

**Item 1: Cover Page**

**Part 2A of Form ADV  
Firm Brochure**

August 14, 2013

**Riverpoint Wealth Management Holdings, LLC  
d/b/a Riverpoint Wealth Management**

SEC File No. Pending

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This brochure provides information about the qualifications and business practices of Riverpoint Wealth Management. If you have any questions about the contents of this brochure, please contact us at 312-239-1330 or email Timothy McGrath at [mcgrath@riverpointwealth.com](mailto:mcgrath@riverpointwealth.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. Registration with the SEC or state regulatory authority does not imply a certain level of skill or expertise.

Additional information about Riverpoint Wealth Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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## Item 4: Advisory Business

### A. Description of Your Advisory Firm

Riverpoint Wealth Management Holdings, LLC, d/b/a Riverpoint Wealth Management ("Riverpoint" and/or "the firm") is organized as an Illinois limited liability company. Riverpoint Wealth Management Holdings, LLC, was founded in 2013, and is jointly owned by Riverpoint Wealth Management, LLC, which is owned by Timothy P. McGrath, Riverpoint's Managing Partner and Chief Compliance Officer; and by Shea Financial Group, which is owned by Joseph Blane Shea, Riverpoint's Managing Partner. Riverpoint's predecessor firm, Riverpoint Wealth Management, LLC, was founded in 2007 by Timothy P. McGrath.

### B. Description of Advisory Services Offered

Riverpoint is an independent asset management and financial planning firm offering a variety of financial services to individuals, trusts, estates and charitable organizations, and corporations or other business entities. Services include asset management, recommendation of independent third-party investment managers, and financial planning and consulting.

#### B.1. Proprietary Discretionary Asset Management Services

Riverpoint offers its proprietary discretionary asset management services solely on a wrap fee basis. For details on these services, including fees, please refer to Appendix 1: Riverpoint Wealth Management Wrap Program Brochure.

#### B.2. Independent Third-Party Investment Managers

Riverpoint may recommend that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent third-party investment managers ("independent manager") available exclusively through LPL, based upon the stated investment objectives of the client. The terms and conditions under which the client shall engage the independent manager shall be set forth in separate written agreements between (i) the client and Riverpoint and (ii) Riverpoint or the client and the designated independent manager. Riverpoint will continue to render services to the client relative to the discretionary selection of independent manager, as well as monitor and review account performance and client investment objectives.

When selecting an independent manager for a client, Riverpoint will review information about the independent manager such as its disclosure statement and/or material supplied by the independent manager or independent third parties for a description of the independent manager's investment strategies, past performance, and risk results to the extent available.

Factors that Riverpoint will consider in selecting an independent manager include management style, performance, reputation, financial strength, reporting, pricing, and research, as well as the client's stated investment objective(s).

### **B.3. Financial Planning and Consulting Services**

Riverpoint offers financial planning and consulting services, which may include a review of all aspects of a client's current financial situation, including the following components: cash management, risk management, insurance, education funding, goal setting, retirement planning, estate and charitable gift planning, tax planning, and capital needs planning. Clients understand that when Riverpoint is engaged to address only certain components, the client's overall financial and investment issues may not be taken into consideration.

Riverpoint meets with the client to review risk tolerance, financial goals and objectives, and time horizons. Additional meetings may include a review of additional financial information, such as sources of income, assets, insurance, liabilities, wills, trusts, business agreements, tax returns, investments, and personal and family obligations.

The financial plan may include both long- and short-term considerations, depending upon the client's financial situation. Upon completion, a plan is presented to the client. At this meeting, the client is provided with recommendations compatible with the client's stated goals and objectives. An implementation schedule is reviewed with the client to determine what steps will be pursued, and with whom the steps may be accomplished. The client is under no obligation to utilize additional services of Riverpoint and its representatives and is under no obligation to implement the advice or plan. Clients may choose all, none, or certain specific components of advice and recommendations and may implement the recommendations through the service providers of their choice.

### **C. Client-Tailored Services and Client-Imposed Restrictions**

Each client's account will be managed on the basis of the client's financial situation and investment objectives and in accordance with any reasonable restrictions imposed by the client on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio.

### **D. Wrap Fee Programs**

Riverpoint is the sponsor and manager of the Riverpoint Wealth Management Wrap Program (the Program), a wrap fee program. In the event the client participates in the Program, Riverpoint shall provide its investment management services and arrange for brokerage transactions under a single annual advisory fee for both advisory services and execution of transactions. Clients in the Program do not pay brokerage commissions, markups or transaction charges for execution of transactions in addition to the advisory fee. Please refer to Appendix 1: Riverpoint Wealth Management Wrap Program Brochure for information.

### **E. Client Assets Under Management**

As of August 1, 2013, Riverpoint manages no assets, but intends to manage assets on a discretionary and non-discretionary basis.

## Item 5: Fees and Compensation

### A. Methods of Compensation and Fee Schedule

#### A.1. Proprietary Asset Management Fees

Riverpoint offers its proprietary discretionary asset management services solely on a wrap fee basis. For details on these services, including fees, please refer to Appendix 1: Riverpoint Wealth Management Wrap Program Brochure.

#### A.2. Independent Third-Party Investment Managers

The terms and conditions under which the client engages an independent manager will be set forth in separate written agreements between (i) the client and Riverpoint and (ii) Riverpoint or client and the designated independent manager. Riverpoint will continue to render services to the client relative to the discretionary selection of the independent manager as well as monitor and review account performance and client investment objectives, for which Riverpoint will receive an annual advisory fee based upon a percentage of the market value of the assets being managed by the designated independent manager.

Riverpoint's fee for those assets managed by third-party managers is an asset-based fee calculated as a percentage of the value of the managed assets at a maximum rate of 1.50%. This fee is negotiable. Certain clients may pay more or less than others depending on the amount of assets, type of portfolio, or the time involved, the degree of responsibility assumed, complexity of the engagement, special skills needed to solve problems, the application of experience, and knowledge of the client's situation.

Riverpoint requires a minimum account of \$250,000 for investment advisory clients, although this may be negotiable under certain circumstances. Riverpoint may group certain related client accounts for the purposes of achieving the minimum account size. In certain circumstances, fees, account minimums, and payment terms are negotiable depending on the client's unique situation – such as the size of the aggregate related party portfolio size, family holdings, low-cost basis securities, or certain passively advised investments and pre-existing relationships with clients. Certain independent managers may impose more restrictive account requirements and varying billing practices than Riverpoint. In such instances, Riverpoint may alter its corresponding account requirements and/or billing practices to accommodate those of the independent manager or wrap program sponsor.

The recommendation of third-party investment managers is not provided through Riverpoint's wrap fee program; therefore, such third-party manager's fees and trading costs are separate and in addition to the fees charged by Riverpoint.

Asset-based fees are always subject to the investment advisory agreement between the client and Riverpoint. Such fees are payable quarterly in advance at the beginning of each calendar quarter based upon the value of the accounts on the last business day of the previous quarter. The fees will be prorated if the investment advisory relationship commences otherwise than at the beginning of a calendar quarter. Adjustments for significant contributions to a client's

portfolio are prorated for the quarter in which the change occurs; no adjustments will be made for withdrawals.

The client authorizes the qualified custodian to automatically deduct the fee and all other charges payable hereunder from the assets in the account when due, with such payments to be reflected on the next account statement sent to the client. If insufficient cash is available to pay such fees, securities in an amount equal to the balance of unpaid fees will be liquidated to pay for the unpaid balance. Riverpoint may modify the fee at any time upon 30 days' written notice to the client.

A client investment advisory agreement may be canceled at any time by the client, or by Riverpoint with 30 days' prior written notice to the client. Upon termination, any prepaid, unearned fees will be promptly refunded. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

### **A.3. Financial Planning and Consulting Fees**

Riverpoint generally offers fixed fee arrangements to all financial planning clients. Under certain circumstances an hourly arrangement may be negotiated subject to the consent of the firm. Financial planning and consulting arrangements typically range from \$2,000 to \$15,000, depending on the nature and complexity of each client's circumstances. Fixed fees are computed based upon a good faith estimate of hours required to perform services; a fixed fee will be negotiated and then reevaluated at a later point to determine whether the fixed fee compensation requires adjustment. Riverpoint will provide the prospective client with an estimate of the fixed charges prior to finalizing the financial planning agreement. Hourly arrangements will be billed at \$300 per hour. Riverpoint attempts to maintain parity with hourly and fixed charges while allowing some flexibility in estimation, taking into account case complexity and client-specific circumstances.

Up to fifty percent (50%) of the negotiated fee will be due upon contract signing, with the remainder billed upon completion and presentation of the financial plan or consulting engagement to the client. In no event will the firm charge more than \$1200 dollars, six or more months in advance.

## **B. Client Payment of Fees**

Riverpoint generally requires clients to authorize the direct debit of fees from their accounts. Exceptions may be granted subject to the firm's consent for clients to be billed directly for our fees. For directly debited fees, the custodian's periodic statements will show each fee deduction from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying us or their custodian in writing.

Riverpoint will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account.

The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.



### **C. Additional Client Fees Charged**

All fees paid for investment advisory services provided on a non-wrap basis are separate and distinct from the fees and expenses charged by exchange-traded funds, mutual funds, third-party investment managers, broker-dealers, and custodians retained by clients. Such fees and expenses are described in each exchange-traded fund and mutual fund's prospectus, each third-party investment manager's Form ADV and Brochure and Brochure Supplement or similar disclosure statement, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using Riverpoint may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian.

Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

### **D. Prepayment of Client Fees**

Other than financial planning and consulting fees, Riverpoint generally requires advisory fees to be prepaid on a quarterly basis. Riverpoint's fees will either be paid directly by the client or disbursed to Riverpoint by the qualified custodian of the client's investment accounts, subject to prior written consent of the client. The custodian will deliver directly to the client an account statement, at least quarterly, showing all investment and transaction activity for the period, including fee disbursements from the account. A client investment advisory agreement may be canceled at any time by the client, or by Riverpoint with 30 days' prior written notice to the client. Upon termination of any account, any unearned, prepaid fees will be promptly refunded and any earned, unpaid fees will be immediately due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

For financial planning and consulting engagements, up to fifty percent (50%) of the negotiated fee will be due upon contract signing, with the remainder billed upon completion and presentation of the financial plan or consulting engagement to the client. In no event will the firm charge more than \$1200 dollars, six or more months in advance. If a financial planning or consulting agreement is terminated, any unearned, prepaid fees will be promptly refunded.

### **E. External Compensation for the Sale of Securities to Clients**

Riverpoint's advisory professionals are compensated primarily through a salary and bonus structure. Riverpoint's advisory professionals may be paid sales, service or administrative fees for the sale of mutual funds or other investment products. Riverpoint's advisory professionals may receive commission-based compensation for the sale of securities, commodities, and insurance products. Please see Item 10.C. for detailed information and conflicts of interest.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

Riverpoint does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in their best interests.

## Item 7: Types of Clients

Riverpoint offers its investment services to various types of clients including individuals and high-net-worth individuals, trusts, estates, charitable organizations, and corporations and other business entities.

Riverpoint requires a minimum account of \$250,000 for investment advisory clients, although this may be negotiable under certain circumstances. Riverpoint may group certain related client accounts for the purposes of achieving the minimum account size. In certain circumstances, fees, account minimums, and payment terms are negotiable depending on client's unique situation – such as the size of the aggregate related party portfolio size, family holdings, low cost basis securities, or certain passively advised investments and pre-existing relationships with clients. Certain clients may pay more or less than others depending on the amount of assets, type of portfolio, or the time involved, the degree of responsibility assumed, complexity of the engagement, special skills needed to solve problems, the application of experience and knowledge of the client's situation.

Certain independent managers may impose more restrictive account requirements and varying billing practices than Riverpoint. In such instances, Riverpoint may alter its corresponding account requirements and/or billing practices to accommodate those of the independent manager or wrap program sponsor.

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

### **A. Methods of Analysis and Investment Strategies**

Riverpoint uses a variety of sources of data to conduct its economic, investment and market analysis, such as financial newspapers and magazines, economic and market research materials prepared by others, conference calls hosted by mutual funds, corporate rating services, annual reports, prospectuses, and company press releases. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

Riverpoint and its investment adviser representatives are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria.

- Optimization involves the use of mathematical algorithms to determine the appropriate mix of assets given the firm's current capital market rate assessment and a particular client's risk tolerance.
- Quantitative methods include analysis of historical data such as price and volume statistics, performance data, standard deviation and related risk metrics, how the security performs relative to the overall stock market, earnings data, price to earnings ratios, and related data.
- Technical analysis involves charting price and volume data as reported by the exchange where the security is traded to look for price trends.
- Computer models may be used to derive the future value of a security based on assumptions of various data categories such as earnings, cash flow, profit margins, sales, and a variety of other company specific metrics.

In addition, Riverpoint reviews research material prepared by others, as well as corporate filings, corporate rating services, and a variety of financial publications. Riverpoint may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

**Note:** All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings. Although we manage the assets in a manner consistent with risk tolerances, there can be no guarantee that our efforts will be successful. The investor should be prepared to bear the risk of loss.

#### **A.1. Third-Party Investment Managers, Mutual Funds and Exchange-Traded Funds, Individual and Fixed Income Securities**

Riverpoint may recommend (i) third-party investment managers to manage client assets, available only on the LPL platform (please see Item 12: Brokerage Practices); (ii) no-load and

load-waived mutual funds and exchange-traded funds, and (iii) individual securities (including fixed income instruments). Such management styles will include, among others, large-cap, mid-cap and small-cap value, growth and core; international and emerging markets; and alternative investments. Riverpoint may also assist the client in selecting one or more appropriate manager(s) for all or a portion of the client's portfolio. Such managers will typically manage assets for clients who commit to the manager a minimum amount of assets established by that manager—a factor that Riverpoint will take into account when recommending managers to clients.

A description of the criteria to be used in formulating an investment recommendation for mutual funds, ETFs, individual securities (including fixed-income securities), and managers is set forth below.

Riverpoint has formed relationships with third-party vendors that

- provide a technological platform for separate account management
- prepare performance reports
- perform due diligence monitoring of mutual funds and managers
- perform billing and certain other administrative tasks

Riverpoint may utilize additional independent third parties to assist it in recommending and monitoring individual securities, mutual funds, and managers to clients as appropriate under the circumstances.

Riverpoint reviews certain quantitative and qualitative criteria related to mutual funds and managers and to formulate investment recommendations to its clients. Quantitative criteria may include

- the performance history of a mutual fund or manager evaluated against that of its peers and other benchmarks
- an analysis of risk-adjusted returns
- an analysis of the manager's contribution to the investment return (e.g., manager's alpha), standard deviation of returns over specific time periods, sector and style analysis
- the fund, sub-advisor or manager's fee structure
- the relevant portfolio manager's tenure

Qualitative criteria used in recommending mutual funds or managers include the investment objectives and/or management style and philosophy of a mutual fund or manager; a mutual fund or manager's consistency of investment style; and employee turnover and efficiency and capacity. Riverpoint will discuss relevant quantitative and qualitative factors pertaining to its recommendations with clients prior to a client's determination to retain a mutual fund or manager.

Quantitative and qualitative criteria related to mutual funds and managers are reviewed by Riverpoint on a quarterly basis or such other interval as mutually agreed upon by the client and Riverpoint. In addition, mutual funds or managers are reviewed to determine the extent to which their investments reflect efforts to time the market, or evidence style drift such that their

portfolios no longer accurately reflect the particular asset category attributed to the mutual fund or manager by Riverpoint (both of which are negative factors in implementing an asset allocation structure). Based on its review, Riverpoint will make recommendations to clients regarding the retention or discharge of a mutual fund or manager.

Riverpoint may negotiate reduced account minimum balances and reduced fees with managers under various circumstances (e.g., for clients with minimum level of assets committed to the manager for specific periods of time, etc.). There can be no assurance that clients will receive any reduced account minimum balances or fees, or that all clients, even if apparently similarly situated, will receive any reduced account minimum balances or fees available to some other clients. Also, account minimum balances and fees may significantly differ between clients. Each client's individual needs and circumstances will determine portfolio weighting, which can have an impact on fees given the funds or managers utilized. Riverpoint will endeavor to obtain equal treatment for its clients with funds or managers, but cannot assure equal treatment.

Riverpoint will regularly review the activities of mutual funds and managers selected by the client. Clients that engage managers or who invest in mutual funds should first review and understand the disclosure documents of those managers or mutual funds, which contain information relevant to such retention or investment, including information on the methodology used to analyze securities, investment strategies, fees and conflicts of interest.

## **A.2. Material Risks of Investment Instruments**

Riverpoint typically invests in open-end mutual funds and exchange-traded funds for the vast majority of its clients. However, for certain clients, Riverpoint may effect transactions in the following types of securities:

- Equity securities
- Mutual fund securities
- Exchange-traded funds
- Fixed income securities
- Corporate debt securities, commercial paper, and certificates of deposit
- Municipal securities
- U.S. government securities
- Private placements
- Corporate debt obligations
- Master-Limited Partnerships
- Commodity pools
- Commodity Trading Advisor

### **A.2.a. Equity Securities**

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing

or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

#### **A.2.b. Mutual Fund Securities**

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

#### **A.2.c. Exchange-Traded Funds ("ETFs")**

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs<sup>®</sup>, streetTRACKS<sup>®</sup>, DIAMONDS<sup>SM</sup>, NASDAQ 100 Index Tracking Stock<sup>SM</sup> ("QQQs<sup>SM</sup>") iShares<sup>®</sup> and VIPERs<sup>®</sup>. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro-rata portion of the other investment company's advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

#### **A.2.d. Fixed Income Securities**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S. or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The

shorter the maturity the less volatile the price swings. Foreign bonds have liquidity and currency risk.

#### **A.2.e. Corporate Debt, Commercial Paper and Certificates of Deposit**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds also have liquidity and currency risk.

Commercial paper and certificates of deposit are generally considered safe instruments, although they are subject to the level of general interest rates, the credit quality of the issuing bank and the length of maturity. With respect to certificates of deposit, depending on the length of maturity there can be prepayment penalties if the client needs to convert the certificate of deposit to cash prior to maturity.

#### **A.2.f. Municipal Securities**

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

#### **A.2.g. U.S. Government Securities**

U.S. government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. government securities may be supported by the full faith and credit of the United States.

#### **A.2.h. Private Placements**

Private placements carry significant risk in that companies using the private placement market conduct securities offerings that are exempt from registration under the federal securities laws, which means that investors do not have access to public information and such investors are not provided with the same amount of information that they would receive if the securities offering was a public offering. Moreover, many companies using private placements do so to raise equity capital in the start-up phase of their business, or require additional capital to complete another phase in their growth objective. In addition, the securities issued in connection with private placements are restricted securities, which means that they are not traded on a secondary market, such as a stock exchange, and they are thus illiquid and cannot be readily converted to cash.



### **A.2.i. Corporate Debt Obligations**

Corporate debt obligations include corporate bonds, debentures, notes, commercial paper and other similar corporate debt instruments. Companies use these instruments to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest and must repay the amount borrowed at maturity. Commercial paper (short-term unsecured promissory notes) is issued by companies to finance their current obligations and normally has a maturity of less than nine months. In addition, the firm may also invest in corporate debt securities registered and sold in the United States by foreign issuers (Yankee bonds) and those sold outside the U.S. by foreign or U.S. issuers (Eurobonds).

### **A.2.j. Master-Limited Partnerships (“MLPs”)**

MLPs are public entities that trade on public exchanges. Just as a company issues stock on an exchange, an MLP issues shares that trade on an exchange. One of the most crucial criteria that must be met in order for a partnership to be legally classified as an MLP is that the partnership must derive most (~90%) of its cash flows from real estate, natural resources, and commodities. The advantage of an MLP is that it combines the tax benefits of a limited partnership (the partnership does not pay taxes from the profit – the money is only taxed when unit holders receive distributions) with the liquidity of a publicly traded company. The two biggest risks that could affect MLPs as a group are a change in the tax status of the structure and rising interest rates.

### **A.2.k. Commodity Pools**

A commodity pool is a private investment structure that combines investor contributions to be used in the futures and commodities trading markets. The commodity pool, or fund, is used as a single entity to gain leverage in trading, in the hopes of maximizing profit potential. Physical commodities include soft assets such as crops and coffee that are generally extracted from the ground, as well as hard assets such as minerals and metals that are mined. Many physical commodities, as well as intangible commodities (such as security or fixed income indices), serve as the underlier to commodity futures contracts. Investing in commodities exposes an investor to risk. Commodity risk is the uncertainty of future market values and of the size of the future income, caused by the fluctuation in the prices of commodities.

- **Price Risk:** Factors that can affect commodity prices, such as political and regulatory changes, seasonal variations and weather, technology, and market conditions.
- **Market Risk:** The possibility of an investor suffering losses to the factors that affect the overall performance of the financial markets. Commodities markets are volatile and require the use of leverage, exposing the entire market to greater risk.
- **Quantity Risk:** An uncertainty in the quantity of assets to be hedged.
- **Cost Risk (Input Price Risk):** The risk of change in cost of the product input such as cotton, corn, and wheat.
- **Political Risk (Geopolitical Risk):** The risk that an investment's returns could suffer as a result of political changes in a country. Commodities that are exposed to this include any raw material or financial device directly related to a foreign country.

### **A.2.I. Commodity Trading Advisor (“CTA”)**

A CTA is an individual or organization which, for compensation or profit, advises others as to the value or advisability of buying or selling futures contracts, options on futures, retail off-exchange fx contracts, or swaps. CTA registration is required by the National Futures Association, the self-regulatory organization for the industry. The CTA exercises trading authority over a customer's account and gives advice by having knowledge of a customer's commodity interest account or by tailoring trades to the customer's commodity interest account objectives. Investors should consider the following risks when deciding on the right CTA to entrust their investments with: experience, priority of account (high number of accounts), performance record, market risk, price risk, and suitability risk.

## **B. Investment Strategy and Method of Analysis Material Risks**

Our investment strategy is custom-tailored to the client's goals, investment objectives, risk tolerance, and personal and financial circumstances.

### **B.1. Margin Leverage**

Although Riverpoint, as a general business practice, does not utilize leverage, there may be instances in which exchange-traded funds, other separate account managers and, in very limited circumstances, Riverpoint will utilize leverage. In this regard please review the following:

The use of margin leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment.

The use of margin leverage entails borrowing, which results in additional interest costs to the investor.

Broker-dealers who carry customer accounts require a minimum equity requirement when clients utilize margin leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of margin leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

## **B.2. Short-Term Trading**

Although Riverpoint, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard, please read the following:

There is an inherent risk for clients who trade frequently in that high-frequency trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

## **B.3. Short Selling**

Riverpoint generally does not engage in short selling but reserves the right to do so in the exercise of its sole judgment. Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is effected, the investor is expecting the price of the security to decline in value so that a purchase or closeout of the short sale can be effected at a significantly lower price. The primary risks of effecting short sales is the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the security.

## **B.4. Option Strategies**

Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the underlying security. Options entail greater risk but allow an investor to have market exposure to a particular security or group of securities without the capital commitment required to purchase the underlying security or groups of securities. In addition, options allow investors to hedge security positions held in the portfolio. For detailed information on the use of options and option strategies, please contact the Options Clearing Corporation for the current Options Risk Disclosure Statement.

Riverpoint as part of its investment strategy may employ the following option strategies:

- Covered call writing
- Long call options purchases
- Long put options purchases

### **B.4.a. Covered Call Writing**

Covered call writing is the sale of in-, at-, or out-of-the-money call option against a long security position held in the client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

#### **B.4.b. Long Call Option Purchases**

Long call option purchases allow the option holder to be exposed to the general market characteristics of a security without the outlay of capital necessary to own the security. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

#### **B.4.c. Long Put Option Purchases**

Long put option purchases allow the option holder to sell or “put” the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long put option increases. In this way long puts are often used to hedge a long stock position. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

### **C. Security-Specific Material Risks**

There is an inherent risk for clients who have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There is nothing to report on this item.

### **B. Administrative Enforcement Proceedings**

There is nothing to report on this item.

### **C. Self-Regulatory Organization Enforcement Proceedings**

There is nothing to report on this item.

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

### **A. Broker-Dealer or Representative Registration**

Riverpoint is not and does not have a related company that is a broker-dealer. However, certain members and employees of USFA are registered representatives with LPL Financial ("LPL"), a FINRA-registered broker-dealer and member of SIPC, and Riverpoint offices are also LPL branch office locations. LPL is a financial services company engaged in the sale of investment products. Riverpoint professionals licensed with LPL as registered representatives spend less than 25% of their time engaged in commission product sales through LPL.

As a result of Riverpoint members and registered professionals' affiliation with LPL, such professionals, in their capacity as registered representatives of LPL, are subject to the general oversight of LPL and the Financial Industry Regulatory Authority Inc. ("FINRA"). As such, clients of Riverpoint should understand that their personal and account information is available to FINRA and LPL for the fulfillment of their regulatory oversight obligations and duties.

### **B. Futures or Commodity Registration**

Riverpoint is not registered as a commodity firm, futures commission merchant, commodity pool operator, or commodity trading advisor and does not have an application to register pending. However, one of the firm's managing members is registered through LPL to solicit commodity limited partnerships, commodity pools, or managed accounts guided by Commodity Trading Advisors. The recommendation of such commodities products for commission creates a conflict of interest in that either Riverpoint or its related persons are economically incented to recommend one or more of such commodities products. Although Riverpoint strives to put its clients' interests first, such recommendations may be viewed as being in the best interests of Riverpoint rather than in the client's best interest. Riverpoint advisory clients are not compelled to purchase commodities products through Riverpoint or its related persons.

### **C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

#### **C.1. Broker-Dealer Registration**

Certain members and employees of Riverpoint are registered representatives with LPL Financial ("LPL"), a FINRA-registered broker-dealer and member of SIPC. As a result, such professionals, in their capacity as registered representatives of LPL, are subject to the oversight of LPL and the Financial Industry Regulatory Authority, Inc. ("FINRA"). As such, clients of Riverpoint should understand that their personal and account information is available to FINRA and LPL personnel in the fulfillment of their oversight obligations and duties.

Riverpoint professionals who effect transactions for advisory clients may receive transaction or commission compensation from LPL. The recommendation of securities transactions for commission creates a conflict of interest in that Riverpoint is economically incented to effect

securities transactions for clients. Although Riverpoint strives to put its clients' interests first, such recommendations may be viewed as being in the best interests of Riverpoint rather than in the client's best interest. Riverpoint advisory clients are not compelled to effect securities transactions through LPL.

### **C.2. Futures or Commodities Registration**

One of Riverpoint's managing members is registered through LPL to solicit commodity limited partnerships, commodity pools, or managed accounts guided by Commodity Trading Advisors. The recommendation of such commodities products for commission creates a conflict of interest in that either Riverpoint or its related persons are economically incented to recommend one or more of such commodities products. Although Riverpoint strives to put its clients' interests first, such recommendations may be viewed as being in the best interests of Riverpoint rather than in the client's best interest. Riverpoint advisory clients are not compelled to purchase commodities products through Riverpoint or its related persons.

### **C.3. Insurance Sales**

Certain managers, members, and registered employees of Riverpoint are licensed insurance agents. With respect to the provision of financial planning services, Riverpoint professionals may recommend insurance products offered by such carriers for whom they function as an agent and receive a commission for doing so. Please be advised there is a potential conflict of interest in that there is an economic incentive to recommend insurance and other investment products of such carriers. Please also be advised that Riverpoint strives to put its clients' interests first and foremost. Other than for insurance products that require a securities license, such as variable insurance products, clients may utilize any insurance carrier or insurance agency they desire. For products requiring a securities and insurance license, clients may be limited to those insurance carriers that have a selling agreement with Riverpoint's employing broker-dealer.

## **D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest**

Although Riverpoint charges investment advisory fees for the supervision of third-party investment managers that it recommends to clients, the firm does not receive any compensation from such managers for the referral.

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

### **A. Code of Ethics Description**

In accordance with the Advisers Act, Riverpoint has adopted policies and procedures designed to detect and prevent insider trading. In addition, Riverpoint has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of Riverpoint's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer of Riverpoint. Riverpoint will send clients a copy of its Code of Ethics upon written request.

Riverpoint has policies and procedures in place to ensure that the interests of its clients are given preference over those of Riverpoint, its affiliates and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

### **B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Riverpoint does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, Riverpoint does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

### **C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Riverpoint, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase the same securities as are purchased for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which Riverpoint specifically prohibits. Riverpoint has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest,
- prohibit front-running, and



- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow Riverpoint's procedures when purchasing or selling the same securities purchased or sold for the client.

#### **D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Riverpoint, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other Riverpoint clients. Riverpoint will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation (please refer to Item 12.B.3 Order Aggregation). It is the policy of Riverpoint to place the clients' interests above those of Riverpoint and its employees.

## Item 12: Brokerage Practices

### A. Factors Used to Select Broker-Dealers for Client Transactions

#### A.1. Custodian Recommendations

Riverpoint may recommend that clients establish brokerage accounts with LPL Financial ("LPL"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although Riverpoint may recommend that clients establish accounts at the custodian, it is the client's decision to custody assets with the custodian. Riverpoint is independently owned and operated and not affiliated with custodian. For Riverpoint client accounts maintained in its custody, the custodian generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodian or that settle into custodian accounts.

Riverpoint considers the financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, and related factors in recommending broker-dealers or custodians to advisory clients.

In certain instances and subject to approval by Riverpoint, Riverpoint will recommend to clients certain other broker-dealers and/or custodians based on the needs of the individual client, and taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by Riverpoint will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

#### A.1.a. Soft Dollar Arrangements

Riverpoint generally receives research and services provided by broker-dealers from third-party vendors or by requesting that a broker-dealer step-out client trades or pay research credits to broker-dealers or vendors who produce research products or services. Riverpoint may also trade directly with a broker-dealer who produces research or brokerage services. Selection of these broker-dealers is not made pursuant to an agreement; however, Riverpoint utilizes an internal allocation procedure to identify those brokers or dealers who produce research or services that are provided to Riverpoint and endeavors to direct sufficient research credits generated by its clients' accounts to such brokers or dealers to ensure the continued receipt of the research and services that Riverpoint believes are valuable. To the extent Riverpoint utilizes client transactions to obtain information Riverpoint might otherwise acquire at its own expense, Riverpoint may have an incentive to place a greater volume of transactions or pay higher commissions.

The research and brokerage services provided to Riverpoint may be proprietary or produced by third parties. The research and brokerage services are used by Riverpoint in making investment decisions or trading for client accounts and constitute advice, either directly or through publications or writings, as to the value of securities, the advisability of investing, purchasing, or selling securities, and the availability of securities or purchasers and sellers of securities. They include analysis and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategies, and meetings where corporate executives are present to provide information on the performance of their companies. They may also include statistical analysis, data and data services, software and computer programs utilized for research and portfolio analysis, trade analytics, market research, and brokerage services relating to execution, clearing, and settlement of transactions. In some cases, products and services may be provided to Riverpoint that constitute both (i) research and brokerage services and (ii) services used for administrative or other functions not related to the investment decision-making or brokerage processes. In such cases, the allocation will generally be made on the basis of the percentage of time devoted to Riverpoint's use of the product for research vs. non-research applications, or such other appropriate measure of the value of the product for each use as the Compliance Officer determines to be appropriate, both initially and upon subsequent periodic review.

Research products or services provided by brokers may be used in servicing any or all of the clients of Riverpoint, and such research products or services may not necessarily be used by Riverpoint in connection with the accounts that paid commissions to the brokers providing such products or services. For various reasons, including differing investment strategies and directed brokerage arrangements, products and services may benefit clients that do not execute transactions generating research or brokerage credits. Brokerage for a related party account and the firm's capital account is directed to a broker providing custody for the accounts; these accounts do not generate research or brokerage credits. Clients that direct brokerage may establish commission recapture programs where services are received directly by the client account in return for brokerage generated by that account.

As indicated above, individual clients may direct Riverpoint (subject to certain conditions which may from time to time be imposed by Riverpoint) to effect portfolio transactions through specific brokers or dealers. A client who chooses to direct the use of a particular broker or dealer should consider whether such a direction may result in certain costs or disadvantages to the client, either because the client may pay higher commissions on some transactions than might otherwise be obtainable by Riverpoint, or may receive less favorable executions on some transactions, or both. The ability of Riverpoint to negotiate commission rates with directed brokers will be limited. A client who directs brokerage may also be subject to the disadvantages discussed in Item 12.B.3 below regarding aggregation of orders. In determining whether to instruct Riverpoint to utilize a particular broker or dealer, the client may wish to compare the possible costs or disadvantages of such an arrangement

#### **A.1.b. Institutional Trading and Custody Services**

The custodian provides Riverpoint with access to its institutional trading and custody services, which are typically not available to the custodian's retail investors. These services generally are

available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain minimum amount of the advisor's clients' assets are maintained in accounts at a particular custodian. These services are not contingent upon Riverpoint committing to a custodian any specific amount of business (assets in custody or trading commissions). The custodian's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

#### **A.1.c. Other Products and Services**

The custodian also makes available to Riverpoint other products and services that benefit Riverpoint but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Riverpoint's accounts, including accounts not maintained at custodian. The custodian may also make available to Riverpoint software and other technology that

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing and other market data
- facilitate payment of Riverpoint's fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

The custodian may also offer other services intended to help Riverpoint manage and further develop its business enterprise. These services may include

- compliance, legal and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers

The custodian may also provide other benefits such as educational events or occasional business entertainment of Riverpoint personnel. In evaluating whether to recommend that clients custody their assets at the custodian, Riverpoint may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

#### **A.1.d. Independent Third Parties**

The custodian may make available, arrange, and/or pay third-party vendors for the types of services rendered to Riverpoint. The custodian may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to Riverpoint.

**A.1.e. Additional Compensation Received from Custodians**

Riverpoint may participate in institutional customer programs sponsored by broker-dealers or custodians. Riverpoint may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between Riverpoint's participation in such programs and the investment advice it gives to its clients, although Riverpoint receives economic benefits through its participation in the programs that are typically not available to retail investors. These benefits may include the following products and services (provided without cost or at a discount):

- Receipt of duplicate client statements and confirmations
- Research-related products and tools
- Consulting services
- Access to a trading desk serving Riverpoint participants
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts)
- The ability to have advisory fees deducted directly from client accounts
- Access to an electronic communications network for client order entry and account information
- Access to mutual funds with no transaction fees and to certain institutional money managers
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to Riverpoint by third-party vendors

The custodian may also pay for business consulting and professional services received by Riverpoint's related persons, and may pay or reimburse expenses (including travel, lodging, meals and entertainment expenses for Riverpoint's personnel to attend conferences). Some of the products and services made available by such custodian through its institutional customer programs may benefit Riverpoint but may not benefit its client accounts. These products or services may assist Riverpoint in managing and administering client accounts, including accounts not maintained at the custodian as applicable. Other services made available through the programs are intended to help Riverpoint manage and further develop its business enterprise. The benefits received by Riverpoint or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

Riverpoint also participates in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and its continued participation may require Riverpoint to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, Riverpoint will typically receive benefits similar to those listed above, including research, payments for business consulting and professional services received by Riverpoint's related persons, and reimbursement of expenses (including travel, lodging, meals and entertainment expenses for Riverpoint's personnel to attend conferences sponsored by the broker-dealer or trust company).

As part of its fiduciary duties to clients, Riverpoint endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Riverpoint or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Riverpoint's recommendation of broker-dealers such as LPL for custody and brokerage services.

## **A.2. Brokerage for Client Referrals**

Riverpoint does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

## **A.3. Directed Brokerage**

### **A.3.a. Riverpoint Recommendations**

Riverpoint typically recommends LPL Financial as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.

### **A.3.b. Client-Directed Brokerage**

Occasionally, clients may direct Riverpoint to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account. Please note, however, that certain investment advisor representatives ("IARs") of Riverpoint, in their respective individual capacities, are registered representatives of LPL. As such, these IARs are subject to FINRA Rule 3040, which restricts registered representatives from conducting securities transactions away from their broker-dealer unless the broker-dealer provides written consent. Therefore, clients are advised that certain IARs of Riverpoint may be restricted to conducting securities transactions through LPL unless they first secure written consent from LPL to execute securities transactions through a different broker-dealer. Absent such written consent or separation from LPL, these IARs are prohibited from executing securities transactions through any broker-dealer other than LPL under LPL's internal supervisory policies. Riverpoint is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage Riverpoint derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. Riverpoint loses the ability to aggregate trades with other Riverpoint advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

## **B. Aggregating Securities Transactions for Client Accounts**

### **B.1. Best Execution**

Certain investment advisor representatives ("IARs") of Riverpoint, in their respective individual capacities, are registered representatives of LPL. As such, these IARs are subject to FINRA Rule

3040, which restricts registered representatives from conducting securities transactions away from their broker-dealer unless the broker-dealer provides written consent. Therefore, clients are advised that certain IARs of Riverpoint may be restricted to conducting securities transactions through LPL unless they first secure written consent from LPL to execute securities transactions through a different broker-dealer. Absent such written consent or separation from LPL, these IARs are prohibited from executing securities transactions through any broker-dealer other than LPL under LPL's internal supervisory policies. Riverpoint is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

Riverpoint, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold, the amount of such securities, the executing broker, and the commission rates to be paid to effect such transactions. Riverpoint recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. Riverpoint will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance and settlement
- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, Riverpoint seeks to ensure that clients receive best execution with respect to clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of Riverpoint's knowledge, these custodians provide high-quality execution, and Riverpoint's clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, Riverpoint believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

## **B.2. Security Allocation**

Since Riverpoint may be managing accounts with similar investment objectives, Riverpoint may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by Riverpoint in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

Riverpoint's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. Riverpoint will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

Riverpoint's advice to certain clients and entities and the action of Riverpoint for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines and circumstances. Thus, any action of Riverpoint with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of Riverpoint to or on behalf of other clients.

## **B.3. Order Aggregation**

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if Riverpoint believes that a larger size block trade would lead to best overall price for the security being transacted.

## **B.4. Allocation of Trades**

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."



Riverpoint acts in accordance with its duty to seek best price and execution and will not continue any arrangements if Riverpoint determines that such arrangements are no longer in the best interest of its clients.

## **Item 13: Review of Accounts**

### **A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Riverpoint's investment committee comprises Timothy P. McGrath, Managing Partner and Chief Compliance Officer, and Joseph Blane Shea, Managing Partner. Each committee member is also a primary client manager. The committee meets regularly to discuss overall firm investment philosophy to consistently apply to client accounts regardless of the primary client manager.

Each client is assigned a primary relationship manager. The primary relationship manager has the responsibility for communicating with the client, updating changes to the client's situation, and regularly reviewing the client's portfolio including the asset allocation and the specific assets included in the account. The client review includes comparing the portfolio and current security positions with the goals and objectives as outlined by the investment policy statement, reviewing changes to the client's investment circumstances, evaluating the specific holdings, re-balancing the portfolio, and communicating the current status of the portfolio and any recommended actions to the client.

Clients' accounts are reviewed regularly; formal reviews, including contact with clients, typically occur at least 2 times a year.

Financial planning and consulting clients will be reviewed as contracted at the inception of the engagement.

### **B. Review of Client Accounts on Non-Periodic Basis**

Riverpoint may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how Riverpoint formulates investment advice. More frequent reviews may also be triggered by tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in corporate management, or changes in macro-economic climate.

### **C. Content of Client-Provided Reports and Frequency**

The client's independent custodian provides account statements directly to the client no less frequently than quarterly. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by Riverpoint.

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

### **A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

#### **A.1. Support Provided by Financial Institutions**

Services provided by LPL to financial advisory firms include research, including mutual fund research, third-party research, brokerage, custody, and access to mutual funds and other investments that are available only to institutional investors or would require a significantly higher minimum initial investment. In addition, LPL makes available software and other technologies that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution, provide research, pricing information, quotation, and other market data, assist with contact management, facilitate payment of fees to Riverpoint from client accounts, assist with performance reporting, facilitate trade allocation, and assist with back-office support, recordkeeping, and client reporting. LPL also provides access to financial planning software, practice management consulting support, best execution assistance, consolidated statements assistance, educational and industry conferences, marketing and educational materials, technological and information technology support, and LPL corporate discounts.

LPL may also provide Riverpoint with other services intended to help Riverpoint manage and further develop its business enterprise, including assistance in the following areas: consulting, publications and presentations, information technology, business succession, and marketing. In addition, LPL may make available or arrange and/or pay for these types of services provided by independent third parties.

#### **A.2. LPL Transition Assistance**

LPL has provided financial assistance to Riverpoint by establishing a three-year loan. The loan is intended to assist Riverpoint with start-up costs, including rent, overhead expenses, computers, monies owed to third parties, and similar costs. The terms of the loan are competitive with interest rates offered within the securities industry, including margin loan interest rates. Clearing and custodial arrangements with LPL as described above do not and will not in any way affect, or relate or pertain to, the loan.

### **B. Advisory Firm Payments for Client Referrals**

Riverpoint does not pay for client referrals.

## **Item 15: Custody**

Clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances and portfolio holdings in the client's account. Clients are urged to compare billing statements provided by Riverpoint to the custodian statement for accuracy. Any discrepancies should be brought to the firm's attention. The custodian's statement is the official record of the account.

## **Item 16: Investment Discretion**

Clients may grant a limited power of attorney to Riverpoint with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In those cases, Riverpoint will exercise full discretion as to the nature and type of securities to be purchased and sold, the amount of securities for such transactions, the amount of commissions to be paid, and the executing broker to be used. Investment limitations may be designated by the client as outlined in the investment advisory agreement.

## Item 17: Voting Client Securities

Riverpoint does not take discretion with respect to voting proxies on behalf of its clients. Riverpoint will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of Riverpoint supervised and/or managed assets. In no event will Riverpoint take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, Riverpoint will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. Riverpoint has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. Riverpoint also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, Riverpoint has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where Riverpoint receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

## **Item 18: Financial Information**

### **A. Balance Sheet**

Riverpoint does not require the prepayment of fees of \$1200 or more, six months or more in advance, and as such is not required to file a balance sheet.

### **B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

Riverpoint does not have any financial issues that would impair its ability to provide services to clients.

### **C. Bankruptcy Petitions During the Past Ten Years**

There is nothing to report on this item.

**Item 1: Cover Page**

**Appendix 1 of Part 2A**  
**Riverpoint Wrap Fee Program Brochure**

August 14, 2013

**Riverpoint Wealth Management Holdings, LLC**  
**d/b/a Riverpoint Wealth Management**

SEC File No. Pending

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This wrap fee program brochure provides information about the qualifications and business practices of Riverpoint Wealth Management. If you have any questions about the contents of this brochure, please contact us at 312-239-1330 or email Timothy McGrath at [mcgrath@riverpointwealth.com](mailto:mcgrath@riverpointwealth.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. Registration with the SEC or State Regulatory Authority does not imply a certain level of skill or expertise.

Additional information about Riverpoint Wealth Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## **Item 2: Material Changes**

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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## Item 4: Services, Fees, and Compensation

### A. Description of Your Advisory Firm

Riverpoint Wealth Management Holdings, LLC, d/b/a Riverpoint Wealth Management ("Riverpoint" and/or "the firm") is organized as an Illinois limited liability company. Riverpoint Wealth Management Holdings, LLC, was founded in 2013, and is jointly owned by Riverpoint Wealth Management, LLC, which is owned by Timothy P. McGrath, Riverpoint's Managing Partner and Chief Compliance Officer; and by Shea Financial Group, which is owned by Joseph Blane Shea, Riverpoint's Managing Partner. Riverpoint's predecessor firm, Riverpoint Wealth Management, LLC, was founded in 2007 by Timothy P. McGrath.

#### A.1. Description of Advisory Services Offered

Riverpoint offers its proprietary discretionary asset management services exclusively as a wrap fee program sponsored by Riverpoint. For its discretionary asset management services, Riverpoint receives a limited power of attorney to effect securities transactions on behalf of its clients that include securities and strategies described in Item 6.C of this brochure.

Riverpoint's discretionary asset management services are predicated on the client's investment objectives, goals, tolerance for risk, and other personal and financial circumstances. Riverpoint will analyze each client's current investments, investment objectives, goals, age, time horizon, financial circumstances, investment experience, investment restrictions and limitations, and risk tolerance and implement a portfolio consistent with such investment objectives, goals, risk tolerance and related financial circumstances. Riverpoint's objective is to review the client's tax, financial, and estate planning objectives and goals in connection with the client's investment objectives, goals, tolerance for risk, and other personal and financial circumstances and make appropriate recommendations and implementation decisions. Riverpoint may engage third-party service providers to assist with the tax and estate planning portion of the services provided to clients. In addition, Riverpoint may utilize third-party software to analyze individual security holdings and separate account managers utilized within the client's portfolio.

Riverpoint's investment advisory services to clients take into account a client's personal financial circumstances, investment objectives and tolerance for risk (e.g., cash-flow, tax and estate).

Riverpoint's engagement with a client will include, as appropriate, the following:

- Providing assistance in reviewing the client's current investment portfolio against the client's personal and financial circumstances as disclosed to Riverpoint in response to a questionnaire and/or in discussions with the client and reviewed in meetings with Riverpoint.
- Analyzing the client's financial circumstances, investment holdings and strategy, and goals.
- Providing assistance in identifying a targeted asset allocation and portfolio design.
- Implementing and/or recommending individual equity and fixed income securities, mutual funds and ETFs.

- Reporting to the client on a quarterly basis or at some other interval agreed upon with the client, information on contributions and withdrawals in the client's investment portfolio, and the performance of the client's portfolio measured against appropriate benchmarks (including benchmarks selected by the client).
- Proposing changes in the client's investment portfolio in consideration of changes in the client's personal circumstances, investment objectives and tolerance for risk, the performance record of any of the client's investments, and/or the performance of any fund retained by the client.
- If the client's portfolio and personal circumstances, investment objectives, and tolerance for risk make such advice appropriate, providing recommendations to hedge a client's portfolio through the use of derivative strategies, to generate additional income through the use of covered call option writing strategies involving exchange listed or OTC options, and/or to monetize or hedge concentrated stock positions.

In addition to providing Riverpoint with information regarding their personal financial circumstances, investment objectives and tolerance for risk, clients are required to provide the firm with any reasonable investment restrictions that should be imposed on the management of their portfolio, and to promptly notify the firm of any changes in such restrictions or in the client's personal financial circumstances, investment objectives, goals and tolerance for risk. On a quarterly basis, Riverpoint's reports to clients will remind clients of their obligation to inform the firm of any such changes or any restrictions that should be imposed on the management of the client's account. Riverpoint will also contact clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives and tolerance for risk.

## **A.2. Fees and Compensation**

Riverpoint's annual advisory fee for assets managed in the wrap fee program is an asset-based fee calculated as a percentage of the value of the managed assets at 1.50%, which represents the adviser's maximum fees for individual services. Riverpoint requires a minimum account of \$250,000 for investment advisory clients, although this may be negotiable under certain circumstances. Riverpoint may group certain related client accounts for the purposes of achieving the minimum account size. In certain circumstances, fees, account minimums, and payment terms are negotiable depending on the client's unique situation – such as the size of the aggregate related party portfolio size, family holdings, low-cost basis securities, or certain passively advised investments and pre-existing relationships with clients. Certain clients may pay more or less than others depending on the amount of assets, type of portfolio, or the time involved, the degree of responsibility assumed, complexity of the engagement, special skills needed to solve problems, the application of experience, and knowledge of the client's situation.

Riverpoint's advisory fee includes charges for all transaction costs, such as commissions on purchases and sales of securities, and trade-away fees. Except as otherwise provided below, the client will incur no charges other than advisor's fee in connection with maintenance of and activity in the client's account. The wrap fee does not include management, administrative, and marketing fees and expenses for mutual and exchange-traded funds. To the extent securities

transactions are effected away from LPL, there may be commission mark-ups and mark-downs that the client will pay in addition to the wrap fee. Please note, trade-aways require prior approval by LPL, and as such, it is unlikely that trade-aways will be effected.

Asset-based fees are always subject to the investment advisory agreement between the client and Riverpoint. Such fees are payable quarterly in advance at the beginning of each calendar quarter based upon the value of the accounts on the last business day of the previous quarter. The fees will be prorated if the investment advisory relationship commences otherwise than at the beginning of a calendar quarter. Adjustments for significant contributions to a client's portfolio are prorated for the quarter in which the change occurs; no adjustments will be made for withdrawals.

The trading cost component of the Riverpoint's advisory fee is estimated to range from \$200 to \$500 per account per year.

The client authorizes the qualified custodian to automatically deduct the fee and all other charges payable hereunder from the assets in the account when due, with such payments to be reflected on the next account statement sent to the client. If insufficient cash is available to pay such fees, securities in an amount equal to the balance of unpaid fees will be liquidated to pay for the unpaid balance. Riverpoint may modify the fee at any time upon 30 days' written notice to the client.

A client investment advisory agreement may be canceled at any time by the client, or by Riverpoint with 30 days' prior written notice to the client. Upon termination, any prepaid, unearned fees will be promptly refunded. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

## **B. Disclosure of Cost Difference if Services Purchased Separately**

Depending on a number of factors, such as the number, size, and nature of the securities transactions in an advisory account, the overall fees and charges borne by the client over time could be more or less than what these fees and charges would be if the same services were provided on a separate basis, either as asset-based fees or transaction-based fees. Bundled fees (where the adviser assumes the cost of processing the trade) generally provide an economic incentive for the advisory firm to select investments and strategies that minimize trading costs. Frequent trading in an account where transactions fees are included as part of the overall advisory fee to the client drive trading costs higher and reduce the overall fee revenue to the advisor. As a result, higher trading costs in a bundled fee account have a negative impact on the advisory firm's profitability.

## **C. Additional Client Fees and Terms of Payment**

### **C.1. Client Payment of Fees**

Riverpoint generally requires clients to authorize the direct debit of fees from their accounts. Exceptions may be granted subject to the firm's consent for clients to be billed directly for our fees. For directly debited fees, the custodian's periodic statements will show each fee deduction

from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying us or their custodian in writing.

Riverpoint will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account.

The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

### **C.2. Prepayment of Client Fees**

Riverpoint generally requires investment advisory fees to be prepaid on a quarterly basis. Riverpoint's fees will either be paid directly by the client or disbursed to Riverpoint by the qualified custodian of the client's investment accounts, subject to prior written consent of the client. The custodian will deliver directly to the client an account statement, at least quarterly, showing all investment and transaction activity for the period, including fee disbursements from the account.

A client investment advisory agreement may be canceled at any time by the client, or by Riverpoint with 30 days' prior written notice to the client. Upon termination, any unearned, prepaid fees will be promptly refunded. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

### **C.3. Additional Fees**

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and exchange-traded funds. Such fees and expenses are described in each fund's prospectus. Clients are advised to read these materials carefully before investing. Please refer to the Brokerage Practices section (Items 9.B. and 9.B.) for additional information regarding the firm's brokerage practices.

## **D. Compensation for Recommending the Riverpoint Wrap Fee Program**

Riverpoint's suite of services is a proprietary service offering offered to affiliated and unaffiliated investment adviser firms. As such, there are no conflicts of interest in that there are no commissions or referral fees paid to anyone for selling or recommending Riverpoint or any of its services. The firm earns its advisory fees and neither shares in third-party investment manager fees nor shares in any custody fees charged by its clients' custodians.

## **E. External Compensation for the Sale of Securities to Clients**

Riverpoint's advisory professionals are compensated primarily through a salary and bonus structure. Riverpoint's advisory professionals may be paid sales, service or administrative fees for the sale of mutual funds or other investment products. Riverpoint's advisory professionals may receive commission-based compensation for the sale of securities, commodities, and insurance products. Please see Item 9.A.2 for detailed information and conflicts of interest.

## **F. Client Assets Under Management**

As of August 1, 2013, Riverpoint manages no assets, but intends to manage assets on a discretionary and non-discretionary basis.

## **Item 5: Account Requirements and Types of Clients**

Riverpoint offers its investment services to various types of clients including individuals and high-net-worth individuals, trusts, estates, charitable organizations, and corporations and other business entities.

Riverpoint requires a minimum account of \$250,000 for investment advisory clients, although this may be negotiable under certain circumstances. Riverpoint may group certain related client accounts for the purposes of achieving the minimum account size.

In certain circumstances, fees, account minimums, and payment terms are negotiable depending on client's unique situation – such as the size of the aggregate related party portfolio size, family holdings, low cost basis securities, or certain passively advised investments and pre-existing relationships with clients. Certain clients may pay more or less than others depending on the amount of assets, type of portfolio, or the time involved, the degree of responsibility assumed, complexity of the engagement, special skills needed to solve problems, the application of experience and knowledge of the client's situation.



## **Item 6: Portfolio Manager Selection and Evaluation**

### **A. Portfolio Manager Selection and Review**

Riverpoint offers its proprietary discretionary asset management services exclusively as a wrap fee program sponsored by Riverpoint. In the context of Riverpoint's wrap fee program there are no portfolio managers selected. The firm's core advisory services are simply offered in a wrap fee program so the client pays one all-inclusive fee, subject to the disclosures and information contained in this Appendix 1 Wrap Fee Program Brochure.

### **B. Participation in Wrap Fee Programs**

Riverpoint offers its proprietary discretionary asset management services exclusively as a wrap fee program sponsored by Riverpoint. No other managers are selected.

### **C. Riverpoint Acts as Both a Wrap Fee Sponsor and Portfolio Manager**

Riverpoint's proprietary discretionary asset management services are offered exclusively through Riverpoint. Other than offering its proprietary suite of services, Riverpoint does not participate or otherwise manage assets in third-party wrap fee programs.

#### **C.1. Proprietary Discretionary Asset Management Services**

Riverpoint offers its proprietary discretionary asset management services exclusively as a wrap fee program sponsored by Riverpoint. For its discretionary asset management services, Riverpoint receives a limited power of attorney to effect securities transactions on behalf of its clients that include securities and strategies described in Item 8 of this brochure.

Riverpoint's discretionary asset management services are predicated on the client's investment objectives, goals, tolerance for risk, and other personal and financial circumstances. Riverpoint will analyze each client's current investments, investment objectives, goals, age, time horizon, financial circumstances, investment experience, investment restrictions and limitations, and risk tolerance and implement a portfolio consistent with such investment objectives, goals, risk tolerance and related financial circumstances. Riverpoint's objective is to review the client's tax, financial, and estate planning objectives and goals in connection with the client's investment objectives, goals, tolerance for risk, and other personal and financial circumstances and make appropriate recommendations and implementation decisions. Riverpoint may engage third-party service providers to assist with the tax and estate planning portion of the services provided to clients. In addition, Riverpoint may utilize third-party software to analyze individual security holdings and separate account managers utilized within the client's portfolio.

Riverpoint's investment advisory services to clients take into account a client's personal financial circumstances, investment objectives and tolerance for risk (e.g., cash-flow, tax and estate).

Riverpoint's engagement with a client will include, as appropriate, the following:

- Providing assistance in reviewing the client's current investment portfolio against the client's personal and financial circumstances as disclosed to Riverpoint in response to a

questionnaire and/or in discussions with the client and reviewed in meetings with Riverpoint.

- Analyzing the client's financial circumstances, investment holdings and strategy, and goals.
- Providing assistance in identifying a targeted asset allocation and portfolio design.
- Implementing and/or recommending individual equity and fixed income securities, mutual funds and ETFs.
- Reporting to the client on a quarterly basis or at some other interval agreed upon with the client, information on contributions and withdrawals in the client's investment portfolio, and the performance of the client's portfolio measured against appropriate benchmarks (including benchmarks selected by the client).
- Proposing changes in the client's investment portfolio in consideration of changes in the client's personal circumstances, investment objectives and tolerance for risk, the performance record of any of the client's investments, and/or the performance of any fund retained by the client.
- If the client's portfolio and personal circumstances, investment objectives, and tolerance for risk make such advice appropriate, providing recommendations to hedge a client's portfolio through the use of derivative strategies, to generate additional income through the use of covered call option writing strategies involving exchange listed or OTC options, and/or to monetize or hedge concentrated stock positions.

In addition to providing Riverpoint with information regarding their personal financial circumstances, investment objectives and tolerance for risk, clients are required to provide the firm with any reasonable investment restrictions that should be imposed on the management of their portfolio, and to promptly notify the firm of any changes in such restrictions or in the client's personal financial circumstances, investment objectives, goals and tolerance for risk. On a quarterly basis, Riverpoint's reports to clients will remind clients of their obligation to inform the firm of any such changes or any restrictions that should be imposed on the management of the client's account. Riverpoint will also contact clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives and tolerance for risk.

## **C.2. Client-Tailored Services and Client-Imposed Restrictions**

Each client's account will be managed on the basis of the client's financial situation and investment objectives and in accordance with any reasonable restrictions imposed by the client on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio.

## **C.3. Management of Wrap Fee Program**

Riverpoint's proprietary discretionary asset management services are offered exclusively through this wrap fee program. Stand-alone financial planning and consulting and recommendations of independent third-party investment managers are offered outside of the wrap fee program. Please refer to the firm's Part 2A Brochure.

#### **C.4. Performance-Based Fees and Side-by-Side Management**

Riverpoint does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in clients' best interests.

#### **C.5. Methods of Analysis, Investment Strategies and Risk of Loss**

Riverpoint uses a variety of sources of data to conduct its economic, investment and market analysis, such as financial newspapers and magazines, economic and market research materials prepared by others, conference calls hosted by mutual funds, corporate rating services, annual reports, prospectuses, and company press releases. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

Riverpoint and its investment adviser representatives are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria.

- Optimization involves the use of mathematical algorithms to determine the appropriate mix of assets given the firm's current capital market rate assessment and a particular client's risk tolerance.
- Quantitative methods include analysis of historical data such as price and volume statistics, performance data, standard deviation and related risk metrics, how the security performs relative to the overall stock market, earnings data, price to earnings ratios, and related data.
- Technical analysis involves charting price and volume data as reported by the exchange where the security is traded to look for price trends.
- Computer models may be used to derive the future value of a security based on assumptions of various data categories such as earnings, cash flow, profit margins, sales, and a variety of other company specific metrics.

In addition, Riverpoint reviews research material prepared by others, as well as corporate filings, corporate rating services, and a variety of financial publications. Riverpoint may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

**Note:** All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings. Although we manage the assets in a manner consistent with risk tolerances, there can be no guarantee that our efforts will be successful. The investor should be prepared to bear the risk of loss.

## **C.6. Investment Strategy, Method of Analysis, and Material Risks**

### **C.6.a. Leverage**

Although Riverpoint, as a general business practice, does not utilize leverage, there may be instances in which exchange-traded funds, other separate account managers and, in limited circumstances, Riverpoint will utilize leverage. In this regard please review the following:

The use of margin leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment.

The use of margin leverage entails borrowing, which results in additional interest costs to the investor.

Broker-dealers who carry customer accounts require a minimum equity requirement when clients utilize margin leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of margin leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

### **C.6.b. Option Strategies**

Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the underlying security. Options entail greater risk but allow an investor to have market exposure to a particular security or group of securities without the capital commitment required to purchase the underlying security or groups of securities. In addition, options allow investors to hedge security positions held in the portfolio. For detailed information on the use of options and option strategies, please contact the Options Clearing Corporation for the current Options Risk Disclosure Statement.

Riverpoint as part of its investment strategy may employ the following option strategies:

- Covered call writing
- Long call options purchases
- Long put options purchases

**C.6.b.1. Covered Call Writing**

Covered call writing is the sale of in-, at-, or out-of-the money call option against a long security position held in the client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

**C.6.b.2. Long Call Option Purchases**

Long call option purchases allow the option holder to be exposed to the general market characteristics of a security without the outlay of capital necessary to own the security. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

**C.6.b.3. Long Put Option Purchases**

Long put option purchases allow the option holder to sell or “put” the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long put option increases. In this way long puts are often used to hedge a long stock position. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

**C.6.c. Concentration Risk**

There is an inherent risk for clients whose investment portfolios lack diversification—that is, they have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

**C.7. Material Risks of Investment Instruments**

Riverpoint typically invests in open-end mutual funds and exchange-traded funds for the vast majority of its clients. However, for certain clients, Riverpoint may effect transactions in the following types of securities:

- Equity securities
- Mutual fund securities
- Exchange-traded funds
- Fixed income securities
- Corporate debt securities, commercial paper, and certificates of deposit

- Municipal securities
- U.S. government securities
- Private placements
- Corporate debt obligations
- Master-Limited Partnerships
- Commodity pools
- Commodity Trading Advisor

#### **C.7.a. Equity Securities**

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

#### **C.7.b. Mutual Fund Securities**

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds can be tax inefficient in certain circumstances, which may result in clients paying capital gains taxes on fund investments while not having yet sold the fund.

#### **C.7.c. Exchange-Traded Funds ("ETFs")**

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs<sup>®</sup>, streetTRACKS<sup>®</sup>, DIAMONDS<sup>SM</sup>, NASDAQ 100 Index Tracking Stock<sup>SM</sup> ("QQQs<sup>SM</sup>"), iShares<sup>®</sup> and VIPERs<sup>®</sup>. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro-rata portion of the other investment company's advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral, and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

#### **C.7.d. Corporate Debt, Commercial Paper, and Certificates of Deposit**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S. or foreign) and currency risk. If bonds have maturities of 10 years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds also have liquidity and currency risk.

Commercial paper and certificates of deposit are generally considered safe instruments, although they are subject to the level of general interest rates, the credit quality of the issuing bank, and the length of maturity. With respect to certificates of deposit, depending on the length of maturity there can be prepayment penalties if the client needs to convert the certificate of deposit to cash prior to maturity.

#### **C.7.e. Municipal Securities**

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

#### **C.7.f. U.S. Government Securities**

U.S. government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. government securities may be supported by the full faith and credit of the United States.

#### **C.7.g. Private Placements**

Private placements carry significant risk in that companies using the private placement market conduct securities offerings that are exempt from registration under the federal securities laws, which means that investors do not have access to public information and such investors are not provided with the same amount of information that they would receive if the securities offering was a public offering. Moreover, many companies using private placements do so to raise equity capital in the start-up phase of their business, or require additional capital to complete another phase in their growth objective. In addition, the securities issued in connection with private placements are restricted securities, which means that they are not



traded on a secondary market, such as a stock exchange, and they are thus illiquid and cannot be readily converted to cash.

#### **C.7.h. Corporate Debt Obligations**

Corporate debt obligations include corporate bonds, debentures, notes, commercial paper and other similar corporate debt instruments. Companies use these instruments to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest and must repay the amount borrowed at maturity. Commercial paper (short-term unsecured promissory notes) is issued by companies to finance their current obligations and normally has a maturity of less than nine months. In addition, the firm may also invest in corporate debt securities registered and sold in the United States by foreign issuers (Yankee bonds) and those sold outside the U.S. by foreign or U.S. issuers (Eurobonds).

#### **C.7.i. Corporate Debt Obligations**

MLPs are public entities that trade on public exchanges. Just as a company issues stock on an exchange, an MLP issues shares that trade on an exchange. One of the most crucial criteria that must be met in order for a partnership to be legally classified as an MLP is that the partnership must derive most (~90%) of its cash flows from real estate, natural resources, and commodities. The advantage of an MLP is that it combines the tax benefits of a limited partnership (the partnership does not pay taxes from the profit – the money is only taxed when unit holders receive distributions) with the liquidity of a publicly traded company. The two biggest risks that could affect MLPs as a group are a change in the tax status of the structure and rising interest rates.

#### **C.7.j. Commodity Pools**

A commodity pool is a private investment structure that combines investor contributions to be used in the futures and commodities trading markets. The commodity pool, or fund, is used as a single entity to gain leverage in trading, in the hopes of maximizing profit potential. Physical commodities include soft assets such as crops and coffee that are generally extracted from the ground, as well as hard assets such as minerals and metals that are mined. Many physical commodities, as well as intangible commodities (such as security or fixed income indices), serve as the underlier to commodity futures contracts. Investing in commodities exposes an investor to risk. Commodity risk is the uncertainty of future market values and of the size of the future income, caused by the fluctuation in the prices of commodities.

- **Price Risk:** Factors that can affect commodity prices, such as political and regulatory changes, seasonal variations and weather, technology, and market conditions.
- **Market Risk:** The possibility of an investor suffering losses to the factors that affect the overall performance of the financial markets. Commodities markets are volatile and require the use of leverage, exposing the entire market to greater risk.
- **Quantity Risk:** An uncertainty in the quantity of assets to be hedged.
- **Cost Risk (Input Price Risk):** The risk of change in cost of the product input such as cotton, corn, and wheat.



- **Political Risk (Geopolitical Risk):** The risk that an investment's returns could suffer as a result of political changes in a country. Commodities that are exposed to this include any raw material or financial device directly related to a foreign country.

#### **C.7.k. Commodity Trading Advisor ("CTA")**

A CTA is an individual or organization which, for compensation or profit, advises others as to the value or advisability of buying or selling futures contracts, options on futures, retail off-exchange fx contracts, or swaps. CTA registration is required by the National Futures Association, the self-regulatory organization for the industry. The CTA exercises trading authority over a customer's account and gives advice by having knowledge of a customer's commodity interest account or by tailoring trades to the customer's commodity interest account objectives. Investors should consider the following risks when deciding on the right CTA to entrust their investments with: experience, priority of account (high number of accounts), performance record, market risk, price risk, and suitability risk.

#### **C.8. Voting Client Securities**

Riverpoint does not take discretion with respect to voting proxies on behalf of its clients. Riverpoint will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of Riverpoint supervised and/or managed assets. In no event will Riverpoint take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, Riverpoint will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. Riverpoint has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. Riverpoint also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, Riverpoint has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where Riverpoint receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

## **Item 7: Client Information Provided to Portfolio Managers**

Riverpoint collects the following information in order to formulate its investment recommendations to clients and may provide such information to managers selected to manage assets on behalf of the client:

- Income
- Employment and residential information
- Social security number
- Cash balance
- Security balances
- Transaction detail history
- Investment objectives, goals, and risk tolerance
- Sources of wealth and/or deposits
- Risk assessment
- Investment time horizon
- Income and liquidity needs
- Asset allocation
- Restrictions on management of accounts
- Client questionnaire(s) and interview(s)
- Review of client's current portfolio
- Analysis of historical risk/return characteristics of various asset classes
- Analysis of the long-term outlook for global financial markets
- Analysis of the long-term global economic and political environments

## **Item 8: Client Contact with Portfolio Managers**

Riverpoint encourages communication with its clients and does not limit or condition the amount of time clients can spend with Riverpoint advisory professionals.

## **Item 9: Additional Information**

### **A. Disciplinary and Other Financial Activities and Affiliations**

#### **A.1. Disciplinary**

There are no current or pending disclosure items to report on behalf of Riverpoint advisors.

##### **A.1.a. Criminal or Civil Actions**

There is nothing to report on this item.

##### **A.1.b. Administrative Enforcement Proceedings**

There is nothing to report on this item.

##### **A.1.c. Self-Regulatory Organization Enforcement Proceedings**

There is nothing to report on this item.

#### **A.2. Other Financial Activities and Affiliations**

##### **A.2.a. Broker-Dealer or Representative Registration**

Riverpoint is not and does not have a related company that is a broker-dealer. However, certain members and employees of USFA are registered representatives with LPL Financial ("LPL"), a FINRA-registered broker-dealer and member of SIPC, and Riverpoint offices are also LPL branch office locations. LPL is a financial services company engaged in the sale of investment products. Riverpoint professionals licensed with LPL as registered representatives spend less than 25% of their time engaged in commission product sales through LPL.

As a result of Riverpoint members and registered professionals' affiliation with LPL, such professionals, in their capacity as registered representatives of LPL, are subject to the general oversight of LPL and the Financial Industry Regulatory Authority Inc. ("FINRA"). As such, clients of Riverpoint should understand that their personal and account information is available to FINRA and LPL for the fulfillment of their regulatory oversight obligations and duties.

##### **A.2.b. Futures or Commodity Registration**

Riverpoint is not registered as a commodity firm, futures commission merchant, commodity pool operator, or commodity trading advisor and does not have an application to register pending. However, one of the firm's managing members is registered through LPL to solicit commodity limited partnerships, commodity pools, or managed accounts guided by Commodity Trading Advisors. The recommendation of such commodities products for commission creates a conflict of interest in that either Riverpoint or its related persons are economically incented to recommend one or more of such commodities products. Although Riverpoint strives to put its clients' interests first, such recommendations may be viewed as being in the best interests of Riverpoint rather than in the client's best interest. Riverpoint

advisory clients are not compelled to purchase commodities products through Riverpoint or its related persons.

### **A.2.c. Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

#### **A.2.c.1. Broker-Dealer Registration**

Certain members and employees of Riverpoint are registered representatives with LPL Financial ("LPL"), a FINRA-registered broker-dealer and member of SIPC. As a result, such professionals, in their capacity as registered representatives of LPL, are subject to the oversight of LPL and the Financial Industry Regulatory Authority, Inc. ("FINRA"). As such, clients of Riverpoint should understand that their personal and account information is available to FINRA and LPL personnel in the fulfillment of their oversight obligations and duties.

Riverpoint professionals who effect transactions for advisory clients may receive transaction or commission compensation from LPL. The recommendation of securities transactions for commission creates a conflict of interest in that Riverpoint is economically incented to effect securities transactions for clients. Although Riverpoint strives to put its clients' interests first, such recommendations may be viewed as being in the best interests of Riverpoint rather than in the client's best interest. Riverpoint advisory clients are not compelled to effect securities transactions through LPL.

#### **A.2.c.2. Futures or Commodities Registration**

One of Riverpoint's managing members is registered through LPL to solicit commodity limited partnerships, commodity pools, or managed accounts guided by Commodity Trading Advisors. The recommendation of such commodities products for commission creates a conflict of interest in that either Riverpoint or its related persons are economically incented to recommend one or more of such commodities products. Although Riverpoint strives to put its clients' interests first, such recommendations may be viewed as being in the best interests of Riverpoint rather than in the client's best interest. Riverpoint advisory clients are not compelled to purchase commodities products through Riverpoint or its related persons.

#### **A.2.c.3. Insurance Sales**

Certain managers, members, and registered employees of Riverpoint are licensed insurance agents. With respect to the provision of financial planning services, Riverpoint professionals may recommend insurance products offered by such carriers for whom they function as an agent and receive a commission for doing so. Please be advised there is a potential conflict of interest in that there is an economic incentive to recommend insurance and other investment products of such carriers. Please also be advised that Riverpoint strives to put its clients' interests first and foremost. Other than for insurance products that require a securities license, such as variable insurance products, clients may utilize any insurance carrier or insurance agency they desire. For products requiring a securities and insurance license, clients may be limited to those insurance carriers that have a selling agreement with Riverpoint's employing broker-dealer.

## **B. Code of Ethics, Brokerage Trading Practices, Account Reviews, and Financial and Related Matters**

### **B.1. Code of Ethics Description**

In accordance with the Advisers Act, Riverpoint has adopted policies and procedures designed to detect and prevent insider trading. In addition, Riverpoint has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of Riverpoint's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer of Riverpoint. Riverpoint will send clients a copy of its Code of Ethics upon written request.

Riverpoint has policies and procedures in place to ensure that the interests of its clients are given preference over those of Riverpoint, its affiliates and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

#### **B.1.a. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Riverpoint does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory, or buying stocks from advisory clients into a firm's inventory). In addition, Riverpoint does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

#### **B.1.b. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Riverpoint, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may purchase the same securities as are purchased for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which Riverpoint specifically prohibits. Riverpoint has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest,
- prohibit front-running, and
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow Riverpoint's procedures when purchasing or selling the same securities purchased or sold for the client.

**B.1.c. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Riverpoint, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other Riverpoint clients. Riverpoint will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee, or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation. It is the policy of Riverpoint to place the client's interests above those of Riverpoint and its employees.

**B.2. Factors Used to Select Broker-Dealers for Client Transactions**

**B.2.a. Custodian Recommendations**

Riverpoint may recommend that clients establish brokerage accounts with LPL Financial ("LPL"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although Riverpoint may recommend that clients establish accounts at the custodian, it is the client's decision to custody assets with the custodian. Riverpoint is independently owned and operated and not affiliated with custodian. For Riverpoint client accounts maintained in its custody, the custodian generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodian or that settle into custodian accounts.

Riverpoint considers the financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, and related factors in recommending broker-dealers or custodians to advisory clients.

In certain instances and subject to approval by Riverpoint, Riverpoint will recommend to clients certain other broker-dealers and/or custodians based on the needs of the individual client, and taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by Riverpoint will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

**B.2.a.1. Soft Dollar Arrangements**

Riverpoint generally receives research and services provided by broker-dealers from third-party vendors or by requesting that a broker-dealer step-out client trades or pay research

credits to broker-dealers or vendors who produce research products or services. Riverpoint may also trade directly with a broker-dealer who produces research or brokerage services. Selection of these broker-dealers is not made pursuant to an agreement; however, Riverpoint utilizes an internal allocation procedure to identify those brokers or dealers who produce research or services that are provided to Riverpoint and endeavors to direct sufficient research credits generated by its clients' accounts to such brokers or dealers to ensure the continued receipt of the research and services that Riverpoint believes are valuable. To the extent Riverpoint utilizes client transactions to obtain information Riverpoint might otherwise acquire at its own expense, Riverpoint may have an incentive to place a greater volume of transactions or pay higher commissions.

The research and brokerage services provided to Riverpoint may be proprietary or produced by third parties. The research and brokerage services are used by Riverpoint in making investment decisions or trading for client accounts and constitute advice, either directly or through publications or writings, as to the value of securities, the advisability of investing, purchasing, or selling securities, and the availability of securities or purchasers and sellers of securities. They include analysis and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategies, and meetings where corporate executives are present to provide information on the performance of their companies. They may also include statistical analysis, data and data services, software and computer programs utilized for research and portfolio analysis, trade analytics, market research, and brokerage services relating to execution, clearing, and settlement of transactions. In some cases, products and services may be provided to Riverpoint that constitute both (i) research and brokerage services and (ii) services used for administrative or other functions not related to the investment decision-making or brokerage processes. In such cases, the allocation will generally be made on the basis of the percentage of time devoted to Riverpoint's use of the product for research vs. non-research applications, or such other appropriate measure of the value of the product for each use as the Compliance Officer determines to be appropriate, both initially and upon subsequent periodic review.

Research products or services provided by brokers may be used in servicing any or all of the clients of Riverpoint, and such research products or services may not necessarily be used by Riverpoint in connection with the accounts that paid commissions to the brokers providing such products or services. For various reasons, including differing investment strategies and directed brokerage arrangements, products and services may benefit clients that do not execute transactions generating research or brokerage credits. Brokerage for a related party account and the firm's capital account is directed to a broker providing custody for the accounts; these accounts do not generate research or brokerage credits. Clients that direct brokerage may establish commission recapture programs where services are received directly by the client account in return for brokerage generated by that account.

As indicated above, individual clients may direct Riverpoint (subject to certain conditions which may from time to time be imposed by Riverpoint) to effect portfolio transactions through specific brokers or dealers. A client who chooses to direct the use of a particular broker or dealer should consider whether such a direction may result in certain costs or disadvantages to the client, either because the client may pay higher commissions on some



transactions than might otherwise be obtainable by Riverpoint, or may receive less favorable executions on some transactions, or both. The ability of Riverpoint to negotiate commission rates with directed brokers will be limited. A client who directs brokerage may also be subject to the disadvantages discussed in Item B.3.c. below regarding aggregation of orders. In determining whether to instruct Riverpoint to utilize a particular broker or dealer, the client may wish to compare the possible costs or disadvantages of such an arrangement

#### ***B.2.a.2. Institutional Trading and Custody Services***

The custodian provides Riverpoint with access to its institutional trading and custody services, which are typically not available to the custodian's retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain minimum amount of the advisor's clients' assets are maintained in accounts at a particular custodian. These services are not contingent upon Riverpoint committing to a custodian any specific amount of business (assets in custody or trading commissions). The custodian's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

#### ***B.2.a.3. Other Products and Services***

The custodian also makes available to Riverpoint other products and services that benefit Riverpoint but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Riverpoint's accounts, including accounts not maintained at custodian. The custodian may also make available to Riverpoint software and other technology that

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing and other market data
- facilitate payment of Riverpoint's fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

The custodian may also offer other services intended to help Riverpoint manage and further develop its business enterprise. These services may include

- compliance, legal and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers

The custodian may also provide other benefits such as educational events or occasional business entertainment of Riverpoint personnel. In evaluating whether to recommend that clients custody their assets at the custodian, Riverpoint may take into account the availability

of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

#### ***B.2.a.4. Independent Third Parties***

The custodian may make available, arrange, and/or pay for the types of services rendered to Riverpoint by independent third parties. The custodian 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 Riverpoint.

#### ***B.2.a.5. Additional Compensation Received from Custodians***

Riverpoint participates in institutional customer programs sponsored by broker-dealers or custodians. Riverpoint may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between Riverpoint's participation in such programs and the investment advice it gives to its clients, although Riverpoint receives economic benefits through its participation in the programs that are typically not available to retail investors. These benefits may include the following products and services (provided without cost or at a discount):

- Receipt of duplicate client statements and confirmations
- Research-related products and tools
- Consulting services
- Access to a trading desk serving Riverpoint participants
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts)
- The ability to have advisory fees deducted directly from client accounts
- Access to an electronic communications network for client order entry and account information
- Access to mutual funds with no transaction fees and to certain institutional money managers
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to Riverpoint by third-party vendors

The custodian may also pay for business consulting and professional services received by Riverpoint's related persons, and may pay or reimburse expenses (including travel, lodging, meals, and entertainment expenses for Riverpoint's personnel to attend conferences). Some of the products and services made available by such custodian through its institutional customer programs may benefit Riverpoint but may not benefit its client accounts. These products or services may assist Riverpoint in managing and administering client accounts, including accounts not maintained at the custodian as applicable. Other services made available through the programs are intended to help Riverpoint manage and further develop its business enterprise. The benefits received by Riverpoint or its personnel through participation in these

programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

Riverpoint also participates in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and its continued participation may require Riverpoint to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, Riverpoint will typically receive benefits similar to those listed above, including research, payments for business consulting and professional services received by Riverpoint's related persons, and reimbursement of expenses (including travel, lodging, meals, and entertainment expenses for Riverpoint's personnel to attend conferences sponsored by the broker-dealer or trust company).

As part of its fiduciary duties to clients, Riverpoint endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Riverpoint or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Riverpoint's recommendation of broker-dealers such as LPL for custody and brokerage services.

#### **B.2.b. Brokerage for Client Referrals**

Riverpoint does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

#### **B.2.c. Directed Brokerage**

##### ***B.2.c.1. Riverpoint Recommendations***

Riverpoint typically recommends LPL Financial as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.

##### ***B.2.c.2. Client-Directed Brokerage***

Occasionally, clients may direct Riverpoint to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account. Please note, however, that certain investment advisor representatives ("IARs") of Riverpoint, in their respective individual capacities, are registered representatives of LPL. As such, these IARs are subject to FINRA Rule 3040, which restricts registered representatives from conducting securities transactions away from their broker-dealer unless the broker-dealer provides written consent. Therefore, clients are advised that certain IARs of Riverpoint may be restricted to conducting securities transactions through LPL unless they first secure written consent from LPL to execute securities transactions through a different broker-dealer. Absent such written consent or separation from LPL, these IARs are prohibited from executing securities transactions through any broker-dealer other than LPL under LPL's internal supervisory policies. Riverpoint is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage Riverpoint derives from aggregating transactions. Such client trades

are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. Riverpoint loses the ability to aggregate trades with other Riverpoint advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

### **B.3. Aggregating Securities Transactions for Client Accounts**

#### **B.3.a. Best Execution**

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

Riverpoint, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold, the amount of such securities, the executing broker, and the commission rates to be paid to effect such transactions. Riverpoint recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. Riverpoint will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation, and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance, and settlement
- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, Riverpoint seeks to ensure that clients receive best execution with respect to the client's transactions by blocking client trades to ensure consistent execution across multiple client accounts when applicable. To the best of Riverpoint's knowledge, these custodians provide high-quality execution, and Riverpoint's clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer and are borne by Riverpoint in this wrap fee program. Based upon its own knowledge of the securities industry, Riverpoint believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

### **B.3.b. Security Allocation**

Since Riverpoint may be managing accounts with similar investment objectives, Riverpoint may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by Riverpoint in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

Riverpoint's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. Riverpoint will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

Riverpoint's advice to certain clients and entities and the action of Riverpoint for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines, and circumstances. Thus, any action of Riverpoint with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of the firm to or on behalf of other clients.

### **B.3.c. Order Aggregation**

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if Riverpoint believes that a larger size block trade would lead to best overall price for the security being transacted.

#### **B.3.d. Allocation of Trades**

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs, and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

Riverpoint acts in accordance with its duty to seek best price and execution and will not continue any arrangements if it determines that such arrangements are no longer in the best interest of its clients.

#### **B.4. Review of Accounts**

##### **B.4.a. Schedule for Periodic Review of Client Accounts and Advisory Persons Involved**

Riverpoint's investment committee comprises Timothy P. McGrath, Managing Partner and Chief Compliance Officer, and Joseph Blane Shea, Managing Partner. Each committee member is also a primary client manager. The committee meets regularly to discuss overall firm investment philosophy to consistently apply to client accounts regardless of the primary client manager.

Each client is assigned a primary relationship manager. The primary relationship manager has the responsibility for communicating with the client, updating changes to the client's situation, and regularly reviewing the client's portfolio including the asset allocation and the specific assets included in the account. The client review includes comparing the portfolio and current security positions with the goals and objectives as outlined by the investment policy statement, reviewing changes to the client's investment circumstances, evaluating the specific holdings, re-balancing the portfolio, and communicating the current status of the portfolio and any recommended actions to the client.

Clients' accounts are reviewed regularly; formal reviews, including contact with clients, typically occur at least 2 times a year.

##### **B.4.b. Review of Client Accounts on Non-Periodic Basis**

Riverpoint may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how Riverpoint formulates investment advice. More frequent reviews may also be triggered by tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in corporate management, or changes in macro-economic climate.

##### **B.4.c. Content of Client-Provided Reports and Frequency**

The client's independent custodian provides account statements directly to the client no less frequently than quarterly. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by Riverpoint.

## **B.5. Client Referrals and Other Compensation**

### **B.5.a. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

#### ***B.5.a.1. Support Provided by Financial Institutions***

Services provided by LPL to financial advisory firms include research, including mutual fund research, third-party research, brokerage, custody, and access to mutual funds and other investments that are available only to institutional investors or would require a significantly higher minimum initial investment. In addition, LPL makes available software and other technologies that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution, provide research, pricing information, quotation, and other market data, assist with contact management, facilitate payment of fees to Riverpoint from client accounts, assist with performance reporting, facilitate trade allocation, and assist with back-office support, recordkeeping, and client reporting. LPL also provides access to financial planning software, practice management consulting support, best execution assistance, consolidated statements assistance, educational and industry conferences, marketing and educational materials, technological and information technology support, and LPL corporate discounts.

LPL may also provide Riverpoint with other services intended to help Riverpoint manage and further develop its business enterprise, including assistance in the following areas: consulting, publications and presentations, information technology, business succession, and marketing. In addition, LPL may make available or arrange and/or pay for these types of services provided by independent third parties.

#### ***B.5.a.2. LPL Transition Assistance***

LPL has provided financial assistance to Riverpoint by establishing a three-year loan. The loan is intended to assist Riverpoint with start-up costs, including rent, overhead expenses, computers, monies owed to third parties, and similar costs. The terms of the loan are competitive with interest rates offered within the securities industry, including margin loan interest rates. Clearing and custodial arrangements with LPL as described above do not and will not in any way affect, or relate or pertain to, the loan.

### **B.5.b. Advisory Firm Payments for Client Referrals**

Riverpoint does not make or accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

If Riverpoint refers a client to certain independent manager where Riverpoint's compensation is included in the advisory fee charged by such independent manager and the client engages such independent manager, Riverpoint will be compensated for its services by receipt of a fee to be paid directly by the independent manager to Riverpoint in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended, and any corresponding state securities laws, rules, regulations, or requirements. Any such fee shall be paid solely from the independent manager investment management fee or the program fee of



the wrap fee program (as appropriate), and shall not result in any additional charge to the client.

## **B.6. Financial Information**

### **B.6.a. Balance Sheet**

Riverpoint does not require the prepayment of fees of \$1,200 or more, six months or more in advance, and as such is not required to file a balance sheet.

### **B.6.b. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

Riverpoint does not have any financial issues that would impair its ability to provide services to clients.

### **B.6.c. Bankruptcy Petitions during the Past Ten Years**

There is nothing to report for this item.

## **B.7. Custody**

Clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances and portfolio holdings in the client's account. Clients are urged to compare billing statements provided by Riverpoint to the custodian statement for accuracy. Any discrepancies should be brought to the firm's attention. The custodian's statement is the official record of the account.

## **B.8. Investment Discretion**

Clients may grant a limited power of attorney to Riverpoint with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In those cases, Riverpoint will exercise full discretion as to the nature and type of securities to be purchased and sold, the amount of securities for such transactions, the amount of commissions to be paid, and the executing broker to be used. Investment limitations may be designated by the client as outlined in the investment advisory agreement.