



123 West Wayne Avenue
Wayne, PA 19087

(610) 674-0401

www.radnorcm.com

This brochure provides information about the qualifications and business practices of Radnor Capital Management, LLC (hereinafter “RCM” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at this telephone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC’s website at www.adviserinfo.sec.gov. The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

In this Item, RCM is required to discuss any material changes that have been made to the brochure since the last annual amendment dated February 20, 2014. While the format and general language of the brochure have been overhauled, no material changes have occurred since the annual amendment filing that need to be disclosed at this time.

Item 3. Table of Contents

Item 2. Material Changes	2
Item 3. Table of Contents	3
Item 4. Advisory Business	4
Item 5. Fees and Compensation.....	5
Item 6. Performance-Based Fees and Side-by-Side Management	7
Item 7. Types of Clients	7
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss	8
Item 9. Disciplinary Information	11
Item 10. Other Financial Industry Activities and Affiliations	11
Item 11. Code of Ethics	12
Item 12. Brokerage Practices	13
Item 13. Review of Accounts	15
Item 14. Client Referrals and Other Compensation	16
Item 15. Custody	16
Item 16. Investment Discretion	17
Item 17. Voting Client Securities.....	17
Item 18. Financial Information	17

Item 4. Advisory Business

The Firm offers a variety of advisory services, which include consulting, investment management and wealth management services. In dealing with clients, RCM seeks first to evaluate a client's current, holistic financial situation prior to managing their investments. The Firm designs and implements an investment plan aimed at achieving a client's financial goals and objectives. Prior to RCM rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with the Firm setting forth the relevant terms and conditions of the advisory relationship (the "Advisory Agreement").

RCM was founded in October 2011, and is owned by its Managing Members, Douglas Pyle and Pierce Archer. As of September 30, 2014, RCM had \$406,764,649 in assets under management, all of which is managed on a discretionary basis.

While this brochure generally describes the business of RCM, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm's officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on RCM's behalf and is subject to the Firm's supervision or control.

Wealth and Investment Management Services

RCM provides clients with wealth and investment management services which generally include management of investment portfolios.

The Firm's investment supervisory services include, but are not limited to, the following: (i) interpreting investment objectives and risk tolerance, including asset selection and allocation, (ii) documenting an individualized investment policy and investment strategy; and (iii) translating that policy and strategy into an ongoing client-focused investment process.

Investment Supervisory Services

RCM has two main approaches to investment management: (i) providing customized portfolio management and advice to wealthy and high-net worth individuals, their families and trusts (HNW); and (ii) a more institutionally-oriented Small-Midcap ("Small-Mid") equity product.

While the investors end investment goals and tolerances will differ by client and product (HNW and Small-Midcap), RCM's disciplines and strategies are readily adaptable to individuals and institutions as well. As an organization, RCM strives to maintain commonalities for all investment programs and strategies. These commonalities would include: using individual securities to build client portfolios (rather than primarily using mutual, index and exchange-traded funds ("ETFs")); an orientation toward quality as evidenced by better balance sheets for equities and higher quality ratings for fixed income

securities, generally limiting the number of equity positions to approximately 50 positions, that is, a more concentrated portfolio; and a fundamental approach to security analysis, making independent assessments of value, worth, and suitability.

An individualized approach is applied to each HNW client. The Firm takes into careful consideration, among other factors, client risk tolerances and the allocation between equities, fixed income obligations and cash, the financial requirements and cash flow needs of beneficiaries, estate planning considerations, and securities cost basis and other related tax issues.

From the original formation of RCM's Small-Mid group, the Firm has sought to manage investments with socially responsible considerations. RCM's investment approach to small-mid equities, while well defined in process, is eclectic in its output relative to various style analysis definitions. For this reason, and therefore by default, RCM is deemed to have a "core style" approach. Philosophically, the Firm is contrarian in nature, believes in concentrating the client's portfolio in a limited number of positions (~50), and is agnostic to benchmark industry weightings. For these reasons, RCM may sometimes be out of synchronization with the market benchmarks. The Firm's specific investment strategies and associated risks are described in more detail in Item 8 (below).

Institutional Investment Management Services

RCM can provide unaffiliated third-party investment advisors with investment strategies to use when managing their own client accounts. These strategies are delivered through what are commonly referred to as turn-key asset management platforms ("TAMPs"). TAMPs are generally offered through established asset management companies and enable independent financial advisors to outsource the management of their clients' assets. The strategies the Firm constructs for the TAMPs generally follow the same overall asset allocation strategies that it uses with its private clients (as discussed above and in Item 8). RCM does not provide advisory services to the end-clients of the advisors that access RCM's investment strategies through TAMP programs.

Item 5. Fees and Compensation

RCM offers services on a fee basis, which may include fixed fees, as well as fees based upon assets under management or advisement.

Wealth Management Fees

RCM's fee structure is outlined below. Please note that the fees outlined represent fee guidelines, and the Firm reserves the right, at its sole discretion, to negotiate fees with existing clients or prospective clients.

Occasionally, under certain circumstances a fixed rate may apply or the Firm may charge a lesser fee based upon certain criteria (e.g., historical relationship, type of assets, dollar amount of assets to be managed, anticipated future earning capacity, account retention, related accounts, account composition, pro bono activities and negotiations with clients, etc.). The Firm's fee schedule is as follows:

<u>PORTFOLIO VALUE</u>	<u>ANNUAL ADVISORY FEE</u>
Less than \$2,000,000	1.00%
\$2,000,000 – Less than \$5,000,000	0.80%
\$5,000,000 – Less than \$10,000,000	0.60%
\$10,000,000 and Above	0.50%

The Firm's annual fee is prorated and charged quarterly, in arrears, based upon the market value of the assets being managed by RCM on the last day of the previous billing period.

For the initial period of an engagement, the fee is calculated on a *pro rata* basis. Clients may terminate their relationship with the Firm by providing written notice of termination. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of termination.

Additional Fees and Expenses

In addition to the advisory fees paid to RCM, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees attributable to alternative assets, reporting charges, margin costs, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage practices are described at length in Item 12, below.

Direct Fee Debit

Clients generally provide RCM with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to RCM.

Account Additions and Withdrawals

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

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

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

Item 7. Types of Clients

RCM offers services to individuals, families, businesses, pension and profit sharing plans, IRAs, professional corporations, sole proprietorships, foundations, religious organizations, endowments and charitable organizations and institutions.

Minimum Account Requirements

RCM does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment advisory relationship.

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

Methods of Analysis and Investment Strategies

Overall Investment Strategy

As described in Item 4, RCM generally manages client portfolios based upon two general categories: an equity only small-mid cap program, and high net worth portfolios balanced between equities and fixed income obligations.

In equities, the Firm invests primarily in domestic equities; however it may use American Depositary Receipts from time to time. RCM's analysis is for the most part bottom-up. That is, it seeks to build client portfolios based upon the individual merits of the securities selected rather than drawing broad macro-economic assumptions and filling in the blanks with securities that may fulfill a top-down view.

From time to time, RCM may also use, other investment vehicles to meet the clients' investment goals, risk tolerances, and asset allocation guidelines. These may include fixed-income obligations, both tax exempt and taxable, ETFs, no-load mutual funds, and cash equivalents. RCM is not a market-timer and is normally fully invested with cash balances being a residual feature. The high net worth portfolios may hold somewhat higher cash balances to meet expenses, distributions, other client needs, and/or to await investment opportunities as an investment reserve. In all cases, we strive to think and behave as long-term investors.

RCM also observes fundamental economic conditions which incorporate factors such as interest rates and expectations, inflation and expectations, employment levels, corporate earnings, public and foreign debt, trade balances, taxation policy, monetary and fiscal policy, geopolitical developments, and many others.

Equity Investment Strategy – Small-Mid

RCM's investment approach to equity selection is bottom-up. The Firm seeks to employ a well-defined methodology aimed at producing repeatable results. The Firm strives to be a value-added alternative to benchmark/indexing style investing. This means the Firm's client portfolios, with regard to sector weighting and positioning, will not look like, or in the short-run behave like, an index. As RCM implements its approach it may be at times out of synchronization with the market. The Firm does not believe in over-diversification, and therefore concentrates the portfolio in a limited number of positions to avoid diluting return potential.

In general, RCM attempts to identify securities which it deems to have a lower risk of capital loss through the Firm's price discipline of seeking to invest in stocks that have underperformed. In addition to price action, RCM also strives to manage fundamental risk through attention to balance sheet leverage and off-balance sheet liabilities.

Equity Investment Strategy – High Net Worth

This program would generally be categorized or defined as “Large Cap Core” with a bias toward both valuation and income generation through dividends.

RCM may employ screening techniques to assist in idea generation and reduce a larger pool of candidate securities to a more workable pool. Quantitative criteria employed to further this effort may include, but is not limited to: market capitalization, higher quality ratings by the S&P, dividend yields relative to prevailing yields on the S&P, and dividend payout ratio relative to current earnings per share. The Firm also prefers to observe a pattern of increasing the dividend. This process may generate securities that are foreign based, but available in American Depositary Receipt form.

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

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

Finally, RCM receives information from a variety of sources, including, but not limited to: (i) research reports; (ii) review of annual reports; (iii) discussions with independent businesspersons; (iv) other investment firms’ statistical information; (v) company press releases; and (vi) general financial information found in newspapers and magazines and internet based sources of information.

Fixed-Income Investment Strategy

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

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

The Firm's primary objective when buying bonds is to generate an attractive yield without bearing undue credit or interest rate risk. RCM balances its income objective with a focus on safety and total return. The Firm often ladders maturities, paying careful attention to the fixed income portfolio's average maturity, yield to maturity, and duration as a measure of the timing of return of capital.

Risk of Loss

General Market Risks

RCM believes effective risk management is a critical factor in achieving investment performance. In its efforts to manage risk in investment portfolios, the Firm focuses on its established processes that seek to minimize risk by employing price disciplines, valuation techniques, and relative underperformance/loss reviews. Despite RCM's best efforts to control risk, however, investing involves risk, including the loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of the Firm's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that RCM will be able to predict those price movements accurately or capitalize on any such assumptions.

Equity Risks

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

- *Management Risk:* There is no guarantee markets will react the same way in the future as they have in the past to different fundamental economic data such as interest rate (expectations), inflation (expectations), unemployment and underemployment levels, corporate earnings, public and foreign debt, trade balances, taxation policy, monetary and fiscal policy, geopolitical developments and many others. This data gives the Firm the tools to analyze the economy and markets; however, the markets may react differently than what RCM expects or predicts. Certain sectors or securities can be more volatile than the market as a whole, and RCM's equity strategy may fail to produce the intended results.
- *Equity Market Risk:* RCM seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic equity markets. There are many types of investment risks such as: systematic risk or market risk, non-systematic risk or individual security risk, sector risk, political risk, currency or exchange rate risk, economic segment risk, interest rate risk and inflation risk.
- *Small and Mid-Capitalization Company Risk:* Investing in small and mid-cap companies may be riskier than investing in larger, or more established companies. These securities may trade less frequently and in lesser volume than larger companies. In addition, small and mid-capitalization

companies may be more vulnerable to economic, market and industry changes and have more volatile trading patterns.

Fixed-Income Risks

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

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

Item 9. Disciplinary Information

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

Item 10. Other Financial Industry Activities and Affiliations

Relationship with Dynasty Financial Partners, LLC

RCM maintains a business relationship with Dynasty Financial Partners, LLC ("Dynasty"), which provides the Firm with operational and back office support including access to a network of service providers. Through the Dynasty network of service providers, RCM has access to trading technology,

reporting, custody, brokerage, investments, compliance and other related services. The Firm may also engage and/or recommend Dynasty's subsidiary, Dynasty Wealth Management LLC, a registered investment adviser, to clients for certain outsourced investment services, such as separate account management, asset allocation strategies and externally managed investment programs. While RCM believes that the operational and investment services provided by Dynasty best serve the interests of its advisory clients, this relationship may potentially present certain conflicts of interest due to the fact that Dynasty retains a portion of the platform or other third party fees paid by the Firm or clients for the services referenced above. In light of the foregoing, RCM seeks at all times to ensure that any material conflicts are addressed on a fully-disclosed basis and handled in a manner that is aligned with its clients' best interests. RCM does not receive any portion of the fees paid directly to Dynasty, its affiliates or the service providers made available through Dynasty's platform. In addition, the Firm reviews all such relationships, including the service providers engaged through Dynasty, on an ongoing basis in an effort to ensure clients are receiving competitive rates in relation to the quality and scope of the services provided.

Item 11. Code of Ethics

RCM has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. RCM's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of RCM's personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (*e.g.*, initial public offerings, limited offerings). However, the Firm's Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly effect for themselves or for their immediate family (*i.e.*, spouse, minor children and adults living in the same household) a transaction in that security unless:

- the client transactions in the security have been completed;

- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

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

Item 12. Brokerage Practices

Recommendation of Broker/Dealers for Client Transactions

RCM generally recommends that clients utilize the custody, brokerage and clearing services of Schwab Advisor ServicesTM ("Schwab") for investment management accounts.

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

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

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker/dealers in return for investment research products and/or services which assist RCM in its investment decision-making process. Such research generally will be used for the benefit of all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing

that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because RCM does not have to produce or pay for the products or services.

RCM periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

Software and Support Provided by Financial Institutions

RCM may receive without cost from Schwab computer software and related systems support, which allow RCM to better monitor client accounts maintained at Schwab. RCM may receive the software and related support without cost because the Firm renders investment management services to clients that maintain assets at Schwab. The software and support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The software and related systems support may benefit RCM, but not its clients directly. In fulfilling its duties to its clients, RCM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that RCM's receipt of economic benefits from a broker/dealer creates a conflict of interest since these benefits may influence the Firm's choice of broker/dealer over another that does not furnish similar software, systems support or services.

Specifically, RCM may receive the following benefits from Schwab:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services its institutional traders;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and
- Access to an electronic communication network for client order entry and account information.

Brokerage for Client Referrals

RCM does not consider, in selecting or recommending broker/dealers, whether the Firm receives client referrals from those firms or other third parties.

Directed Brokerage

The client may direct RCM in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to "batch" client transactions for execution through other Financial

Institutions with orders for other accounts managed by RCM. As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, RCM may decline a client's request to direct brokerage if, in the Firm's opinion, such directed brokerage arrangements would result in additional operational difficulties.

Trade Aggregation

Although each client's portfolio account(s) is generally individually managed, RCM may purchase or sell the same securities at the same time for multiple clients. When this occurs it is often advantageous to aggregate the securities of multiple clients into one trading block for execution. If portfolio securities are purchased or sold in an aggregated transaction with the securities of other clients, all clients will receive the same execution price, and if the aggregated purchase or sale involves several executions to complete the transaction, clients will receive the average price paid or received on the aggregated transaction. However, if an aggregated transaction results in only a partial execution and the equal allocation of the partial execution amongst multiple clients would result in an inefficient trading unit in client portfolios, the Firm reserves the right to allocate the transaction to specific individual clients on an equitable rotational basis to mitigate the risk of clients being placed in a disadvantageous position.

Item 13. Review of Accounts

Account Reviews

RCM monitors client portfolios on a continuous and ongoing basis while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by either the Firm's investment adviser representatives or the Firm's Investment Committee. All investment advisory clients are encouraged to discuss their needs, goals and objectives with RCM and to keep the Firm informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations, and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Account Statements and Reports

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. On a quarterly basis or as otherwise requested, clients will also receive written or electronic reports from RCM and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory

of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from RCM or an outside service provider.

Item 14. Client Referrals and Other Compensation

Client Referrals

The Firm does not currently provide compensation to any third-party solicitors for client referrals. In the event a client is introduced to RCM by either an unaffiliated or an affiliated solicitor, the Firm may pay that solicitor a referral fee in accordance with applicable state securities laws. Unless otherwise disclosed, any such referral fee is paid solely from RCM's investment management fee and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the solicitor is required to provide the client with RCM's written brochure(s) and a copy of a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of RCM is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written brochure(s) at the time of the solicitation.

Item 15. Custody

The Advisory Agreement and/or the separate agreement with any Financial Institution generally authorize RCM to debit client accounts for payment of the Firm's fees and to directly remit that those funds to the Firm in accordance with applicable custody rules. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to RCM.

In addition, as discussed in Item 13, RCM may also send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from RCM.

Surprise Independent Examination

As RCM is deemed to have custody over some clients' cash or securities (for reasons other than those discussed above), the Firm is required to engage an independent accounting Firm to perform a surprise

annual examination of those assets and accounts over which it maintains custody. Any related opinions issued by an independent accounting Firm are filed with the SEC and are publicly available on the SEC's Investment Adviser Public Disclosure website. RCM generally does not have direct access to client funds as they are maintained with an independent qualified custodian.

Item 16. Investment Discretion

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

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

Item 17. Voting Client Securities

Declination of Proxy Voting Authority

RCM does not accept the authority to vote a client's securities (i.e., proxies) on their behalf. Clients receive proxies directly from the Financial Institutions where their assets are custodied and may contact the Firm at the contact information on the cover of this brochure with questions about any such issuer solicitations.

Item 18. Financial Information

RCM is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;

- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.