch" client transactions for execution through other broker-dealers with orders for other accounts managed by RS Crum Inc. 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 RS Crum Inc.'s duty of best execution, the Firm may decline a client's request to direct brokerage if, in the Firm's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Aggregation and Allocation of Transactions

In some cases, RS Crum Inc. will recommend the purchase or sale of the same security for multiple clients at the same time. In those cases, RS Crum Inc. may combine purchase and sale orders for clients with the same order at the same institution. RS Crum Inc. will generally allocate the proceeds arising out of those transactions (and the related transactions expenses) on an average price basis among the various participants in the transactions. RS Crum Inc. believes that by combining orders in this way it will be advantageous to participants. However, the average price could be less advantageous to a particular client than if that client had been the only account effecting the transaction or had completed its transaction before the other participants.

Item 13 – Review of Accounts

Managed Account Reviews & Reporting

Investment portfolios are normally reviewed on a bimonthly basis. However, they might be reviewed on a more frequent basis at the discretion of the Firm or based upon deposits and/or withdrawal activity, transfers, and/or significant cash build up.

Mr. Crum and Mr. Sexton, who are both Lead Advisors at the Firm, review accounts for investment changes. On occasion Mr. Rylance, Mr. Cencibaugh, and / or Mr. Theriault might be asked to assist with portfolio reviews. Mr. Crum outlines general investments changes he is considering for the other reviewers.

We will provide reports per the terms outlined in the client agreement. Generally, we compile periodic investment reports and Statement of Assets and mail these to clients. Most clients receive a Statement of Assets semi annually. Some clients receive reports as frequently as quarterly. RS Crum Inc.'s Statement of Assets report contains portfolio performance for the period, portfolio value, and listing of individual securities by account.

Each client receives a written statement from the custodian that includes an accounting of all holdings and transactions in the account for the reporting period.

Financial Plan Reviews & Reporting

RS Crum Inc. provides financial planning services on a comprehensive and limited basis. We work with clients on an ongoing basis to review the plan as needed or as requested by the client. We will generally contact clients every one to two years to discuss any changes in the client's circumstances and necessary updates to their financial plan.

Item 14 – Client Referrals and Other Compensation

Schwab Support Products and Services

We receive an economic benefit from Schwab in the form of the support products and services they make available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see **Item 12 – Brokerage Practices**). We do not base particular investment advice, such as buying particular securities for our clients, on the availability of Schwab's products and services to us.

Recommendation of Unaffiliated Professionals

We may refer clients to unaffiliated professionals for a variety of services such as insurance, mortgage brokerage, real estate sales, legal, and/or tax/accounting services. In turn, these professionals may refer clients to RS Crum Inc. for investment management/financial planning needs. We will not refer clients to financial planners and other investment advisers unless that they are licensed, registered or exempt from registration as an investment adviser. We do not have any arrangements with individuals or companies that we refer clients to, and we do not receive any compensation for these referrals. However, it could be concluded that RS Crum Inc. is receiving an indirect economic benefit from this practice, as the relationships are mutually beneficial. For example, there could be an incentive for us to recommend services of firms who refer clients to RS Crum Inc.

We refer clients to professionals we believe are competent and qualified in their field. It is ultimately the client's responsibility to evaluate the provider. We will generally provide the client with a list of professionals that the client can contact, and it is solely the client's decision whether to engage a recommended firm. Clients are under no obligation to purchase any products or services through these professionals, and RS Crum Inc. has no control over the services provided by another firm. Clients who choose to engage these professionals will sign a separate agreement with the other firm. Fees charged by the other firm are separate from and in addition to fees charged by RS Crum Inc.

If the client desires, RS Crum Inc. will work with these professionals or the client's other advisers (such as an accountant, attorney, or other investment adviser) to help ensure that the provider understands the client's financial plan/investments and to coordinate services for the client. RS Crum Inc. does not share information with an unaffiliated professional unless first authorized by the client.

Item 15 – Custody

RS Crum Inc. has limited custody of some of our clients' funds or securities when the clients authorize us to deduct our management fees directly from the client's account. A qualified custodian (generally a broker-dealer, bank, trust company, or other financial institution) holds clients' funds and securities. Clients will receive statements directly from their qualified custodian at least quarterly. The statements will reflect the client's funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of our fee.

Clients should carefully review the account statements they receive from the qualified custodian. When clients receive statements from RS Crum Inc. as well as from the qualified custodian, they should compare these two reports carefully. Clients with any questions about their statements should contact us at the address or phone number on the cover of this brochure. Clients who do not receive a statement from their qualified custodian at least quarterly should also notify us.

Item 16 – Investment Discretion

RS Crum Inc. usually receives discretionary trading authority (via a Limited Power of Attorney) from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. RS Crum Inc. will not contact clients before placing trades in their account, but clients will receive confirmations directly from the broker for any trades placed. Clients grant us discretionary authority in the contracts they sign with us. Clients also give us trading authority over their accounts when they sign the custodian paperwork.

However, certain client-imposed conditions may limit our discretionary authority, such as where the client prohibits transactions in specific security types or directs RS Crum Inc. to execute transactions through specific broker-dealers.

Item 17 – Voting Client Securities

As a matter of Firm policy and practice, RS Crum Inc. does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent.

RS Crum Inc. might provide advice, if requested, regarding the clients' voting of proxies. RS Crum Inc. will not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client.

Item 18 – Financial Information

RS Crum Inc. has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.