

**Item 1: Cover Sheet**

**INFORMATIONAL BROCHURE**  
**RETIREMENT GUYS FORMULA LLC**

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**This brochure provides information about the qualifications and business practices of Retirement Guys Formula LLC. If you have any questions about the contents of this brochure, please contact Nolan Baker, Chief Compliance Officer at 419.842.0550. 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. Retirement Guys Formula LLC is a registered investment adviser. Registration does not imply any certain level of skill or training.**

**Additional information about Retirement Guys Formula LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2:           Statement of Material Changes**

Retirement Guys Formula LLC is required to disclose any material changes to this ADV Part 2A here in Item 2. This brochure is being submitted as part of the firm's 2015 annual updating amendment. There are no material changes to report.

**Item 3: Table of Contents**

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## **INFORMATIONAL BROCHURE RETIREMENT GUYS FORMULA LLC**

### **Item 4:       Advisory Business**

Retirement Guys Formula LLC (“RGF”) has been in business since August 2013. The owners of RGF, Nolan Baker and Mark Clair, have been in the investment industry for a combined 44 years, also functioning under the name “The Retirement Guys Network LLC” since 2011.

RGF provides personalized investment management and financial planning services. The firm provides financial advice to individuals, trusts, foundations, endowments and corporations.

#### Financial Planning

In most cases, the client will supply to RGF information including income, investments, savings, insurance, age and many other items that are helpful to the firm in assessing your financial goals. The information is typically provided during personal interviews and supplemented with written information. Once the information is received, we will discuss your financial needs and goals with you, and compare your current financial situation with the goals you state. Once these are compared, we will create a financial and/or investment plan to help you meet your goals.

The plan is intended to be a suggested blueprint of how to meet your goals. Not every plan will be the same for every client. Each one is specific to the client who requested it. Because the plan is based on information supplied by you, it is very important that you accurately and completely communicate to us the information we need. We determine these objectives by reviewing new client questionnaires and then interviewing the client for additional background and clarity so we can gather a more complete picture of a client’s needs. It is very important that you continually update us with any changes so that if the updates require changes to your plan, we can make those changes. Otherwise, your plan may no longer be accurate.

#### Investment Management

RGF requires each account to have a minimum of \$50,000. However, RGF may waive this minimum in its discretion.

If you wish us to manage your investment accounts, we will ask you to provide us with some information about your investment goals, so that we can place your assets in investments we believe are most likely to assist you in meeting those goals. You may also place reasonable restrictions on the management of your assets. Some examples of such guidelines include a maximum amount of assets to be held in non-U.S. investments, or a limit on the amount of stocks in your portfolio. RGF can assist you in developing these guidelines. Each client will have a written investment profile based on their objective and risk profile to guide both you and us in the management of your assets.

Asset management services will generally be performed on a “discretionary” basis. When RGF is engaged to provide asset management services on a discretionary basis, we will monitor your accounts to ensure that they are still investment as would be needed to meet your goals. If any changes are needed to your investments, we will make the changes without receiving your approval for each change. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash. You may at any time place restrictions on the types of investments we may use on your behalf, or on the allocations to each security type. You will receive written or electronic

confirmations from your account custodian after any changes are made to your account. You will also receive monthly statements from your account custodian. Clients engaging RGF on a discretionary basis will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Management Agreement that outlines the responsibilities of both the client and RGF.

In limited circumstances, a client may engage RGF to manage its assets on a non-discretionary basis. When a client engages us to provide investment management services on a non-discretionary basis, this means that changes to your account will not be made until we have confirmed with you (either verbally or in writing) that our proposed change is acceptable to you.

#### Assets under Management

As of February 19, 2015, RGF manages a total of \$105,290,700 across 1835 accounts. Of these totals \$50,717,473 across 577 accounts is managed on a non-discretionary basis.

### **Item 5: Fees and Compensation**

#### **A. Fees Charged**

All investment management clients will be required to execute an Investment Management Agreement that will describe the type of management services to be provided among other items.

#### Financial Planning

Financial planning fees can be hourly, fixed fee basis, or included with asset management services. However, most typically, financial planning fees are \$1,000 for the first year, and \$500 for each successive year thereafter. The fees stated are intended as a guideline only. Fees may be higher or lower, based on the nature of the engagement. Fees are negotiable, and will depend on the anticipated complexity of your plan.

#### Asset Management

Generally, Asset Management fees will range from 1.00% to 2.00% per annum. Still, fees outside this range may be negotiated, as the stated range is a general guide. Factors used to determine an asset management fee, may include an account's; size, investment strategy, risk profile, and platform. Platform fees and expenses normally include; performance reporting, securities transactions, and other custodial services.

#### **B. Fee Payment**

Financial Planning fees, to the extent not included in asset management services, will be due upon invoice and may be debited directly from client accounts with prior permission from the client.

Asset Management fees will generally be debited directly from each client's account. The advisory fee is paid quarterly, in advance, and the value used for the fee calculation is the net value as of the last market day of the previous quarter. This means if the annual fee is 1.25%, then each quarter we will multiply the value of your account by 1.25% then divide by 4 to calculate our fee. Once the calculation is made, we will instruct your account custodian to deduct the fee from your account and remit it to

RGF.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. Each quarter, clients will receive a bill itemizing the fees to be debited, including the formula used to calculate the fee, the amount of assets upon which the fee is based, and the time period covered by the fee. The invoice will also state that the fee was not independently calculated by the custodian. The client will also receive a statement from their account custodian showing all transactions in their account, including the fee.

#### C. Other Fees

There are a number of other fees that may be associated with your managed account. For example, you may be responsible for certain transaction fees for the purchase or sale of a mutual fund, Exchange Traded Fund, or individual stocks and bonds.. Expenses of a fund will not be included in management fees, as they are deducted from the value of the shares by the mutual fund manager. For a complete discussion of expenses related to each mutual fund, you should read a copy of the prospectus issued by that fund. RGF can provide or direct you to a copy of the prospectus for any fund that we recommend to you.

Clients should read Item 12 of this informational brochure, where we discuss broker-dealer and custodial issues.

#### D. *Pro-rata* Fees

If you become a client during a quarter, you will pay a management fee for the number of days left in that quarter. If you terminate our relationship during a quarter, you will be entitled to a refund of any management fees for the remainder of the quarter. Once your notice of termination is received, we will refund the unearned fees to you in whatever way you direct (check, wire back to your account).

#### E. Compensation for the Sale of Securities

One or more of the persons affiliated with RGF is/are Registered Representatives of NEXT Financial Group, Inc. ("NEXT"). NEXT is registered as a full service, general securities broker-dealer, and as a Registered Investment Adviser with the Securities and Exchange Commission ("SEC"). NEXT is also a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

NEXT is a wholly owned subsidiary of NEXT Financial Holdings, Inc. NEXT Financial Holdings, Inc. is not a publicly traded company, however some Registered Representatives of NEXT may be individual stock holders in NEXT Financial Holdings, Inc. Retirement Guys Formula is required to pay certain fees to NEXT Financial Group, Inc., for the surveillance that NEXT is required to conduct. The payment of such fees may increase revenues to NEXT which may increase the value of NEXT Financial Holdings, Inc. shares they may hold. Clients should be aware that this is a perceived conflict of interest.

Because of the affiliation with NEXT, these persons may have two different but concurrent roles:

1. As a Registered Person with NEXT who may receive Commissions for recommending securities; and
2. As an Investment Adviser Representative of Retirement Guys Formula who may offer advisory services outside of NEXT.

Retirement Guys Formula is not affiliated with NEXT. Clients should be clear which entity the services are being offered through, and that the appropriate disclosure documents have been obtained. It is important to note that the information of Clients using the services of Retirement Guys Formula will be shared with NEXT for the purpose of surveilling transactions in the Clients' account(s) and for billing.

**Item 6: Performance-Based Fees**

RGF does not charge performance based fees.

**Item 7: Types of Clients**

RGF generally provides advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

RGF requires each account to have a minimum of \$50,000. However, RGF may waive this minimum in its discretion.

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

*Methods of Analysis, Investment Strategies*

At the onset of the client relationship, Retirement Guys Formula will review a client's portfolios, discuss the client's investment objectives and risk tolerance as well as any potential investment restrictions, and plan a transition for the client's assets from their current accounts to accounts managed by Retirement Guys Formula.

Retirement Guys Formula's transition plans will involve the placement of each client's assets in one or more of Retirement Guys Formula's proprietary asset allocation strategies. These strategies are developed utilizing outside research and investment ideas, combined with RGF's views on both individual securities and the markets and economy as a whole. All client accounts in each strategy are managed on a *pari passu* basis. In other words, all accounts managed within each strategy are managed in a like manner, side by side with one another, and not individually considered. Accordingly, while a client may request limitations on Retirement Guys Formula's discretionary authority, some requested limitations may not be possible to achieve within the given strategy. In this case, the client and the firm will mutually agree to either terminate the engagement, accept the asset allocations in the strategy, or have the client's assets placed in another strategy.

The asset allocation strategy in which the client's assets are placed may change from time to time, dependent upon the client's investment objectives and financial circumstances. Clients should inform Retirement Guys Formula as soon as possible of changes in their circumstances that may affect the client's risk tolerance or investment objectives, as these changes may trigger a change in how the firm manages the client's assets.

There are no limits to the types of securities that may be placed in a strategy, or that Retirement Guys Formula may evaluate for a client or for inclusion in a strategy. However, investment types most typically include stocks, bonds, exchange traded funds (ETFs), mutual funds and money market accounts.

As assets are transitioned from a client's prior advisers to Retirement Guys Formula, there may be securities and other investments that do not fit within the asset allocation strategy selected for the client.

Accordingly, these investments will need to be sold in order to reposition the portfolio into the asset allocation strategy selected by Retirement Guys Formula. However, this transition process may take some time to accomplish. Some investments may not be unwound for a lengthy period of time for a variety of reasons that may include unwarranted low share prices, restrictions on trading, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities or investments that are never able to be sold. In the event an investment in a client account is unable to be unwound for a period of time, Retirement Guys Formula will monitor the investment as part of its services to the client. Retirement Guys Formula may suggest that a given investment be moved to a separate account.

In constructing each strategy, RGF utilizes a number of methods of analysis. These include:

**Charting:** This method involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in solely using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

**Fundamental:** Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Technical:** The technical approach attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

**Cyclical:** This method assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns and 2) If too many investors begin to implement this strategy, it changes the very cycles they are trying to take advantage of.

The above methods of analysis are not necessarily employed in every strategy or for every client, and are more likely to be employed in conjunction with one another than by purely adhering to one method in a given account or strategy.

### ***Investment Strategies:***

**Freedom Formula:** This strategy functions using a mathematical model that utilizes inputs in the form of data regarding publicly traded equities, and then filters this data to determine stocks to be included in the strategy. The filter is performed by an algorithm (a process where market data inputs are used in mathematical calculations based on predetermined assumptions to produce recommended purchases or sales of securities) designed by RGF. Equities are also removed from the strategy when the algorithm directs, based on inputs from the equity markets regarding each stock's behavior. This strategy may also have a significant portion of its assets in cash, as the algorithm includes a trigger concept whereby all stocks are sold in the event of a steep market decline, which is designed to protect clients from the most severe aspects of a downward move in the markets. The Freedom Formula also has as part of its algorithm a trigger to downside risk, to crystallize gains in an effort to prevent a sharp decline. While designed to be an avenue for growth and appreciation, due to the potential for volatility (fluctuations in



value) combined with the potential for a large amount of trading, this strategy, the Freedom Formula is utilized either as a portion of a client's assets or for growth-oriented clients.

*Dividend Kings:* The Dividend Kings strategy is constructed using the Value Line index which consists of over 1800 equity securities. From those 1800 securities an algorithm designed by RGF performs a filter to select 30 securities of equal weight that meet the standards of that algorithm. Equities are also removed from the strategy when the algorithm directs, based on inputs from the equity markets regarding each stock's behavior. This strategy may also have a significant portion of its assets in cash, as the algorithm includes a trigger concept whereby all stocks are sold in the event of a steep market decline, which is designed to protect clients from the most severe aspects of a downward move in the markets. The goal is that these equities will seek long-term growth of capital with high income from the securities high dividend yield.

*Income Generator:* As the name implies, the Income Generator strategy is designed to produce income for the clients whose assets utilize this strategy. Like the Freedom Formula, investments in the Income Generator model are directed by one of RGF's proprietary algorithms. Unlike Freedom Formula, however, Income Generator may include not only equities, but bond funds and other securities, as well as cash or cash-like instruments when RGF deems prudent. Each security is selected for this strategy for its potential to consistently generate income.

*The Guardian:* Either for clients with more conservative investment goals or as a part of a larger asset allocation, the goal of The Guardian is to limit volatility and risk, while still giving some opportunity to capture some of the upside of the broader markets. The securities for The Guardian model are also selected using a proprietary algorithm. The triggers to purchase a security in The Guardian model, however, are less driven by individual performance potential as they are by their lack of volatility.

While each of the above strategies is based on a specific proprietary model, RGF will continuously monitor the performance of each model along with the general macroeconomic landscape and happenings related to individual issuers, securities, security types, sectors, and other information. This monitoring is intended to allow for some flexibility in adhering to the algorithm. In some cases, the algorithm may indicate a "buy" or "hold" for a particular security, but other information may lead the investment team to override the algorithm in the interests of risk management. There is no guarantee this override will prevent all losses. From a more global portfolio construction perspective, each strategy has one or more inflection points, or "triggers" that are designed to either protect the gains that have been made or avoid losses. This "Downside Risk Management System" is not a guarantee that losses will never occur. It is, however, RGF's systematic approach to risk management, which RGF's principals believe can assist a portfolio manager in making disciplined decisions.

RGF may at any time remove one or more or add new investment strategies, depending upon the needs of clients and the opportunity set in the markets at any given time.

### ***Risk of Loss***

There are always risks to investing. **Clients should be aware that all investments carry various types of risk, including the potential loss of principal that clients should be prepared to bear.** It is impossible to name all possible types of risks. Among the risks are the following:

- **Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.

- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason, and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.
- **Strategy Risk.** When investments are made through a strategy, rather than individualized investment considerations, there is always the possibility that individualized investment choices would have produced a more positive result for a client than an approach where investments are made for a group of individuals with common characteristics.
- **Currency Risk.** When investing in another country using another currency, the changes in the value of the currency can change the value of your security value in your portfolio.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- **Tax Risks Related to Short Term Trading:** Clients should note that Retirement Guys Formula may engage in short-term trading transactions. These transactions may result in short term gains or losses for federal and state tax purposes, which may be taxed at a higher rate than long term strategies. Retirement Guys Formula endeavors to invest client assets in a tax efficient manner, but all clients are advised to consult with their tax professionals regarding the transactions in client accounts.
- **Purchasing Power Risk.** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- **Business Risk.** This can be thought of as certainty or uncertainty of income. Management comes under business risk. Cyclical companies (like automobile companies) have more business risk because of the less steady income stream. On the other hand, fast food chains tend to have steadier income streams and therefore, less business risk.
- **Financial Risk.** The amount of debt or leverage determines the financial risk of a company.
- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.
- **Information Risk:** All investment professionals rely on research in order to make conclusions about investment options. This research is always a mix of both internal (proprietary) and external (provided by third parties) data and analyses. Even an adviser who says they rely solely on proprietary research must still collect data from third parties. This data, or outside research is chosen for its perceived reliability, but there is no guarantee that the data or research will be completely accurate. Failure in data accuracy or research will translate to a compromised ability by the adviser to reach satisfactory investment conclusions.
- **Risks specific to sub-advisors and private placements.** If we invest some of your assets with another advisor, including a private placement, there are additional risks. These include risks that the other manager is not as qualified as we believe them to be, that the investments they use are not as liquid as we would normally use in your portfolio, or that their risk management guidelines are more liberal than we would normally employ.
- **Short Sales.** "Short sales" are a way to implement a trade in a security Retirement Guys Formula feels is overvalued. In a "long" trade, the investor is hoping the security increases in price. Thus in a long trade, the amount of the investor's loss (without margin) is the amount paid for the security. In a short sale, the investor is hoping the security decreases in price. However, unlike a long trade where the price of the security can only go from the purchase price to zero, in a short sale, the price of the security can go infinitely upwards. Thus in a short sale, the potential for loss is unlimited and unknown, where the potential for loss in a long trade is limited and knowable. Retirement Guys Formula utilizes short

sales only when the client's risk tolerances permit.

- **Options.** The use of options transactions as an investment strategy involves a high level of inherent risk. Although the intent of many of the options-related transactions implemented by Retirement Guys Formula is to hedge against principal risk, certain options-related strategies (i.e., straddles, short positions, etc), may in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct Retirement Guys Formula, in writing, not to employ any or all such strategies for his/her/their/its accounts. Clients participating in the Options Strategy should *carefully* consider all information regarding the strategy and its risks prior to participating.
- **Small Companies.** Some investment opportunities in the marketplace involve smaller issuers. These companies may be starting up, or are historically small. While these companies sometimes have potential for outsized returns, they also have the potential for losses because the reasons the company is small are also risks to the company's future. For example, a company's management may lack experience, or the company's capital for growth may be restricted. These small companies also tend to trade less frequently than larger companies, which can add to the risks associated with their securities because the ability to sell them at an appropriate price may be limited compared to the markets as a whole. Not only do these companies have investment risk, if a client is invested in such small companies and requests immediate or short term liquidity, these securities may require a significant discount in value in order to be sold in a shorter time frame.
- **Concentration Risk.** While Retirement Guys Formula selects individual equities and bonds for client portfolios based on an individualized assessment of each security, this evaluation comes without an overlay of general economic or sector specific issue analysis. This means that a client's equity portfolio may be concentrated in a specific sector, geography, or sub-sector (among other types of potential concentrations), so that if an unexpected event occurs that affects that specific sector or geography, for example, the client's equity portfolio may be affected negatively, including significant losses.
- **Restriction Risk.** Clients may at all times place reasonable restrictions on the management of their accounts. However, placing these restrictions may make managing the accounts more difficult, thus lowering the potential for returns.
- **Risks Related to Investment Term & Liquidity.** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not an accurate measure of its value. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value. Further, some investments are made with the intention of the investment appreciating over an extended period of time. Liquidating these investments prior to their intended time horizon may result in losses.
- **Algorithms and Models.** When an investment manager develops a mathematical algorithm that identifies trigger points for the purpose of indicating a "buy" or "sell" signal, these trigger points are limited in that they are based on solely the data input into the algorithm. There is an unlimited amount of data that can be considered in making any given decision as to whether to buy or sell any given security. An algorithm, by design, ignores some data in favor of others. There is a risk that the data selected for the algorithm will not create a positive result, whereas other data, had it been considered, may do so.

#### **Item 9: Disciplinary Information**

There are no disciplinary items to report.

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

**A. Broker-dealer**

Please see Item 5E for information regarding NEXT Financial Group, Inc.

**B. Futures Commission Merchant/Commodity Trading Advisor**

Neither the principal of RGF, nor any related persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

**C. Relationship with Related Persons**

This item is not applicable.

**D. Recommendations of other Advisers**

RGF occasionally recommends other advisers, but does not accept referral fees for such recommendations. Please see response to Item 8 for a full discussion of RGF's use of third party managers.

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

A. A copy of our Code of Ethics is available upon request. Our Code of Ethics includes discussions of our fiduciary duty to clients, political contributions, gifts, entertainment, and trading guidelines.

B. Not applicable. RGF does not recommend to clients that they invest in any security in which RGF or any principal thereof has any financial interest.

C. On occasion, an employee of RGF may purchase for his or her own account securities which are also recommended for clients. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must be reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

D. On occasion, an employee of RGF may purchase for his or her own account securities which are also recommended for clients at the same time the clients purchase the securities. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must be reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

## **Item 12: Brokerage Practices**

### **A. Recommendation of Broker-Dealer**

RGF recommends that its investment accounts be held in custody by the Schwab Institutional division of Charles Schwab & Co., Inc. (“Schwab”). Schwab offers services to independent investment advisors. These services include custody of securities, trade execution platforms, and access to research not available to the general public. Schwab is wholly independent from RGF. It is expected that most, if not all, transactions in a given client account will be cleared through the custodian of that account in its capacity as a broker-dealer.

RGF recommends Schwab to its clients based on a variety of factors. These include, but are not limited to, commission costs. Schwab has what can be considered discounted commission rates. However, in choosing a broker-dealer or custodian to recommend, we are most concerned with the value the client receives for the cost paid, not just the cost. Schwab adds value beyond commission cost. Other factors that may be considered in determining overall value include speed and accuracy of execution, financial strength, knowledge and experience of staff, research and service. Schwab also has arrangements with many mutual funds that enable us to purchase these mutual funds for client accounts at reduced transaction charges (as opposed to other broker-dealers). RGF re-evaluates the use of Schwab at least annually to determine if they are still the best value for our clients.

Schwab provides us with some non-cash benefits (not available to retail customers) in return for placing client assets with them or executing trades through them. Such non-cash benefits are referred to as “soft dollars”. Currently, these benefits come in the form of investment research and sponsored attendance at various investment seminars. We may also receive such items as investment software, books and research reports. These products, services, or educational seminars are items that will play a role in determining how to invest client accounts. If there is any item that has a multi-use aspect, mixed between investment and non-investment purposes, RGF will determine a reasonable allocation of investment to non-investment use and soft dollars will be allocated only to the investment portion of the product (and we will pay the remaining cost). RGF receives a benefit from these services, as otherwise we would be compiling the same research ourselves. This may cause us, or another adviser, to want to place more client accounts with a broker-dealer/custodian such as Schwab, solely because of these added benefits. However, the value to all of our clients of these benefits is included in our evaluation of custodians. Products and services received via soft dollars will generally be used for the benefit of all clients. However, it is possible that a given client’s trades will generate soft dollars that acquire products and/or services that are not ultimately utilized for that same client’s account. Soft dollars provide additional value, and are accordingly considered in determining which broker-dealer or custodian to utilize as part of our best execution analysis.

We do not consider whether Schwab or any other broker-dealer/custodian, refers clients to RGF as part of our evaluation of these broker-dealers.

While we do generally recommend that clients utilize Schwab Advisor Services to act as the broker-dealer/custodian for their accounts, the client may use another broker-dealer if the client wishes to do so. Because we execute trades through Schwab, if the client directs that we execute their trades through another broker-dealer, they may pay a higher transaction cost than they would have if they used Schwab. Also, if the client directs that we use another broker-dealer to execute their trades, we may not always be able to aggregate orders to reduce trading costs.

RGF will not, however, direct trades through another broker-dealer aside from Schwab Advisor Services in exchange for any sort of fee-sharing or commission-splitting.

**B. Aggregating Trades**

Commission costs per client may be lower on a particular trade if all clients in whose accounts the trade is to be made are executed at the same time. This is called aggregating trades. Instead of placing a number of trades for the same security for each account, we will, when appropriate, execute one trade for all accounts and then allocate the trades to each account after execution. If an aggregate trade is not fully executed, the securities will be allocated to client accounts on a *pro rata* basis, except where doing so would create an unintended adverse consequence (For example, if a *pro rata* division would result in a client receiving a fraction of a share, or a position in the account of less than 1%.)

**Item 13: Review of Accounts**

All accounts will be reviewed by a senior professional on at least an annual basis. However, it is expected that market conditions, changes in a particular client's account, or changes to a client's circumstances will trigger a review of accounts.

The annual report in writing provided by RGF is intended to review asset allocation. All clients will receive statements and confirmations of trades directly from their account custodian. Additionally, all clients will receive quarterly itemized bills from RGF. Please refer to Item 15 regarding Custody.

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

**A. Economic Benefit Provided by Third Parties for Advice Rendered to Client.**

*Please refer to Item 12, where we discuss recommendation of Broker-Dealers.*

**B. Compensation to Non-Advisory Personnel for Client Referrals.**

RGF does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

**Item 15: Custody**

RGF deducts fees from client accounts, but would not have custody of client funds otherwise. Clients will receive statements directly from Schwab, and copies of all trade confirmations directly from their account custodian.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. Each quarter, clients will receive a bill itemizing the fees to be debited, including the formula used to calculate the fee, the amount of assets the fee is based, and the time period covered by the fee. The invoice will also state that the fee was not independently calculated by the custodian. The client will also receive a statement from their account custodian showing all transactions in their account, including the fee.

We encourage clients to carefully review the statements and confirmations sent to them by their custodian, and to compare the information on your quarterly report prepared by RGF against the

information in the statements provided directly from account custodian. Please alert us of any discrepancies.

**Item 16: Investment Discretion**

Asset management services will generally be performed on a “discretionary” basis. When RGF is engaged to provide asset management services on a discretionary basis, we will monitor your accounts to ensure that they are still investment as would be needed to meet your goals. If any changes are needed to your investments, we will make the changes. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash. You may at any time place restrictions on the types of investments we may use on your behalf, or on the allocations to each security type. You will receive written or electronic confirmations from your account custodian after any changes are made to your account. You will also receive monthly statements from your account custodian. Clients engaging RGF on a discretionary basis will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Management Agreement that outlines the responsibilities of both the client and RGF.

**Item 17: Voting Client Securities**

Copies of our Proxy Voting Policies are available upon request.

From time to time, shareholders of stocks, mutual funds, exchange traded funds or other securities may be permitted to vote on various types of corporate actions. Examples of these actions include mergers, tender offers, or board elections. Clients are required to vote proxies related to their investments, or to choose not to vote their proxies. RGF cannot accept authority to vote client securities. Clients will receive their proxies directly from the custodian for the client account. RGF cannot give clients advice on how to vote proxies.

**Item 18: Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per account and more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.