

**Item 1 Firm Information**

- A. James Reed Financial Services (RFS), a Registered Investment Advisor (RIA) with the Security and Exchange Commission (SEC), does business as Reed Financial Services, Inc.

We are located at 3690 Orange Place, Suite 240, Beachwood, Ohio 44122.

Our phone number is (216) 464-2090.

Our Website is [www.Reed-Financial.com](http://www.Reed-Financial.com).

Questions regarding this brochure should be addressed to James M. Reed.

- B. This brochure provides information about the qualifications and business practices of Reed Financial Services, Inc. If you have any questions about the contents of this brochure, please contact us at (216) 464-2090 or [jim@reed-financial.com](mailto:jim@reed-financial.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.

Additional information about Reed Financial Services, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

- C. The fact that our firm is registered as an RIA does not imply a certain level of skill or training.

**Item 2 Material Changes**

- A. Form ADV Part IIA, dated March 31, 2017, serves as our Firm Brochure for regulatory purposes.

Annual Update:

This brochure is a summary of the RFS Advisory Services provided, how we are compensated, certain business practices and policies, potential conflicts of interest, background on firm professionals among other things. The information is required to be updated annually by March 31<sup>st</sup> and filed with the SEC.

The entire brochure is provided to new clients at the time they enter into an agreement with RFS to provide services. Existing clients are provided annually the summary along with an offer to provide a complete copy of the latest brochure if requested.

#### Material Changes:

Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates – any information that is critical to a client's full understanding of who we are, how to find us, and how we do business.

In February 2016, we entered into an Agreement to purchase a group of managed clients from Frank Zalar, who had been an affiliated advisor with RFS for 23 years. These accounts were already being managed by RFS, and the sale was part of his long-term retirement plans.

Unfortunately, Frank Zalar unexpectedly passed away in early August 2016. Part of the February 2016 Agreement included a contingency buyout of the balance of his practice in the event of death. By year-end, all accounts had been transferred to the principals of RFS and valuation had been finalized based on Agreement terms.

Collectively, both purchases increased RFS revenue in 2016 by around 10%.

Please contact us for the full disclosure brochure. Our firm's contact information is located on the preceding cover page, attached to this document.

Item 3 Table of Contents

Item No.

1. Firm Content Information
2. Material Changes
4. Our Advisory Business
  - A. Firm Ownership
  - B. Services Provided
  - C. Customization of Services to Client Needs
  - D. Wrap Fees – Not Applicable
  - E. Assets Under Management
5. Fees and Compensation
  - A. How we are Compensated
    1. Financial Planning
    2. Investment Management
  - B. Methods of Payment
  - C. Other Possible Costs
  - D. Timing of Billing of Fees
  - E. Other Compensation
6. Performance Based Fees – Not Applicable
7. Type of Clients
8. Methods of Analysis, Investment Strategy and Risk of Loss
9. Disciplinary Actions
10. Financial Industry Activities and Affiliations
11. Code of Ethics
12. Brokerage Practices
13. Review of Accounts
  - A. Reviews
  - B. Reviewers
  - C. Nature and Frequency of Reports to Clients
14. Client Referrals
15. Custody
16. Discretion
17. Voting Proxies
18. Financial Information – Not Applicable

Item 4      Advisory Business

A.      The firm was formed in 1986 by James M. Reed, CPA, CFP who owned 100% of corporate stock until January 2010, when Amanda E. Lisachenko, CFP, Vice President of Planning and Investments, acquired 10% of corporate stock. Amanda E. Lisachenko purchased another 20% of corporate stock in May of 2013 when she was promoted to Chief Operating Officer.

B.      Services Provided.

RFS provides financial planning in the areas of investments, insurance, estate planning, retirement planning, tax planning and college funding. Services may involve evaluation of existing securities or insurance products and recommendations for change or purchase. Most plans are customized to client specific requests or needs. The client may request services other than a full plan.

RFS provides ongoing asset management of client assets. Initially, as part of the financial planning process, asset allocation targets are set and a written policy for those targets signed. Investments used are primarily mutual funds and ETF's. Customization of allocations can be made, if necessary, to wrap around existing client holdings.

Following is a more detailed description of the services offered:

1)      Initial Evaluation Conference:

The initial conference is for the purpose of gaining an overview of the client's financial situation on determining whether RFS can be of service. The first half-hour of this conference is free. All additional time is billable at the hourly rate of \$150. Prospective clients are notified of this arrangement prior to the initial meeting. All fees for this meeting are payable at the first office visit.

At the end of the initial conference, it will be mutually determined whether RFS will be engaged for any of its available services and a fee arrangement will be negotiated. Frequently the initial conference fees are waived if the client is going forward with RFS.

2)      Written Financial Plans:

The Financial Plan is formulated on information supplied by the client and customized to the client's stated goals, risk tolerances and on RFS's evaluation of the client's needs. A Financial Plan could include the following: (1) Determination of present and anticipated assets and liabilities; (2) Cash flow estimates; (3) Income tax planning; (4) Education cost estimates and funding strategies; (5) Retirement planning; (6) Insurance needs analysis and existing coverage review; (7) Portfolio

analysis and recommendations; (8) Retirement Plan design; (9) Fringe benefit analysis; and (10) Business succession planning.

The client may request services other than a full plan. The plan developed for a client typically includes general recommendations to accomplish stated goals and specific action items in each respective area reviewed.

All contractual relationships entered into between RFS and its clients can be terminated at any time without penalty.

3) Plan Implementation:

Plans are formulated on the basis of current economic and financial circumstances. Therefore, plans should be implemented promptly, prior to becoming obsolete by reason of changed economic conditions.

RFS generally creates specific action items necessary for the client to implement their financial plan. Recommendations may include meetings with other advisors or specific investment or insurance products. Investment and insurance products recommended may include a commission and ongoing service fees. There is no obligation to implement any of the investment choices through RFS. Clients may use a broker of their own choice. James M. Reed and Amanda E. Lisachenko, principals and all related persons of RFS are currently licensed with Comprehensive Asset Management and Servicing, Inc. (CAMAS) and any securities transactions would be implemented through CAMAS. Insurance transactions could be placed with a number of insurance companies.

Generally included within the planning fee structure is the estimated time necessary to be spent with other professionals such as the client's existing insurance agent, accountant, attorney, etc.

Implementation is entirely separate from plan preparation. There is no reduction in fees paid for formulating a financial plan in the event a client decides to utilize the brokerage services of CAMAS.

It is possible to utilize the brokerage services of CAMAS without utilizing the planning services of RFS. It is not unusual for an individual to request brokerage services or assistance only.

4) Ongoing Asset Management:

All asset management clients have an asset allocation target established. At least quarterly the allocations are reviewed by RFS. This may result in recommendations to modify portfolio holdings. All significant recommendations are conveyed either in writing or verbally and are

specifically related to client's holdings, goals and risk tolerances. Clients that RFS has discretionary authority for typically are notified after RFS has implemented the proposed changes. Clients are under no obligation to implement our recommendations.

Quarterly, RFS provides written statements on market values and performance results.

C. Customization of services to client needs.

- Financial Plans are typically customized to answer specific client questions or needs. Plan content can vary between clients.
- Ongoing investment management is based on proprietary asset allocation models utilizing mutual funds and ETF's developed by RFS to cover different levels of risk and expected returns. During the financial planning process, clients' needs and goals are matched to the model most closely matching their desires. Customization of the models can occur to accommodate clients' needs or specific investments.

D. Wrap Fee Programs by Outside Advisors

- a. RFS does not use wrap fee providers.

E. As of December 31, 2016 RFS has \$207,437,349 of assets under management on a discretionary basis and an additional \$16,537,560 of assets we are responsible for on a non-discretionary basis.

Item 5 Fees and Compensation

A. How we are compensated

Initial Conference

The initial conference is for the purpose of gaining an overview of the client's financial situation and determining whether RFS can be of service. The first half-hour of this conference is free. All additional time is billable at the hourly rate of \$150. Prospective clients are notified of this arrangement prior to the initial meeting. All fees for this meeting are payable at the first office visit.

Written Financial Plans

Fees for preparing written financial plans are generally quoted on a fixed-fee basis, payable one-half when the contract is signed with the remainder due upon presentation of the Plan. Fixed fees are determined by estimating the hours required times the hourly rate of various personnel involved. Current hourly rates are as follows:

Financial Planners	\$125 - \$250 per hour
Paraplanners	\$ 40 - \$100 per hour
Clerical	\$ 25 - \$ 50 per hour

On cases where the client wishes to proceed on an hourly basis, the above hourly rates will be charged. In any case, a written contract setting forth the agreed amount or hourly rates will be signed prior to any work starting.

#### Investment Management

Fees for this service are based upon a percent of assets being managed and in some cases a fixed annual fee. The fees charged are negotiated at the time the contract is signed and will vary from client to client based upon the nature and amount of assets under review and other services being performed. Various household assets are frequently combined to determine the asset fee rate. In any case, fees as a percent of assets being managed will not exceed the following:

#### Annual Percent of Assets Fee Structure

First \$500,000 of assets	Maximum annual charge 1.50%
Next \$1,500,000 of assets	Maximum annual charge 1.25%
Assets over \$2,000,000 of assets	Maximum annual charge 1.00%

The fixed fee is based on estimated hours required times the then-currently hourly rate of personnel involved.

Billing is quarterly in advance based upon the market value of assets being managed. Generally assets added during the quarter will be included in the next quarterly billing. Fixed annual fees will be billed quarterly in advance. See item 7 for minimum annual fees for Investment Management services.

Whenever possible we try to utilize no load products or transfer existing holding(s) to a custodian (PAS) where we can convert existing investments to a no load or institutional share class.

Clients do not incur trading costs for assets held on the PAS custodial platform.

When we feel the best option is a commission product, we will recommend accordingly, process the transaction through CAMAS and disclose to the client any commissions or 12b-1 trails received. Normally, we accept trails in lieu of management fees. Currently commission based compensation accounts for less than 10% of our total revenue.

B. Method of Payment

Clients are billed quarterly and may choose to pay RFS fees directly or they may grant authority to have the fees paid directly to RFS by the asset custodian. If fees are to be paid directly by the custodian, the client must provide written authorization; RFS provides an invoice showing the amount of the fee, the value of assets on which the fee is based, the manner of calculation and where the fee is being deducted. The custodian provides to the client, at least quarterly, a summary of all fees paid directly to RFS.

C. Other Possible Costs

In connection with its asset management services, RFS has entered into an agreement with Pershing Advisor Solutions (PAS) for custodial and other related services. Under the agreement, PAS serves as custodian for assets held in retirement and other accounts of RFS clients for which RFS has investment discretion or authority.

Assets held at PAS are all purchased utilizing no load or institutional share classes. Trading is without any additional fees. PAS does charge an annual fee of \$75 per registration. Termination of an account may result in termination fees charged by the custodian. RFS receives no compensation from PAS on any fees charged by PAS.

RFS charges a \$350 set-up fee to new clients to process the paperwork necessary to transfer assets from existing custodians.

Assets may also be held at the source of sale (such as the mutual fund family, insurance company or selected retirement plans) which may not offer no load options. In those situations, we accept commissions and any 12b-1 trails paid in lieu of management fees. This source of compensation accounts for less than 10% of our total revenue. See Item 12, Brokerage Practices for additional information.

When clients utilize RFS for management of mutual funds, they will incur fees charged directly by RFS and indirectly by the individual mutual funds. The total of these fees may be higher or lower than charged by other advisors.

D. Timing of Billing of Fees

Billing is quarterly in advance, based upon market value of assets being managed. Assets added during the quarter will be included in the next quarterly billing. Fixed annual fees will be billed quarterly in advance. In the event of cancellation and notification in writing during the billing period, fees will be prorated and any excess fee already taken directly from the account will be reimbursed.

Financial planning services are payable half at time of contract signing with the balance due upon presentation of the plan. All planning contracts can be



terminated at any time without penalty and fees charged will be limited to work completed.

E. Other Compensation

RFS principals and associated persons are also registered representatives of CAMAS and effect commission-based transactions for clients through CAMAS as their broker-dealer. RFS is also an insurance agency and generally recommends companies it represents. As such a potential conflict of interest may exist. Compensation from these sources accounts for less than 1% of total annual new revenue.

Some mutual funds and insurance companies pay service fees to registered representatives for the purpose of encouraging them to service their investment after the initial sale. When those fees are paid, RFS or associated persons generally accept those fees as added compensation. Service fees pursuant to Section 12(b)(1) of the Investment Company Act of 1940 and SEC Rule 12b-1 thereunder, and/or “trailing” commissions to persons associated with RFS who are also CAMAS representatives range from 0.25% to 1.25% annually, based upon the value of a client’s assets invested in shares issued by a particular mutual fund company. Although not paid directly by the client, these service fees may affect the value and performance of mutual fund shares that may be held in the client’s portfolio.

Whenever possible we try to utilize no load products or transfer existing holdings to a custodian (PAS) where we can convert existing investments to a no load or institutional share class.

When we feel the best option is a commission product, we will recommend accordingly, process the transaction through CAMAS and disclosure to the client any commissions or 12b-1 trails received. Normally, we accept trails in lieu of management fees.

Clients have the option to purchase investment products we recommend through other brokers or agents not affiliated with RFS.

Currently, over 90% of our income comes from fee-based revenue associated with asset management or planning. New commission-based revenue is less than 1% of our total annual income and all commission-based income, primarily ongoing 12b-1 (trails) from prior year transactions account for the balance of the non-fee income.

Generally, we are compensated by either fee or commission but not both at the same time for the same asset.

Item 6      Performance Based Fees

RFS does not utilize performance-based fee structures.

Item 7      Types of Clients

Our clients are primarily individuals with some business owners, corporations, pension/profit sharing plans and trust, estate and charitable organizations.

Our goal is to have a \$250,000 asset minimum to start with. RFS, however, may make exceptions for family members and individuals with potential to exceed that threshold in the future.

Item 8      Methods of Analysis, Investment Strategy and Risk of Loss

RFS employ's various sources of information to identify trends and evaluate investments.

We have developed proprietary asset allocation models and selected specific investment vehicles from mutual funds or ETF's, hopefully to take advantage of the identified trends. If we feel market conditions or funds have changed significantly, we will make adjustments to our allocations and/or specific investment vehicles. A risk of our approach is that market conditions could change and negatively impact our asset allocation models. There can be no assurances that RFS can predict these trend changes accurately.

When evaluating an investment, we consider a number of factors, including investment strategies, market size focus, style drift, past performance and risk levels. Potential investments are tested for impact on our model performance and risk levels. There are no assurances that the managers will continue to successfully follow their stated strategies.

Investing in securities involves risk of loss and client should be prepared to bear those potential losses. Each model has varying degrees of risk associated. Typically, new clients are presented different models to consider initially and with updates, models and asset allocations are reviewed. Written investment policy statements are signed, indicating the model the client wishes to follow.

Item 9      Disciplinary Actions

None

Item 10 Financial Industry Activities and Affiliations

The principals and associated persons are also registered as representatives with Comprehensive Asset Management And Servicing, Inc. (CAMAS), a broker-dealer and as such may receive commissions for the purchase or sale of securities and/or insurance products.

Comprehensive Asset Management and Servicing, Inc.  
2001 Route 46, Suite 506  
Parsippany, NJ 07054

RFS is also registered as an insurance agency and may receive commissions from the sale of insurance products. As such, a potential conflict of interest may exist.

Some mutual funds and insurance companies pay service fees to registered representatives for the purpose of encouraging them to service their investment after the initial sale. When those fees are paid, RFS or associated persons generally accept those fees as added compensation. Service fees pursuant to Section 12(b)(1) of the Investment Company Act of 1940 and SEC Rule 12b-1 thereunder, and/or “trailing” commissions to persons associated with RFS who are also CAMAS representatives range from 0.25% to 1.25% annually, based upon the value of a client’s assets invested in shares issued by a particular mutual fund or insurance company. Although not paid directly by the client, these service fees may affect the value and performance of mutual fund shares that may be held in the client’s portfolio.

RFS has had associated persons who refer clients to RFS to utilize various services offered in those cases. RFS charges the normal fees to the client and then shares a portion with the associated person. This sharing relationship is disclosed to the client. Although this represents additional compensation to the associated person, it involves no additional cost to the client. Currently RFS has no associated persons.

RFS has working relationships with numerous accounting, legal, pension and insurance companies. When clients are looking for someone to handle these needs, we will refer them to appropriate advisors, some of whom have referred clients to RFS.

RFS may also enter into agreements with other RIA’s to provide certain services and may be compensated accordingly. When a third party is used, it is disclosed to clients.

RFS may also enter into Solicitor Agreements with various individuals to share planning and/or management fees. Written disclosure between RFS and the solicitor regarding the sharing amount, contract duration and specific responsibilities is provided. Written disclosure is provided and signed by the client outlining the fee sharing arrangement. The client does not pay any additional fees because of this arrangement. Currently RFS has no active solicitors.

## Item 11 Code of Ethics

The Securities and Exchange Commission (SEC) Advisers Act imposes a fiduciary duty on investment advisers. As a fiduciary, RFS has a duty of utmost good faith to act solely in the best interests of each of our clients. Our clients entrust us with their funds, which in turn places a high standard on our conduct and integrity. Our fiduciary duty compels all employees to act with the utmost integrity in all of our dealings. This fiduciary duty is the core principle of our firm and represents the expected basis of all of our dealings with our clients.

RFS will provide a copy of its Code of Ethics to any client or prospective client upon request.

RFS Code of Ethics contains written policies designed to prevent unlawful practices such as the use of material, nonpublic information or trading of the same securities ahead of clients to take advantage of pending orders.

RFS Code of Ethics also requires personnel to report their personal holdings, transactions and obtain pre-approval of certain investments to ensure transaction(s) do not have appreciable market impact. Employees of RFS may maintain investments of their own but it is likely they would utilize the same kind of investments as being recommended to clients.

## Item 12 Brokerage Practices

### Brokerage Practices

For the most part, RFS purchases and sells mutual funds and Exchange Traded Funds (ETF's) for its clients. Prices for mutual funds do not vary across markets. RFS executes such transactions for clients through a trading platform operated by PAS and the firm is confident that best execution is obtained for clients.

For ETF's, RFS has processes in place to review liquidity, recent trading volume in the specific security, and the values of the underlying securities prior to executing an ETF trade. RFS executes these trades through the trading desk at PAS and believes the clients are getting best execution. Depending on the size of the trade and market volatility, prices could vary quickly. Randomly, compliance requests trade tests to verify best execution is occurring at PAS.

When trading ETF's, RFS aggregates clients' shares to potentially get the best execution price. When a trade is executed, the average price is calculated and values allocated to the respective client accounts. If a large block of shares cannot get executed in the same day, the portion traded that day is averaged and prorated across

all allocated accounts. Subsequent day trades are averaged and allocated when executed.

Generally, for buying and selling individual bonds, RFS utilizes Fulcrum Point, an RIA, to identify potential bonds to buy that meet our specific criteria for a client. They monitor over 200 bond trading desks to identify best prices and advise as to the availability and an acceptable purchases or sell price range. We then go to PAS and ask the trading desk to purchase the designated bonds. If prices quoted are outside the recommended price range, we then negotiate with PAS for a better price or simply pass and find another bond. Fulcrum Point also monitors all bonds for any changes in valuation or credit rating and notifies us of any changes. RFS and Fulcrum Point then jointly develop an action plan based on the issuer's fundamentals and market conditions. RFS incurs a fee for these services.

For commission-based transactions, RFS works exclusively with Comprehensive Asset Management and Servicing, Inc. (CAMAS) with which RFS principals and representatives are also associated. RFS is confident that CAMAS provides both best execution and a high level of service to RFS and its clients. On an annual basis, RFS reviews this relationship, however, to be certain that its clients' interests are best served. Annually, new brokerage activities through CAMAS account for less than 1% of our revenue.

RFS is also an insurance agency and generally recommends companies it represents. As such, a potential conflict of interest may exist. See also Item 5 (E), Other Compensation

#### Soft Dollar

RFS does not have any soft dollar arrangements (no commission rebates or credits from broker-dealers derived from commissions paid by clients for trades in their accounts managed by RFS). On occasion, an RFS analyst may attend a due diligence meeting with a mutual fund company we already have assets with or are considering. In these instances, the cost of the trip may be paid for by the mutual fund company but the trips are approved by the CCO.

#### Direct Brokerage

RFS does not have any clients that direct brokerage. Any commission related business goes through CAMAS, the Broker Dealer, RFS principals are associated as Registered Reps. (Client-Directed Brokerage Arrangement refers to an arrangement whereby a client directs that trades for its account be executed through a specific broker in exchange for which the client receives a benefit in addition to execution services. Client-Directed Brokerage Arrangements include rebates, commission banking and commission recapture programs through which the broker provides the client with cash or services or pays certain obligations of the client.)

Item 13    Review of Accounts

A.      Reviews:

For all clients under asset management agreements, asset allocations are reviewed by RFS personnel quarterly, recommendations for any significant modifications to portfolio holdings would be conveyed either in writing or verbally. Performance for individual mutual funds and ETF investments are compared weekly to various industry indexes. Non-performing investments are investigated and recommendations for change are conveyed either verbally or in writing to the clients. At least annually, we try to meet personally or by phone to discuss the asset allocations and any possible changes. For those clients not under ongoing management agreements, their accounts are reviewed annually, as part of their annual update.

B.      Reviewers:

All financial plans, updates, asset allocation changes or individual holdings within the models are reviewed by James M. Reed, CPA and Certified Financial Planner, Amanda E. Lisachenko, Certified Financial Planner or John D. May III, Certified Financial Planner.

General Standards of Education or Business Experience:

For representatives of RFS to provide client advice, they must have a college degree with a specialty in business, a minimum of three years of relevant experience in the financial services field and be properly licensed or able to be licensed. Annual continuing education requirements must be met. For those without a college degree, we will look at actual relevant experiences and the three years of financial services business experience would apply as would the requirements to be appropriately licensed and completing annual continuing education requirements.

C.      The Nature and Frequency of Regular Reports to Clients on their Accounts.

Clients under ongoing Management Agreements:

Quarterly reports are sent showing securities held, number of shares, type of account, cost basis and current value in addition to any comments RFS may have about any of these assets. The client receives confirmations on any transactions directly from the fund or brokerage firm involved.

Quarterly asset allocations are reviewed and clients advised of recommended portfolio changes. Clients under management typically are notified after RFS has implemented the proposed changes. At least annually, we try to meet

personally with all managed clients to review their investments and decide on a strategy for the coming year.

Clients not under ongoing Management Agreements:

These clients will receive at least annually a statement similar to management clients and any comments RFS may have about these assets.

Item 14 Client Referrals

RFS has working relationships with numerous accounting, legal, pension and insurance companies. When clients are looking for someone to handle these needs, we will refer them to appropriate advisors, some of whom have referred clients to RFS, which could create a conflict of interest. This conflict is disclosed to clients and no other material compensation is received by RFS.

Item 15 Custody

RFS does not maintain custody of any client funds. For any investments that we do have management responsibility for, those assets are held by third party custodians, who regularly send statements directly to the client. RFS involvement is limited to downloading of information from the various custodians, to maintain our databases and to electronically direct custodians to make desired changes.

We withdraw our quarterly management fees directly from the custodian. We do have in place processes and procedures to reconcile the amount of management fee shown on the invoice, which is sent to the client with our quarterly reports, to the amount actually withdrawn from the client accounts.

Item 16 Discretion

For those clients of RFS who enter into Advisory Agreements providing for on-going investment management, RFS is granted limited trading authority to place orders for purchases and sales of securities without obtaining specific client consent. This limited authority constitutes investment discretion, and is utilized by RFS to effect transactions that are necessary or appropriate in response to market conditions and continuing investment determinations designed to achieve client objectives. The discretion granted to RFS includes the authority to determine amounts of securities to be bought or sold for the client, and to make such determinations consistent with asset allocation and other criteria established by the client in its agreement with RFS.

RFS effects all securities “commission” transactions through CAMAS, at commission rates, if applicable, established with CAMAS. This authority is granted to RFS under its client agreements, and constitutes “brokerage discretion.” RFS exercises its brokerage discretion so as to assure best execution of purchases and sales for its

advisory clients and maximum value to clients from the relationship between RFS and CAMAS.

The client may authorize RFS limited power of attorney to switch mutual funds, ETF's, variable annuities or variable life products; however, at no time will RFS have possession of client assets. This limited power may be cancelled at any time.

Item 17    Voting Client Proxies on Securities

Our policy is to not vote client proxies. Since most of our business is in mutual funds or ETF's and those typically are sent directly to the client, it is uncommon for us to get proxy vote requests.

Item 18    Financial Information

RFS is deemed to not have custody of client funds, therefore audited financial statements of the books and records are not required.