

# RiverTree Advisors, LLC

## Disclosure Brochure

October 2018



A Registered Investment Advisor

This brochure provides information about the qualifications and business practices of RiverTree Advisors, LLC (hereinafter “RiverTree” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed below. 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.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). RiverTree is an SEC registered investment advisor. Registration does not imply any level of skill or training.

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## **Item 2.     Material Changes**

In this Item, RiverTree is required to discuss any material changes that have been made to the Brochure since the last annual amendment filed. RiverTree has no material changes to disclose in relation to this Item.

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## Item 4. Advisory Business

RiverTree offers a variety of advisory services, which include investment management services, financial planning and consulting. Prior to rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with RiverTree setting forth the relevant terms and conditions of the advisory relationship (the “*Agreement*”).

RiverTree was formed in January of 2013 and is wholly owned by Theodore Rich. As of December 31, 2017, RiverTree had \$152,375,641 in assets under management, \$151,535,408 of which was managed on a discretionary basis and \$840,233 of which was managed on a non-discretionary basis.

While this brochure generally describes the business of RiverTree, certain sections also discuss the activities of its Supervised Persons, which refers 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 RiverTree’s behalf and is subject to the Firm’s supervision or control.

### Investment Management Services

RiverTree manages client investment portfolios on a discretionary or (in certain circumstances) non-discretionary basis. RiverTree actively allocates client assets among one or more of its proprietary investment styles. In managing each of these styles, the Firm uses a variable mix of globally diverse investment holdings, which seek to obtain asset class, sector, geographic and other exposure through mutual funds and exchange-traded funds (“ETFs”).

RiverTree also may provide advice with regard to certain investment products that are not maintained at their primary custodians, such as assets held in employer sponsored retirement plans. In these situations, RiverTree directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the custodian designated by the product’s provider.

RiverTree tailors its advisory services to accommodate the needs of its clients and continuously seeks to ensure that its clients’ portfolios are managed in a manner consistent with their specific investment profiles. RiverTree does not limit its investment advice with respect to investments. RiverTree consults with clients on an initial and ongoing basis to determine their specific risk tolerance, time horizon, liquidity constraints and other factors relevant to the management of their portfolios. Clients are advised to promptly notify RiverTree if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if RiverTree determines, in its sole discretion, the conditions would not materially impact the

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performance of an investment strategy or prove overly burdensome to the Firm's management efforts.

These investment management services do not include securities brokerage services, as RiverTree does not serve as the sponsor or manager of a wrap fee program (i.e., an arrangement where brokerage commissions and transaction costs are absorbed by the Firm).

## Financial Planning and Consulting Services

RiverTree also may offer clients a variety of financial planning and consulting services, including any or all of the following functions:

- Business Planning
- Cash Flow Forecasting
- Asset Allocation
- Retirement Planning
- Estate Planning
- Financial Reporting
- Insurance Needs Analysis
- Charitable Giving
- Risk Management
- Distribution Planning

In performing these services, RiverTree is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. RiverTree may recommend the services of itself, and/or other professionals to implement its recommendations.

Clients are advised that a conflict of interest exists if RiverTree recommends its own services. Clients are under no obligation to act upon any of the recommendations made by RiverTree under a financial planning or consulting engagement or to engage the services of any such recommended professional, including RiverTree itself. Clients retain absolute discretion over all such implementation decisions. Clients are advised that it remains their responsibility to promptly notify RiverTree if there ever is any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising RiverTree's previous recommendations and/or services.

## Item 5. Fees and Compensation

RiverTree offers its services on a fee basis, which generally entails a fee based upon a percentage of assets under management for investment management relationships, as well as a fixed and/or hourly fee for certain financial planning and consulting engagements.

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## Investment Management Fees

For clients with at least \$500,000 in assets under the Firm's management, RiverTree generally charges an annual asset-based fee in accordance with the following blended fee schedule:

Assets Under Management	Annual Fee
The First \$1,000,000	1.20%
The Next \$2,000,000	0.95%
The Next \$2,000,000	0.75%
The Next \$5,000,000	0.55%
The Next \$10,000,000	0.35%
Over \$20,000,000	0.25%

The annual fee for clients who maintain assets under management of less than \$500,000 will be 1.50%. Upon assets under management exceeding \$500,000 at the end of a calendar quarter, the above tiered fee schedule will apply.

RiverTree's annual fee is prorated and charged quarterly in advance, based upon the market value of the assets being managed by the Firm on the last day of the previous quarter. Clients retain the ability to make account deposits or withdrawals at any time, provided that investment management fees will be adjusted to reflect partial inflows of more than \$100,000 that occur after the inception of a billing period.

For the initial term of an engagement, the fee is calculated on a pro rata basis. In the event the Agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination of the engagement and the unearned portion is refunded to the client, as appropriate.

RiverTree's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. RiverTree does not, however, receive any portion of these commissions, fees, and costs.

## Financial Planning and Consulting Fees

RiverTree may charge a fixed fee and/or hourly fee to provide clients with stand-alone financial planning and consulting services. These fees are largely determined by the scope and complexity of the agreed upon services and generally range from \$250 to \$500 on an hourly basis and \$2,500 to \$25,000 on a fixed fee basis.

The specific terms and fee structure are negotiated in advance and set forth in the *Agreement* with RiverTree. Generally, RiverTree requires one-half of the financial planning or consulting

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fee payable upon execution of the *Agreement* and the balance due at the time the financial plan is delivered or the underlying services are rendered to completion. Depending on the arrangement, if the client engages RiverTree for additional investment advisory services, RiverTree may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

## Fee Discretion

RiverTree, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention and *pro bono* activities.

## Additional Fees and Expenses

In addition to the fee paid to RiverTree, clients also may 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, 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.

## Fee Debit

The Firm's Agreement and the separate agreement with any Financial Institutions generally authorize RiverTree to debit its clients' accounts for the amount of the management fee and to directly remit that fee to RiverTree. Any Financial Institutions recommended by RiverTree have agreed to send statements to clients not less than quarterly indicating all amounts disbursed from the account, including the amount paid directly to RiverTree. Alternatively, RiverTree may, in its sole discretion and under limited circumstances, agree to send clients invoices for direct payment.

## Account Additions and Withdrawals

Clients may make additions to and withdrawals from their account at any time, subject to RiverTree'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 decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to RiverTree, subject to the usual and customary securities settlement procedures. However, RiverTree designs its portfolios as long-term investments and the withdrawal of assets may impair the achieve-

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ment of a client's investment objectives. RiverTree 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, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

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

RiverTree 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**

RiverTree generally provides its services to individuals, high net worth individuals, trusts and estates, charitable organizations, and business entities.

### **No Minimum Account Requirements**

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

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

### **Methods of Analysis**

RiverTree generally utilizes a combination of fundamental and technical methods of analysis and often relies on third party research as the source for this information.

Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular fund or issuer. For RiverTree's research sources, this process typically involves an analysis of an issuer's management team, investment strategy, style drift, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm's asset allocation styles. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a security or fund may be good, evolving market conditions may negatively impact the security.

Technical analysis involves the examination of past market data rather than specific issuer information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment



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rather than the fundamentals of a particular investment. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that RiverTree's research sources will be able to accurately predict such a reoccurrence.

## **Investment Strategies**

RiverTree uses a flexible investment process which actively allocates client accounts among a customized mix of globally diversified investment holdings. The Firm uses a mixture of primarily mutual funds or primarily ETFs to make up its style investment portfolios.

Inside its mutual fund styles, the Firm uses internal and external research in an effort to select mutual funds which have demonstrated the ability to consistently outperform their peer groups, their appropriate benchmark indices, and provide clients with attractive, risk-adjusted performance in a variety of market environments. These holdings are monitored regularly and adjustments are made as market conditions warrant. The categories of the mutual fund holdings generally include the following: Cash & Equivalents, Fixed Income, Balanced, Domestic Equity, Alternatives, and International Equity.

Inside its ETF styles, RiverTree uses internal and external research in an effort to identify trends and relative strengths of a wide variety of global ETFs. Holdings which exhibit strong trends and/or strong rankings are then selected for inclusion in portfolios. The trend and ranking measurements are monitored regularly, and then normally those measurements are used to reallocate holdings at least on a quarterly or monthly basis, depending on the specific portfolio. The categories of the ETF holdings generally include the following: U. S. Equity, Developed International Equity, Emerging International Equity, U. S. Bond Sectors, International Bonds, U. S. Equity Sectors, Real Estate, Resources and Materials, and Commodities.

## **Risks of Loss**

### **General Risk of Loss**

Investing in securities involves the risk of loss. Clients should be prepared to bear potential losses.

### **Market Risks**

The profitability of some of RiverTree's recommendations may depend upon assessing the future course of price movements of stocks and bonds. There can be no assurance that RiverTree's research sources will be able to predict those price movements accurately.

### **Mutual Funds and ETFs**

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Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholder fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for index-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There also is no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

## Management Through Similarly Managed Style Accounts

RiverTree manages certain accounts through the use of similarly managed style portfolios, whereby the Firm allocates all or a portion of its clients' assets among various mutual funds and/or securities on a discretionary basis using one or more of its proprietary investment strategies. In managing assets through the use of styles, the Firm remains in compliance with the safe harbor provisions of Rule 270.3a-4 of the Investment Company Act of 1940.

The strategy used to manage a style portfolio may involve portfolio turnover that could impact clients' net after tax gains. While the Firm seeks to ensure that clients' assets are managed in a manner consistent with their individual financial situations and investment objectives, securities transactions effected pursuant to a style investment strategy may be made with the client's individual tax ramifications as a secondary consideration. Clients should contact RiverTree if they experience a change in their financial situation or if they want to impose reasonable restrictions on the management of their accounts.

## Item 9. Disciplinary Information

RiverTree 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.

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

RiverTree is not engaged in any other financial industry activities and does not have any affiliations that are otherwise material to the Firm's advisory business.

## **Item 11. Code of Ethics**

RiverTree has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") which sets forth the standards of conduct expected of its Supervised Persons. RiverTree'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 of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of RiverTree's personnel (called "Access Persons") to report their personal securities holdings and transactions and to obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, RiverTree's Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a manner 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 Access Persons to be completed without any appreciable impact on the markets of such securities. Therefore, under certain 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 where there may be a potential for conflict, no Access Person may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household as the Access Person) a transaction in that security unless:

- the client's transaction has been completed;
- the transaction for the Access Person is completed as part of a batch trade (as defined below in Item 12) 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' acceptance notes, 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.

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

## **Item 12. Brokerage Practices**

RiverTree recommends its investment management clients utilize the brokerage and clearing services of Raymond James and Associates (“Raymond James”) and TD Ameritrade Institutional, a division of TD Ameritrade, Inc. (“TD Ameritrade”) as custodian for their investment accounts managed by RiverTree.

RiverTree participates in the institutional customer programs offered by Raymond James Financial Services, Inc. and TD Ameritrade Institutional, both of which are members of FINRA/SIPC/NFA and are also unaffiliated SEC-registered broker-dealers. TD Ameritrade and Raymond James offer independent investment advisors services which include custody of securities, trade execution, and clearance and settlement of transactions. RiverTree receives some benefits from TD Ameritrade and Raymond James through its participation in the programs.

RiverTree will implement its investment management recommendations only after the client has arranged for and furnished RiverTree with all information and authorizations regarding accounts held at their respective financial institutions. Factors which RiverTree considers in recommending Raymond James and/or TD Ameritrade to clients include their respective financial strength, reputation, execution, pricing, research and service. Raymond James and TD Ameritrade enable RiverTree to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Raymond James and/or TD Ameritrade could be higher or lower than those charged by other Financial Institutions.

The commissions paid by RiverTree’s clients comply with RiverTree’s duty to obtain “best execution.” Clients sometimes could pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction when RiverTree determines that the commissions are reasonable in relation to the value of the custodial services and research 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. RiverTree seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

RiverTree periodically reviews its policies and procedures regarding its recommendation of Custodians in light of its duty to obtain best execution.

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## Brokerage for Client Referrals

RiverTree does not currently receive client referrals from its Custodians.

## Directed Brokerage

RiverTree does not currently have any clients who have directed the Firm to use a particular Financial Institution to execute some or all transactions for the client – referred to as directed brokerage. In direct brokerage situations, the client will negotiate terms and arrangements for the account with the Financial Institution, and RiverTree 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 RiverTree. As a result, the client could potentially pay higher commissions or other transaction costs or greater spreads or receive less favorable net prices on transactions for the account than would otherwise be the case. Subject to its duty of best execution, RiverTree reserves the right to decline a client’s request to direct brokerage if, in RiverTree’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

## Trade Aggregation

Transactions for each client are sometimes executed independently or, when RiverTree decides to purchase or sell the same securities for several clients at approximately the same time, RiverTree will (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among RiverTree’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. In this situation, transactions will be averaged as to price and allocated among RiverTree’s clients pro rata among all the purchase and sale orders placed for each client on any given day.

To the extent that RiverTree determines to aggregate client orders for the purchase or sale of securities, including securities in which RiverTree’s Supervised Persons invest, RiverTree does so in accordance with applicable rules and regulations. RiverTree does not receive any additional compensation or remuneration because of the aggregation. If RiverTree determines a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which include:

- When only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates;

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- Allocations may be given to one account when that account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results that can be purchased by other accounts;
- If an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed);
- With respect to sale allocations, allocations may be given to accounts low in cash;
- In cases where a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, RiverTree may exclude the account(s) from the allocation and the transactions executed on a pro rata basis among the remaining accounts; or
- In cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions are directed to certain custodians in return for investment research products and/or services that assist RiverTree in its investment decision-making process. Such research generally will be used to benefit all RiverTree clients, but brokerage fees paid by one client could 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 service, poses a conflict of interest because RiverTree does not have to produce or pay for the products or services.

### **Software and Support Provided by Financial Institutions**

RiverTree receives from Raymond James and/or TD Ameritrade, without cost to RiverTree, computer software and related systems support, which allow RiverTree to better monitor client accounts maintained at Raymond James and/or TD Ameritrade respectively. RiverTree receives some software and related support without cost because RiverTree renders investment management services to clients who maintain assets at Raymond James, and/or TD Ameritrade. The software and related systems support sometimes benefits RiverTree but not its clients directly. In fulfilling its duties to its clients, RiverTree endeavors to always put the interests of its clients first. Clients should be aware, however, that RiverTree's receipt of economic benefits from a custodian creates a conflict of interest since these benefits potentially could influence RiverTree's choice of one custodian over another which does not furnish similar software, systems support, or services.

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Specifically, RiverTree receives the following benefits from Raymond James and/or TD Ameritrade:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk which exclusively services institutional participants;
- Access to block trading software 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.

There is no direct link between RiverTree's participation in Raymond James' or TD Ameritrade's institutional customer programs and the investment advice it gives to its clients, although RiverTree receives economic benefits through its participation in these programs which are typically not available to TD Ameritrade's retail investors. RiverTree also has: the ability to deduct advisory fees directly from client accounts; access to mutual funds and ETF's with no transaction fees; access to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to the Firm by third party vendors.

Some of the products and services made available by Raymond James or TD Ameritrade through their institutional programs potentially benefit RiverTree but not its clients. These products or services assist RiverTree in managing and administering client accounts. Other services made available by Raymond James or TD Ameritrade are intended to help RiverTree manage and further develop its business enterprise. The benefits received by RiverTree's participation in the programs do not depend on the amount of brokerage transactions directed to TD Ameritrade or Raymond James.

### **Item 13. Review of Accounts**

#### **Account Reviews**

RiverTree monitors the portfolios of its investment management clients as part of a continuous and ongoing process. All investment advisory clients are encouraged to discuss their needs, goals and objectives regularly with RiverTree and to keep RiverTree informed of any changes thereto. RiverTree also contacts investment advisory clients at least annually to ask if there have been any changes in their financial situation, goals and/or investment objectives. For those clients to whom



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RiverTree provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. All such reviews are conducted by Ted S. Rich, Principal of the Firm.

## **Account Statements and Reports**

Clients are provided with transaction confirmation notices and regular account statements directly from the Financial Institutions where their assets are custodied. From time to time or as otherwise requested, investment management clients also may receive written or electronic reports from RiverTree and/or a designated third party, 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 those they receive from RiverTree or a designated third party.

As a convenience to certain clients to whom RiverTree provides financial planning and/or consulting services, the Firm may also generate reports summarizing its analyses and conclusions, which are typically delivered in electronic format.

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

### **Client Referrals**

RiverTree does not currently provide compensation to third-party solicitors for client referrals.

### **Other Economic Benefit**

RiverTree may receive an economic benefit from a third party (non-client) for providing investment advice to the Firm’s advisory clients. Specifically, because RiverTree generally

recommends clients custody assets at Raymond James, and/or TD Ameritrade, they may receive certain institutional benefits that are not otherwise available to retail investors. This relationship is further discussed in Item 12 (above).

## **Item 15. Custody**

RiverTree is deemed to have custody over a client’s assets when it is authorized to directly debit a client’s account for payment of the Firm’s quarterly management fee. In accordance with applicable custody rules, the Financial Institutions recommended by RiverTree have agreed to send statements to clients, not less frequently than quarterly, indicating all amounts paid to RiverTree. As a result, the Firm is not required to engage an independent auditor to perform a surprise annual examination of its client accounts. Additionally, RiverTree has custody of some client accounts due to third party Standing Letters of Authorization (SLOA’s). RiverTree follows



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the SEC's guidelines concerning SLOA's in cooperation with its custodians. As a result, RiverTree is not subject to surprise client account audits

As discussed in Item 13, RiverTree and/or a third-party vendor also may send periodic reports to clients. Clients are advised to carefully review the statements and confirmations sent directly by the Financial Institutions and to compare them with any reports received from RiverTree or an outside service provider.

### **Item 16. Investment Discretion**

Clients generally grant RiverTree the authority to exercise discretion on their behalf. RiverTree is considered to exercise investment discretion over a client's account if the Firm can effect transactions for the client without first having to seek the client's consent. The Firm is given this authority through a power-of-attorney included in the Agreement between RiverTree and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold).

Specifically, RiverTree takes discretion over the following activities:

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

### **Item 17. Voting Client Securities**

RiverTree does not accept the authority to vote client securities (i.e., proxies) on their behalf. Clients receive proxies directly from the Financial Institutions where their assets are custodied and clients may contact the Firm at the number on the cover of this brochure with questions about proxies and/or other such solicitations.

### **Item 18. Financial Information**

RiverTree is not required to disclose any financial information pursuant to this Item due to the following:

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- 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 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.