

Radnor Capital Management, LLC.
123 West Wayne Avenue
Wayne, Pennsylvania 19087
Telephone: (610) 420-1130
Fax: (610) 989-0612
Website: <http://www.RadnorCM.com>

Investment Adviser Disclosure Brochure
(ADV Part 2A of Form ADV)

May 2012

This brochure provides information about the qualifications and business practices of Radnor Capital Management, LLC. If you have any questions about the contents of this brochure please contact us at (610) 420-1130 or douglaspyle@aol.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

The designation “registered investment adviser” does not imply a certain level of skill or training.

Additional information about Radnor Capital Management, LLC is also available on the SEC’s website at www.adviserinfo.sec.gov

Item 2: Material Changes

This is the Investment Adviser Brochure (ADV Part 2A) of Radnor Capital Management, LLC (“RCM,” the “Firm,” “we,” and “our”) contains no material changes in content since our last ADV Part 2 provided to clients and prospective clients in 2011 (the “Brochure”).

However, based upon changes in the Investment Advisers Act of 1940, mandated by the Dodd-Frank Wall Street Reform and Protection Act, which became effective in 2012, RCM has transferred its registration as an investment adviser from the United States Securities and Exchange Commission to the Commonwealth of Pennsylvania, Pennsylvania Securities Commission, and, if and as required, various other State regulatory authorities where it conducts business.

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Item 4: Advisory Business

A. Description of the Advisory Firm

RCM was founded in October 2011, by Douglas H. Pyle, our current President, as a boutique investment adviser to offer discretionary advisory services on a fee-only basis. The Firm became registered as an investment adviser with the United States Securities and Exchange Commission (“SEC”) on November 29, 2011. However, based upon changes in the Investment Advisers Act of 1940, mandated by the Dodd-Frank Wall Street Reform and Protection Act, which became effective in 2012, RCM has transferred its registration as an investment adviser from the SEC to the Commonwealth of Pennsylvania, Pennsylvania Securities Commission, and, if and as required, various other State regulatory authorities where it conducts business.

B. Types of Advisory Services

RCM’s investment supervisory services include, but are not limited to, the following: (i) interpreting investment objectives and risk tolerance; (ii) asset selection and allocation; (iii) organizing, administering and regular monitoring of portfolio assets; (iv) developing and documenting an individualized investment policy and investment strategy; and (v) supervising the investment process.

Investment Supervisory Services

We have historically been both equity oriented and institutional in nature, primarily serving pension funds, foundations, religious organizations, and third party platforms/sub advisory assignments. Our disciplines and strategies are readily adaptable to individuals as well. From the original formation of our group we have, although not exclusively, managed investments with socially responsible considerations. Our investment approach to equities, while fairly rigid in process, is eclectic in its output relative to various style analysis definitions. For this reason, and therefore by default, we occupy the “core style” box or space. Philosophically, we are contrarian in nature, believe in concentrating the client’s portfolio in limited number of positions (~40), and are agnostic to benchmark industry weightings. For these reasons we may sometimes be out of synchronization with the market benchmarks.

We also manage both taxable and tax exempt fixed-income portfolios for clients, normally employing a high quality, laddered maturity, approach.

From time to time we may also employ exchange traded funds to fulfill asset allocation guidelines or desires and also to pursue portfolio strategies that otherwise cannot be met.

We focus on maintaining on-going communications with our clients, discussing many issues involving investment policy and strategy. In addition, we provide quarterly reports

with in-depth analysis which includes: (i) performance of various segments of the investment portfolio over a variety of time intervals, performance measured against comparative indices; (ii) asset allocation and reconciliation; (iii) cash flow review, and (iv) an inventory of investment holdings. Finally, ongoing investment policy and investment strategy are often discussed with our clients.

C. Client Tailored Services and Client Imposed Restrictions

We offer the same services to all clients. Clients may impose restrictions on investing in certain securities or types of securities. Upon request, we will work with clients to accommodate client specific restrictions on any of our investments or investment strategy. We possess extensive experience in managing client assets under socially responsible investing guidelines and considerations. To leverage the expertise, idea generation, and staff compliment, it is anticipated that the majority of accounts will be modeled to achieve consistency of returns and overall performance.

D. Wrap Fee Programs

Radnor Capital Management, LLC does not sponsor or participate in wrap fee programs.

E. Assets Under Management

As of December 31, 2011, we had the following quantity of assets under management:

	<u>Assets</u>
Discretionary	None
Non-discretionary	None
Total	None

Item 5: Fees & Compensation

We charge a \$1,000 minimum annual fee, but do not impose a minimum value of assets under management for opening or maintaining an account. Our management fee is based on the valuation of assets under management and is payable quarterly, in arrears, based upon the market value of the managed assets on the last business day of the previous quarter. Clients may terminate their relationship with RCM by providing us with 30-day written notice of termination. Upon the effective date of termination, fees will be charged on a pro-rata basis, based upon the number of days we managed the account during the quarterly period in which the account was terminated.

Our investment management fee structure is outlined below. Please note that the fees outlined represent fee guidelines, and we reserve the right, at our sole discretion, to

negotiate fees with existing clients or prospective clients. Occasionally, under certain circumstances a fixed rate may apply or we may waive minimum fee and or charge a lesser fee based upon certain criteria (e.g. historical relationship, type of assets, dollar amount of assets to be managed, related accounts, account composition and negotiations with clients, etc.).

A. Fee Schedule

Investment Supervisory Services Fees

<u>Client Portfolio Value</u> (Assets Under Management)	<u>Annual Advisory Fee</u>
\$0 to less than \$2,000,000	1.00%
\$2,000,000 to less than \$18,000,000	0.70%
\$18,000,000 and greater	0.50%

We do not maintain custody of client assets. We recommend that our clients establish a brokerage account with Charles Schwab & Co., Inc. (“Charles Schwab”), who will act as the client’s custodian and executing broker-dealer on the transactions we execute in the client’s account(s). However, we do accept clients that have elected to use a custodian other than Schwab, provided the custodian is acceptable to us. Also, in some instances we may execute transactions in a client’s account through an executing broker-dealer that is not the client’s custodian.

Clients that select us to provide advisory services enter into a written Investment Advisory Agreement setting forth the terms and conditions under which we manage assets and the manner in which fees are paid.

B. Payment of Fees

In most instances, our quarterly fee will be paid directly from the client’s custodian account upon receipt of the client’s written authorization contained in the Investment Advisory Agreement. Prior to the payment of fees, we shall: (i) provide the custodian with a written notice of the amount to be deducted from the client’s account by the custodian and paid to us; and (ii) provide the client with a written notice itemizing the fee, including any formula used to calculate the fee, the time period covered by the fee and the amount of assets under management upon which such fee was based. If requested, a client can elect to be invoiced and pay quarterly fees directly to us, rather than have the fees deducted from their custodial account.

C. Additional Client Fees

Our advisory fees do not include custodial fees, which our clients may be charged by their custodian, based upon fees negotiated and agreed upon between the client and the

custodian, nor do our investment management fees include brokerage commissions, which, if any, are included in and paid by the client to the executing broker on a transaction-by-transaction basis which are outlined in this Brochure in Item 12: Brokerage Practices on page 11.

D. Outside Compensation

Neither the Firm nor our officers or employees accept any compensation for the sale of securities or other investment products, including asset-based charges or services fees from the sale of mutual funds.

Item 6: Performance-Based & Side-By-Side Management

We do not manage advisory assets on a performance fee basis, which means that our fees are not based on a share of capital gains or capital appreciation.

Item 7: Types of Clients

We provide investment advisory services to a wide range of clients, including individuals, families, small businesses, professional corporations, sole proprietorships, foundations, churches, endowments and charitable organizations.

Minimum Account Size

We do not have a minimum account size.

Item 8: Methods of Analysis, Investment Strategies & Risk of Investment Loss

A. Methods of Analysis and Investment Strategies

Overall Investment Strategy

We invest primarily in domestic equities. That strategy is explored deeper below. Our analysis is bottom-up. That is, we build client's portfolios based upon the individual merits of the security rather than draw broad macro-economic assumptions and fill in the blanks with securities that may fulfill that top down view. We may use, from time to time, other investment vehicles to meet the clients' investment goals, risk tolerances, and asset allocation guidelines. These may include fixed-income obligations, both tax exempt and taxable, exchange traded funds, no-load mutual funds, and cash equivalents. We are not market-timers and are normally fully invested with cash balances being a residual feature. We think and behave as long-term investors.

We also observe fundamental economic conditions which incorporate such factors as interest rates and expectations, inflation and expectations, unemployment and

underemployment levels, corporate earnings, public and foreign debt, trade balances, taxation policy, monetary and fiscal policy, geopolitical developments, and many others.

We have and exercise discretionary authority over all client portfolios, but are available to discuss our investment strategy and rationale with each client at any time. Clients are at times consulted regarding specific recommendations prior to trade executions, particularly when clients have social considerations about the securities in their investment portfolio. In addition, each client is provided specific information regarding our asset allocation decisions and the investment vehicles we use to achieve their investment goals. We endeavor to communicate with clients on a quarterly basis to explain actions within the portfolio, address individual securities and economic sectors that have attributed, both positively and negatively, to the portfolio's performance and in general provide our outlook for future market conditions. We use long-term investment strategies and do not advocate frequent trading, which can affect investment performance particularly through increased brokerage fees, transaction costs and a possible tax liability.

Equity Investment Strategy

Our investment approach to equity selection is bottom-up. We consistently employ a well-defined, time tested, methodology that should produce repeatable results. We seek to be a value added alternative to benchmark/indexing style investing. This means our client portfolios, with regard to sector weighting and positioning, will not look like, or in the short-run, behave like an index. To excel against an index, by definition, the portfolio should not mirror that index. As we implement our approach we may be at times out of synchronization with market. We do not believe in over diversification and therefore concentrate the portfolio in a limited number of positions, typically 40 names +/- 10 issues, to avoid diluting return potential with too many positions. These aspects, in the short-run, will likely impact performance results when measured versus an index.

In general, we attempt to identify securities which we deem to have a lower risk of capital loss through our price discipline of seeking to invest in stocks that have heretofore underperformed. Stocks that have previously suffered a long bout of underperformance and/or a sharp price decline could present a lower risk investment opportunity in the future. In addition to price action, we also want to manage fundamental risk through attention to balance sheet leverage and off-balance sheet liabilities.

In analyzing securities for purchase we prefer to do our own work and generally avoid opinions of the brokerage community. Performing our own work and analysis entails generating normalized assessments of earnings and cash flows through quantitative techniques, company calls and/or visits, peer comparisons, and personal judgments. Price targets are set based upon historic valuation and a return to normal conditions. There may also be catalysts to drive the stock price to potential such as: (i) earning improvement; (ii) restructuring; (iii) additive acquisitions; (iv) being acquired; (v) share repurchase programs; and (vi) industry cycles.

Our approach also includes disciplines for selling stocks. A holding becomes a candidate for sale under certain scenarios that include: (i) it meets or surpasses our estimate of fair value; (ii) it becomes an outsized position within the portfolio due to outperformance; and (iii) it underperforms the benchmark index by 20% *on a relative basis*, in which case it is reviewed with the idea the position may be sold.

We may also employ technical analysis may to evaluate new and existing positions. These techniques include: (i) observing a stock's moving price average; (ii) changes in volume; (iii) combinations of both; and (iv) observing price action in the face of news or market moves that may reveal a stock's decline or advance has reached a price level that is either washed-out or, in the alternative, full

Finally, we receive information from a variety of sources, including, but not limited to: (i) research reports; (ii) review of annual reports; (iii) discussions with independent businesspersons (businesses owners, officers of publicly traded companies and private equity managers); (iv) other investment firm's statistical information; (v) company press releases; and (vi) general financial information found in newspapers and magazines and internet-based information.

Fixed-income Investment Strategy

Our fixed-income strategy includes the purchase of individual bond positions, which make up the majority of our bond holdings. These holdings are complimented by smaller positions in no-load bond funds, which provides us with more diversification in certain types of fixed-income securities such as convertible bonds, inflation protected securities, preferred stocks and high-yield bonds.

We invest in domestic bonds in several different areas of the market including: (i) municipal bonds; (ii) U.S. Treasury and agency securities; (iii) corporate bonds; (iv) marketable certificates of deposit; and (v) dollar denominated bonds issued by other countries. In addition, we invest in international bonds issued by countries with the highest credit ratings.

Our primary objective when buying bonds is to generate an attractive yield without bearing undue credit or interest rate risk. We balance our income objective with a focus on safety and total return.

We purchase individual bond positions because it allows us to maintain a level of control in the selection of issuers, credit quality, duration and maturity. Investing in individual bonds shields us from decreases in the prices that are associated with redemptions from bond funds. In addition, we utilize various bond analysts as well as block trading to ensure the best pricing for our clients. We employ various resources which assist us in our research and analysis of an issuer's financial information.

B. Material Risks Involved

We believe effective risk management is a critical factor in achieving investment performance. In order to effectively manage risk in investment portfolios we focus on our established processes that seek to minimize individual stock risk by employing price disciplines, valuation techniques, and relative underperformance/loss reviews.

Asset allocation decisions are an additional means to distribute risk characteristics.

All security recommendations have inherent market risk. While we make every effort to create realistic estimates of risk, return and inter-market behavior, there is virtually no way to insulate portfolios from occasional periods of extreme market behavior and clients should be prepared to bear the risk of downturns in the market.

Despite our best efforts to control risk, investing in securities involves risk of loss that clients should be prepared to bear.

The asset allocation function recognizes that investors have different aversions to risk due to many factors, which include objective factors (e.g., size of asset base, present and future cash flow as percentage of portfolio) and subjective factors (e.g., investment history, personal background). The more averse a client is to risk, the less exposure the portfolio will have to equities. When managing a portfolio for a particular client, our goal is to maximize portfolio returns for a level of risk that is appropriate for each client.

During the investment management process, we continue to track every portfolio to ensure that it stays within its allocation guidelines, and we make appropriate adjustments as needed. We believe portfolio rebalancing, diversification, and hedging (not hedge funds) are important risk management techniques for reducing investment risk.

Equity Risks

The material risks associated with investing in equity securities include but are not limited to:

- *Management Risk:* There is no guarantee markets will react the same way in the future as in the past to different fundamental economic data such as interest rate (expectations), inflation (expectations), unemployment and underemployment levels, corporate earnings, public and foreign debt, trade balances, taxation policy, monetary and fiscal policy, geopolitical developments and many others. This data gives us a tool to analyze and determine the direction of the economy and markets, however, the markets may react differently than what we expect or predict. In addition, our analysis may be incorrect as to the attractiveness, value and potential appreciation of a certain market, asset class, sub-asset class or sector. Certain sectors or securities can be more volatile than the market as a whole and our equity strategy may fail to produce the intended results.

- Equity Market Risk: We seek investment strategies that do not involve significant or unusual risk beyond that of the general domestic equity markets. Investing in securities always involves the risk of loss that investors should understand and be prepared to bear. There are many types of investment risks, which include but are not limited to: systematic risk or market risk, non-systematic risk or individual security risk, sector risk, political risk, currency or exchange rate risk, economic segment risk, interest rate risk and inflation risk.
- Small and Mid-Capitalization Company Risk: We have historically tended to invest in small and mid-cap companies which may be riskier than larger, more established companies. These securities may trade less frequently and in lesser volume than larger companies. In addition, small and mid-capitalization companies may be more vulnerable to economic, market and industry changes.

Fixed-income Risks

The material risks associated with investing in fixed-income securities include but are not limited to:

- Management Risk: Our analysis of a particular individual fixed-income security or investment vehicle may be incorrect and there is no guarantee that an individual security will perform as anticipated.
- Interest Rate Risk: As interest rates increase, bond prices fall and when interest rates decrease bond prices increase. However, how much bonds change in price with interest rates depends primarily on duration, yield, and the credit rating of the issuer.
- Inflation Risk: The risk that the yield on a bond will not keep pace with a client's purchasing power.
- Call Risk: The risk that a bond will be called prior to its maturity date, causing the bond's principal to be returned sooner than expected. Issuers tend to call bonds when interest rates fall. Consequently, if the bondholder wishes to reinvest the principal, it usually must be done at a lower rate.
- Credit risk: There is a risk that issuers will not make payments on the securities they issue. Also, the credit quality of a bond may be lowered if an issuer's financial condition changes. Lower credit quality may lead to greater volatility in the price of a bond which could cause a liquidity issue and as a result our ability to sell the security when desired.

We attempt to mitigate the various risks associated with investing in the credit markets by generally employing a strategy of investing in short duration (maturity), high credit quality bonds with varying degrees of call protection, when applicable. However, if there is compelling value along the yield curve (relationship between maturity date and yield),

we may structure a longer-term bond portfolio to take advantage of certain conditions in the fixed-income market. In addition, we monitor our fixed-income holdings for potential downgrades in credit and make adjustments when necessary.

Item 9: Disciplinary Information

We have no legal or disciplinary event to report either in connection with the Firm or any of our officers or employees.

Item 10: Other Financial Industry Activities & Affiliations

A. Registration as a Broker-Dealer or Broker-Dealer Representative

Neither the Firm nor any officer or employee is registered as a broker-dealer or as a representative of a broker-dealer.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither the Firm nor any officer or employee is registered as a Futures Commission Merchant, a Commodity Pool Operator, or a Commodity Trading Advisor.

C. Registration Relationships Material to Our Advisory Business and Possible Conflicts of Interests

Neither the Firm nor any officer or employee has any material relationships that would present a possible conflict of interest.

D. Selection of Other Advisors or Managers and How We Are Compensated for Those Selections

We do not utilize nor select other advisors or third party managers. All assets are managed by us.

We are an independent investment adviser that is 100% owned by its President, Douglas H. Pyle. Neither Mr. Pyle, or any officer or employee of the Firm, is registered as representatives with any broker-dealer or commodity trading organization, nor is any compensation received from any such entity.

Since our founding, we have developed business relationships with Schwab, who provide custodial and execution services to our clients. For more detailed information regarding our relationship with Schwab, see this Brochure on page 11, Item: 12 Brokerage Practices.

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

A. Code of Ethics and Personal Trading Policy

We have implemented a Code of Ethics (the “Code”), which is available to existing and prospective clients upon request.

Our Code is based on the principle that all employees of the Firm have a fiduciary duty to place the client’s interests ahead of their own and the Firm’s. The Code applies to all “Access Persons,” which is defined below. Access Persons must avoid activities, interests and relationships that might interfere with making decisions in the best interests of our clients.

We place great emphasis on complying with all applicable laws and regulations governing our practices as a Registered Investment Adviser. All of our employees are expected to adhere strictly to the guidelines outlined in the Code, which requires our employees to submit personal securities transactions and holdings reports to us for review by our Chief Compliance Officer on a periodic basis. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of any material non-public information about our clients or their account holdings by us or any of our employees.

“Access Persons” means all employees, directors and officers of our Firm who: (i) have access to non-public information regarding our clients’ purchases or sales of securities; (ii) are involved in making securities recommendations to clients. Client services personnel who regularly communicate with clients also may be deemed to be Access Persons.

B. Recommendations Involving Material Financial Interest

We do not recommend that our clients buy or sell any security in which a related person to the Firm has a material financial interest.

C. Gift Policy

Access Persons are prohibited from soliciting gifts of any size under any circumstances. On occasion, because of their position with us, Access Persons may be offered, or may receive without notice, gifts from clients, brokers, vendors or other persons. Acceptance of extraordinary or extravagant gifts is prohibited. Any such gifts must be declined and returned in order to protect our reputation and integrity. Gifts of nominal value (i.e., a gift whose reasonable value, alone or in the aggregate, is not more than \$300 in any twelve month period), customary business meals, entertainment (e.g., sporting events), and promotional items (i.e., pens, mugs, T-shirts) may be accepted. All gifts received by an Access Person that might violate this Code must be promptly reported to Chief Compliance Officer. If the gift is more than \$300, the President/CCO will determine next appropriate action.

D. Interest in Client Transactions and Personal Trading

From time to time, Access Persons may buy or sell securities that are recommended to our clients or securities in which our clients are invested. It is our policy that our employees shall not have priority over any client account in the purchase or sale of securities. We have a 14-day black-out period, which begins 7 days before and extends to 7 days after activity in an object security. However, under certain circumstances, Access Persons may sell (or purchase) securities that we have determined our clients should purchase (or sell). Such circumstances could occur based upon differing cash flows, investment time horizons, tax considerations and investment objectives. We closely monitor and require prior approval all securities transactions by our Access Persons to insure that such transactions will not disadvantage the interests of our clients.

E. Privacy Policy

We place significant focus on protecting our client's private information in accordance with the requirements of the Gramm-Leach-Bliley Act. To protect client information, we have implemented policies and procedures to insure that client information is kept private and secure.

We do not disclose any non-public personal information about clients or former clients to any non-affiliated third parties, except as permitted by law. In the course of servicing our clients' accounts, we may share some client information with certain service providers, such as transfer agents, custodians, broker-dealers, accountants and lawyers.

We restrict internal access to non-public personal information about our clients to employees only on a "need-to-know" basis as necessary to facilitate our capability to provide clients with products or services. We have a strict policy that prohibits selling information about current or former clients or their accounts to anyone. It is also our policy not to share client information unless required to process a transaction, at the request of a client, or as required by law.

A copy of our privacy policy notice is provided to each client prior to, or contemporaneously with, the execution of the advisory agreement, and, thereafter, we deliver a copy of our current privacy policy notice to our clients on an annual basis.

Item 12: Brokerage Practices

A. Factors Used to Select Custodians and/or Broker Dealers

As previously outlined, we recommend that our clients establish brokerage/custodial accounts with Charles Schwab to maintain custody of the assets managed by us, although, clients may elect to use a custodian other than Schwab, provided the custodian is acceptable to us. Generally, the broker-dealer who acts as the client's custodian also acts as the executing firm in connection with transactions in the client's account. However, in some instances we may execute transactions in a client's account through an

executing broker-dealer that is not the client's custodian and the transactions are cleared through the client's custodial account.

Custodians may charge clients separately for custody services, and executing broker-dealers are compensated by accounts holders through the commissions and other transaction or asset-based fees for securities trades that are executed through them.

We are independently owned and operated and we are not affiliated with Charles Schwab. Our considerations in recommending Charles Schwab are based on a number of factors including but not limited to their historical business relationship with us and their financial strength, reputation, execution capability, pricing, research and services, relatively low transaction and commission fees and reporting ability.

Charles Schwab provides various products and services that assist us in managing and administering client accounts, such as software and technology that (i) provide access to client account data (such as trade confirmation and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate the payment of the advisory fees from its client accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

In addition, Charles Schwab offers other services that are intended to help us manage and further develop our business. These services may include: (i) compliance legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefit providers, human capital consultants and insurance providers. Additionally, Charles Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to the Firm. Charles Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to us. Charles Schwab may also provide other benefits such as educational events or occasional business entertainment of our staff.

In evaluating whether to recommend that our clients establish brokerage/custodial accounts with Charles Schwab, we may take into account the availability of some of the foregoing products, services and other arrangements offered to us as part of the total mix of factors we consider and not solely the nature, cost or quality of custody and brokerage services provided to us by Charles Schwab, which may be perceived as creating a potential conflict of interest. We receive no referrals from Charles Schwab in exchange for using their services.

B. Conflict of Interest Disclosure

In establishing a business relationship with and receiving certain benefits from Schwab, it may be perceived that we have a potential conflict of interest in recommending that clients use Schwab as custodian and executing broker. However, you do not pay more for custodial assets maintained with, or transactions executed through Schwab as result of this arrangement.

Our President & Chief Compliance Officer, Douglas H. Pyle, is available to address any questions you may have regarding the above arrangement and any perceived conflict of interest any such arrangement may create.

C. Best Execution

Obtaining the best execution is an important aspect of every trade we place in a client account. Our Best Execution Committee reviews the quality of services provided by Charles Schwab including the accuracy and speed of execution, commission rates, transaction fees, reputation and integrity, reporting, fairness in resolving disputes, financial responsibility and responsiveness. We have controls in place for monitoring execution in our clients' portfolio transactions, including reviewing trades for best execution.

Although the commissions and/or transaction fees paid by our clients generally comply with our duty to obtain best execution, clients may pay a commission that is higher than what another qualified broker-dealer might charge to effect the same transaction when we determine, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services we receive.

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 broker-dealer's services, including the value of research provided, execution capability, commission rates and responsiveness. Best execution is also about pricing not just fees. Accordingly, although we will seek competitive rates, we may not necessarily obtain the lowest possible commission rates for client transactions.

The brokerage commissions or transaction fees charged by the broker-dealer/custodian are exclusive of, and in addition to, our investment management fee. Our best execution responsibility is qualified if the securities we purchase are no-load mutual funds that are traded at net asset value as determined at the daily market close.

D. Aggregation and Allocation of Transactions

Although each client's portfolio account(s) is individually managed, we may purchase or sell the same securities at the same time for multiple clients. When this occurs it is often advantageous to aggregate the securities of multiple clients into one trading block for execution. If portfolio securities are purchased or sold in an aggregated transaction with the securities of other clients, all clients will receive the same execution price, and if the aggregated purchase or sale involves several executions to complete the transaction, clients will receive the average price paid or received on the aggregated transaction.

However, if an aggregated transaction results in only a partial execution and the equal allocation of the partial execution amongst multiple clients would result in an inefficient trading unit in client portfolios, we reserve the right to allocate the transaction to specific individual clients on an equitable rotational basis so that over time no client is disadvantaged in the management of its portfolio.

E. Internal Cross Transactions

A cross transaction occurs when securities are purchased or sold between or among client accounts. We occasionally initiate cross transactions for tax swap purposes, for example. Such a transaction is executed through Charles Schwab they inform us of the price before they execute the transaction. We have adopted cross transaction procedures to ensure that all clients are treated equitably. The use of cross transactions often increases the probability of completing a transaction at a better price. We will execute a cross transaction only when (i) we believe we can achieve best execution, (ii) the price of any cross transaction is fair, (iii) no client is disfavored, and (iv) we do not receive any form of compensation for effecting the transaction.

F. Directed Brokerage

RCM executes all client transactions through the client's designated custodian or through an executing firm selected by RCM. We do not permit clients to direct transactions in their account to directed broker-dealers.

Item 13: Review of Accounts

A. Frequency and Nature of Periodic Reviews

Client accounts are reviewed daily by the portfolio manager responsible for the account to continually access the disposition of assets and investment performance. More rigorous reviews are conducted by our Investment Policy Committee quarterly. The Committee discusses: (i) overall investment strategies; (ii) economic and financial markets analysis; (iii) individual client portfolios; and (iv) compliance related issues. In addition, regular meetings are held between the Chief Investment Officer, portfolio managers, and research analysts on ever-changing and evolving economic and financial circumstances. The meetings involve both big picture discussions, as well as discussions of individual investment decisions that have been implemented on a client by client basis.

B. Factors That Trigger a Non-Periodic Review of Client Accounts

Factors that trigger reviews, include: (i) changes in a client's personal or financial situation; (ii) when, in our judgment, significant developments have occurred or are likely to occur in the economy and/or in the financial markets; and (iii) the evaluation of year-end tax swap opportunities for our clients

C. Content and Frequency of Client Provided Reports

We provide comprehensive quarterly reports to our clients with in-depth analysis that includes: (i) performance of various segments of the investment portfolio over a variety of time intervals; (ii) performance measured against comparative indices; (iii) asset allocation and reconciliation, cash flow review; (iv) inventory of investment holdings; and (v) a list of each transaction during the quarter. In addition, our clients receive

monthly account statements and confirmation statements of each transaction in their account from Charles Schwab.

Item 14: Client Referrals & Other Compensation

A. Economic Benefits Provided by Third Parties for Advice

We do not receive any economic benefit, directly or indirectly from any third party for advice rendered to our clients.

B. Compensation to Non-Advisory Personnel for Client Referrals

RCM does not make use of “solicitors” to obtain new clients, nor does it pay compensation to any person or entity for client referrals.

Item 15: Custody

We do not provide custodial services and recommend that our clients establish brokerage/custodial accounts with Charles Schwab, who is a member of FINRA and a member of SIPC, to maintain custody of client assets. In addition, Charles Schwab provides execution services on client transactions for whom they act as custodian.

However, as we have previously stated, clients may elect to use a custodian other than Schwab, provided the custodian is acceptable to us. Although we may recommend establishing an account at Charles Schwab it is ultimately the client’s decision regarding the custodian they select.

We are independently owned and operated and we are not affiliated with either Charles Schwab.

Although we don’t provide custodial services, on a daily basis we reconcile all investment positions and values held in each client’s account. In addition, on a quarterly basis we compare our investment reports with statements provided to our clients by Charles Schwab or other custodians

Custodians may charge clients separately for custody services, and executing broker-dealers are compensated by accounts holders through the commissions and other transaction or asset-based fees for securities trades that are executed through them.

Item 16: Investment Discretion

Clients that retain us to provide advisory services on a discretionary basis grant us full discretion over the selection and quantity of securities to be purchased or sold for their accounts. However, our investment authority and discretion is subject to specified investment objectives, guidelines and/or conditions that are established in conjunction with our clients, which are discussed in our customized Investment Policy Statement.

For example, a client's portfolio may be invested in only certain types of fixed-income securities, or restrictions may be established regarding the quantity or percentages of a particular class of securities that may be held in a client's portfolio. Our discretionary authority over a client's account is set forth in the Investment Advisory Agreement ("Agreement") executed by each client at the inception of the advisory relationship with us. The terms and conditions of our discretionary authority are set forth in the Agreement and prepared and included as part of the Agreement.

Item 17: Voting Client Securities (Proxy Voting)

We do not take any action or give any advice with respect to voting of proxies. Clients are expected to vote their own proxies. As a result, you should instruct your custodian to forward you copies of all proxies and shareholder communications received in connection with your investment assets.

However, although you are responsible for the voting of proxies, you can contact RCM with questions about a particular solicitation, and we will attempt to assist you in making a decision in regard to the solicitation, and if we perceive a conflict may exist, we will disclose the conflict. Any questions regarding a particular solicitation should be directed to Douglas H. Pyle at (610) 420-1130.

Item 18: Financial Information

A. Balance Sheet

We are not required to attach a balance sheet for its most recent fiscal year because we do not require the prepayment of more than \$1,200 in fees per client, six months or more in advance.

B. Financial Condition

We have no financial commitment that impairs our ability to meet our contractual and fiduciary commitments to our clients.

C. Bankruptcy Petitions in Previous Ten Years

We have not been subject of a bankruptcy petition in the last ten years.

Item 19: Requirements for State Registered Advisers

A. Educational & Business Background of Principal Management

The educational and business background of Douglas H. Pyle, President and Chief Compliance Officer is provided in the Investment Adviser Firm Brochure Supplement (ADV Part 2B of Form ADV), which is provided to you separately from this Brochure.

B. Other Business Activities

Neither RCM nor any of its staff is currently engaged in any other business activity. Also see Item 10: Other Financial Industry Activities & Affiliations and the Investment Adviser Firm Brochure Supplement (ADV Part 2B of Form ADV).

C. Performance Based Fees

RCM fees are set forth at Item 5: Fees & Compensation and are set forth at Schedule A of the Investment Advisory Agreement that is entered into between the client and RCM at the time we are retained to provide our services. RCM does not receive performance based fees for its services.

D. Disciplinary Information

Neither RCM nor any of its staff has disclosures of any kind to report as set forth at Item 9: Disciplinary Information.

E. Relationships with Issuers

RCM has no relationship or arrangement with any issuer of securities. See Item 10: Other Financial Industry Activities & Affiliations regarding our financial industry activities and affiliations.