

**PART 2A OF FORM ADV**

**RAYLIANT ASSET MANAGEMENT**

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*This brochure provides information about the qualifications, business practices and nature of advisory services of RAYLIANT ASSET MANAGEMENT ("RAM"), all of which should be considered before becoming an advisory client of our firm. Please contact Scott Dooley, Chief Compliance Officer, at (412) 325-3970 or [scott.dooley@rayliant.com](mailto:scott.dooley@rayliant.com) if you have any questions about this brochure.*

*The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission, or by any state securities authority.*

*RAM is an investment adviser registered with the U.S. Securities and Exchange Commission ("SEC"). Registration does not imply a certain level of skill or training. Additional information about RAM is available on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

## ITEM 2

### MATERIAL CHANGES

Rayliant Asset Management (“RAM” or the “Firm”) is required to identify and discuss any material changes made to its Brochure since the last update. The following changes were made since the last annual amendment:

On June 29, 2018, Fusion Investment Group, LLC was acquired by Rayliant Global Advisors Limited (“Rayliant”), a Hong Kong limited company. Fusion officially changed its name to Rayliant Asset Management in September.

On March 30, 2019, RAM moved its office location from 1900 Main Street, Suite 207, Canonsburg, PA 15317 to 6000 Town Center Boulevard, Suite 170, Canonsburg, PA 15317.

#### **Full Brochure Availability**

If you would like to receive a complete copy of RAM’s Brochure, please contact us by telephone at 412-325-3970 or by email at [scott.dooley@rayliant.com](mailto:scott.dooley@rayliant.com).

## Table of Contents

<b>COVER PAGE</b>	<b>1</b>
<b>ITEM 2 - MATERIAL CHANGES</b>	<b>2</b>
<b>ITEM 4 - ADVISORY BUSINESS</b>	<b>4</b>
<b>ITEM 5 - FEES AND COMPENSATION</b>	<b>5</b>
<b>ITEM 6 - PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT</b>	<b>7</b>
<b>ITEM 7 - TYPES OF CLIENTS</b>	<b>8</b>
<b>ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS</b>	<b>9</b>
<b>ITEM 9 - DISCIPLINARY INFORMATION</b>	<b>13</b>
<b>ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS</b>	<b>14</b>
<b>ITEM 11 - CODE OF ETHICS AND PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS</b>	<b>16</b>
<b>ITEM 12 - BROKERAGE PRACTICES</b>	<b>17</b>
<b>ITEM 13 - REVIEW OF ACCOUNTS</b>	<b>19</b>
<b>ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION</b>	<b>20</b>
<b>ITEM 15 - CUSTODY</b>	<b>21</b>
<b>ITEM 16 - INVESTMENT DISCRETION</b>	<b>22</b>
<b>ITEM 17 - VOTING CLIENT SECURITIES</b>	<b>23</b>
<b>ITEM 18 - FINANCIAL INFORMATION</b>	<b>24</b>

## ITEM 4 - ADVISORY BUSINESS

Rayliant Asset Management (“RAM” or the “Firm”) is a Delaware limited liability company formerly known as Fusion Investment Group, LLC. The advisor was established on December 30, 2008. The Firm operated as Fusion Investment Group, LLC until 2018 when it was acquired by Rayliant Global Advisors Limited (“RGA”) and when it underwent a name change to Rayliant Asset Management. The Firm is now a wholly-owned subsidiary of Rayliant Global Advisors Limited, a global investment management group. Jason Hsu is the principal owner of RGA.

RAM provides discretionary and nondiscretionary investment management services to a variety of clients using asset allocation models, Fusion strategies, and customized portfolios. RAM’s advisory services are provided in the following ways:

- **Private Access Program:** RAM provides direct advice and discretionary investment management service to clients and institutions in its Private Access Program.
- **Third Party Money Manager Services (“TPMM”):** RAM provides investment management services through accounts established at institutional investment company RIA platforms that are not affiliated with RAM. These accounts may be managed on either a discretionary trading basis or non-discretionary trading basis as agreed upon by the client.
- **Sub-Advisory Services:** RAM serves as the sub-adviser to unaffiliated registered investment advisors for various investment strategies. Sub-advisory services are provided based on the underlying client’s investment objectives, goals, restrictions, tax status and risk profile communicated to the Firm by the primary investment adviser.

RAM incorporates the investment goals, objectives and risk tolerance of each client into its strategy selection. Clients may impose specific restrictions on investing in certain securities, sectors, industries or types of securities. All such restrictions must be submitted to RAM in writing and may or may not be accepted.

### **Wrap Fee Programs**

Wrap Fee Programs are arrangements between broker-dealers, investment advisers, banks and other financial institutions and affiliated and unaffiliated investment advisers through which the clients of such firms receive discretionary investment advisory, execution, clearing and custodial services in a “bundled” form. In exchange for these “bundled” services, the clients pay an all-inclusive (or “wrap”) fee determined as a percentage of the assets held in the wrap account. RAM manages these accounts in the same manner as other accounts the Firm manages.

As of March xx, 2019, RAM has approximately \$91 million in regulatory assets under management, \$81,334,102 is managed on a discretionary basis and \$9,569,399 on a non-discretionary basis.

## ITEM 5 - FEES AND COMPENSATION

RAM earns an investment management fee ("Management Fee") in its Private Access Program and Third-Party Money Manager Services. The Management Fees are an annual fee based upon a percentage of the market value of assets managed or overseen by the Firm. Fees are range from 0.25% to 1%, depending on the investment strategy, account size and other factors. Fees are calculated using the weighted average net assets (securities, cash, and cash equivalents) under management ("Net Assets") of each client's account for the prior quarter. Management Fees are payable in advance as of the first business day of each quarter by debiting the client's account (provided debiting is authorized in writing by the client), on a date not later than the tenth (10<sup>th</sup>) business day after the client's receipt of a correct invoice for such management fees.

The Firm's fee may, depending on negotiated terms with the client, be exclusive of or inclusive of brokerage commissions, transaction fees and other related costs and expenses which may be incurred by the client or the Firm.

### **Sub-Advisory Accounts**

RAM also provides investment sub-advisory services to unaffiliated investment advisors for investment strategies, wrap programs, and other accounts. The sub-advisory fees that RAM receives for these services are negotiated between the Firm and the principal advisor for each sub-advised strategy or account. RAM sends an invoice to the unaffiliated investment advisor on a date not later than the tenth (10<sup>th</sup>) business day of the month.

### **Refund Policy**

RAM's advisory services may be terminated (1) at any time by either party hereto after giving the other party at least five (5) business days prior written notice of such termination; or (2) by the client, without penalty, upon written notice within five (5) business days after entering into the Agreement. Any fees paid in advance will be prorated to the date of termination specified in the notice of termination and any unearned portion thereof will be refunded to the client.

### **Other Fees and Expenses**

There may be additional fees or charges that result from the maintenance of or trading within your account. These fees are imposed by third parties in connection with investments made through client accounts, including but not limited to, brokerage commissions, no-load mutual fund 12(b)-1 distribution fees, certain deferred sales charges on previously purchased mutual funds, IRA and Qualified Retirement Plan fees, and also acquired fund fees and expenses.

### **Other Compensation**

On a case by case basis, RAM is paid a fixed fee or retainer fee for certain investment related research and advice and/or investment operations work. These fees are determined based on the scope of work or project. In addition, RAM may enter into arrangements to provide model information or purchase/sale recommendations for models and other portfolios. In such an arrangement, RAM will provide recommended portfolio transactions based on pre-established criteria, and the client will make the investment decisions and execute the transactions. These will be deemed assets under advisement, and RAM will charge a Management Fee negotiated with the client.

**Other Compensation of Supervised Persons**

Michael Guy Epstein is licensed as a registered representative to sell securities through Mid-Continent Securities Advisors, Ltd., a registered broker/dealer, member FINRA/SPIC. In this capacity, Mr. Epstein will receive commission-based compensation in connection with the purchase and sales of securities.

Compensation earned by Mr. Epstein in his capacity as a registered representative is separate and in addition to advisory fees and RAM charges. This practice presents a conflict of interest because Mr. Epstein has an incentive to effect securities transactions to clients for the purpose of generating commissions rather than solely based on client needs. Clients are under no obligation, contractually or otherwise to purchase these securities through Mr. Epstein. He devotes approximately 60% of his time per week working as a registered representative.

## ITEM 6 - PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Performance based fees may be used as a method of compensation for advisory services and will be negotiated on a client by client basis. RAM will only charge performance fees to Qualified Clients. Any performance fees will be fully disclosed in the client agreement.

RAM may conduct side-by-side management of pooled investment vehicles and managed accounts. These dissimilar investment products are designed for specific types of clients and diverse methods of management are required. For a number of reasons, including compensation variations and allocation of trades, managing side-by-side products may present RAM with potential conflicts of interest. The conflicts may include the incentive to give preferential treatment to performance fee transactions over other accounts or intentionally allocate trades to increase value of assets thereby generating higher advisory compensation. To mitigate this conflict of interest, RAM has developed policies and procedures prohibiting allocation of trade based on favorable or unfavorable market fluctuations. RAM's Chief Compliance Officer reviews transactions periodically to prevent and detect preferential trade allocation.

## ITEM 7 - TYPES OF CLIENTS

RAM's current client base includes Institutional, State and Municipal Government Entities, and individual investors for separately managed account programs. RAM also sub-advises portfolios for other investment advisers.

RAM requires participants in its Private Access Program and institutional clients' programs to commit \$250,000 as a minimum initial investment. In addition, the Firm requires other sub-advised accounts to meet the minimum account size. RAM reserves the right, in its sole discretion, to reduce or waive the minimum initial investment.



## ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

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

RAM has developed a consistent, disciplined investment model used in all of its products that integrates three key areas central to its decision-making process built on a foundation of risk management: (a) fundamental valuation; (b) behavioral finance; and (c) global themes. RAM's fundamental valuation is a proprietary multifactor model that screens through fundamental data on ETFs, including P/D and P/B ratios, earnings growth, dividend yields and historical risk/return relationships. Behavioral financial involves an analysis of behavioral factors, involving the use of technical research and investor sentiment readings. The global themes approach is an in-depth review of macroeconomic conditions across the world, with a focus on economic indicators, business cycle, and industry/sector trends both domestically and internationally.

RAM has developed a proprietary method of integrating both fundamental analysis and behavioral finance into its security selection process. RAM allocates assets and selects individual ETFs using its Fusion Process® which combines long-term fundamental analysis and short-term tactical/behavioral analysis techniques and applies them to investment opportunities throughout the globe. This rigorous Fusion Process® of analyzing global markets has enabled the investment management team to take advantage of one of the fastest growing financial products in the marketplace: Exchange Traded Funds ("ETFs").

### **Asset Allocation Solutions:**

Rayliant's multi-asset solutions focus on selecting the right ETFs and the right weights. The Firm's approach uses a quantitative-based portfolio construction process and a range of traditional factors (e.g. value, profitability). This is complemented by a set of proprietary quantitative signals designed to generate alpha through behavioral finance and market-specific inefficiencies.

RAM believes in choosing low-cost, multi-factor smart beta to generate excess returns and adding alternatives like REITS and commodities to the portfolio can provide inflation protection and greater diversification.

### **Fusion Strategies:**

The Fusion Strategies proceed through the following stages:

#### **1) Fundamental Valuation**

RAM runs proprietary multi-factor model screens through fundamental data on the securities with each ETF. Among others, these screens include: price-to-earnings ratio, price-to-book ratio, earnings growth, dividend yield and historical risk (return volatility)/return relationship.

#### **2) Behavioral Finance**

RAM conducts an analysis of behavioral factors, involving the use of technical research and investor sentiment readings. These measures focus on historical measures of an ETF's price movement, relative strength, money flow into an ETF and other moving averages describing price patterns.

### 3) Global Economic Analysis

RAM review macroeconomic conditions across the world. The review focuses on economic indicators, business cycles, and industry/sector trends to generate an investment outlook for both developed and emerging economies. Next, investment themes for these economies are ranked in order of greatest expected return.

### Investment Strategies

RAM creates asset allocation models focused on selecting the appropriate ETFs at the right weights and adding alternatives like REITS and commodities to the portfolio for inflation protection and greater diversification.

RAM's currently has five Asset Allocation models and five Fusion Strategies:

#### Asset Allocation Solutions:

- The Rayliant Income Strategy is designed for investors looking for income through a diversified global asset allocation across equities, fixed income and alternatives. It seeks to product returns from income and capital appreciation while providing portfolio stability.
- The Rayliant Conservative Strategy is designed to provide investors with a stable return and minimize risk over a market cycles through a diversified global asset allocation. The strategy seeks to product returns from fixed income and capital appreciation while providing portfolio stability.
- The Rayliant Moderate Strategy is designed for investors looking for balance of risk and returns over a market cycles through a diversified global asset allocation. The strategy seeks to product returns from a balance of fixed income and capital appreciation.
- The Rayliant Growth Strategy is designed to provide investor with higher returns while taking increased risk over a market cycles using a tax sensitive approach through a broadly diversified global asset allocation. The strategy seeks returns from capital appreciation.
- The Rayliant Aggressive Strategy is designed to provide investors with higher returns and higher risk over a market cycles through a diversified global asset allocation. The strategy seeks to product returns from growth and capital appreciation.

#### Fusion Strategies:

- Global Fusion Tactical Equity is an activity managed equity strategy based on a market-weighted allocation process.
- Global Fusion Core Equity is a fully invested version of the Tactical Equity and an actively managed equity strategy based on a market-weighted allocation process.
- Fusion Enhanced Equity Income is an actively managed equity strategy that utilizes covered call writing to enhance the current income.
- Global Fusion Total Return is an actively managed tactical fixed income strategy based on a market-weighted allocation process.
- Fusion Short Term Government Bond is an actively managed short-term fixed income strategy that invests in high quality, investment grade U.S. Government bonds, agencies and municipal securities.

Client accounts may use one or more of the models above and/or have customized portfolios based on their investment objectives.

### **Risk**

Risk management is the cornerstone of the RAM philosophy. Notwithstanding the method of analysis or investment strategy employed by the Firm, the assets within client portfolios are subject to risk of devaluation or loss. RAM wants clients to be aware that there are many different events that can affect the value of assets or portfolio holdings including but not limited to, changes in financial status of companies, market fluctuations, changes in exchange rates, trading suspensions and delays, economic reports and natural disasters.

RAM recommends exchange-traded funds (“ETFs”) for client portfolios. The Firm also advises with the selection of individual stocks and mutual funds for client portfolios. REITS and commodities may also be added to portfolios for inflation protection and greater diversification. There are risks associated with investing in these securities, including the risk of decline in a given market, the risk of a default or decline in the price of an individual security, and the risk of inflation deteriorating the real value of the investment. The following is a summary of risks specific to ETFs:

- **Market Risk:** ETFs are typically designed to track the performance of certain indices, market sectors, or groups of assets such as stocks, bonds or commodities. ETF managers may use different strategies to achieve this goal, but in general they do not have the discretion to take defensive positions in declining markets. Investors must be prepared to bear the risk of loss and volatility associated with the underlying index/assets.
- **Tracking Errors:** Tracking errors refer to the disparity in performance between an ETF and its underlying index/assets. Tracking errors can arise due to factors such as the impact of transaction fees and expenses incurred to the ETF, changes in composition of the underlying index/assets, and the ETF manager’s replication strategy. The common replication strategies include full replication/representative sampling and synthetic replication.
- **Trading at discount or premium:** An ETF may be traded at a discount or premium to its Net Asset Value (“NAV”). This price discrepancy is caused by supply and demand factors and may be particularly likely to emerge during periods of high market volatility and uncertainty. The phenomenon may also be observed for ETFs tracking specific markets or sectors that are subject to direct investment restrictions.
- **Foreign Exchange Risk:** Investors trading ETFs with underlying assets not denominated in United States dollars are also exposed to exchange rate risk. Currency rate fluctuations can adversely affect the underlying asset value, also affecting the ETF price.
- **Liquidity Risk:** Securities Market Makers (“SMMs”) are Exchange Participants that provide liquidity to facilitate trading in ETFs. Although most ETFs are supported by one or more SMMs, there is no assurance that active trading will be maintained. In the event that the SMMs default or cease to fulfill their role, investors may not be able to buy or sell the product.
- **REIT Risk:** When a portfolio invests in REITS, it is subject to risks generally associated with investing in real estate and risks related specifically to their structure and focus, less market liquidity and greater price volatility.

While this information provides a synopsis of the risks that may affect a client’s investments, this list is not exhaustive. RAM wants clients to understand that there are inherent risks associated with investing

and depending on the risk occurrence, clients may suffer LOSS OF ALL OR PART OF THEIR PRINCIPAL INVESTMENT.

All investments should be formed only as part of a complete investment program and an investor must be able to bear the loss of its entire investment. Prospective investors are urged to consult with their own financial, tax and legal advisors before investing in any of the Programs offered by RAM.

## ITEM 9 - DISCIPLINARY INFORMATION

Neither RAM, its management, nor any related persons have been involved in legal or disciplinary events related to past or present investment activities.

## ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### **Financial Industry Activities**

RAM is not a registered broker-dealer and does not have an application pending to register as a broker-dealer.

Michael Guy Epstein, an Investment Adviser Representative (IAR) of RAM, is a registered representative of Mid-Continent Securities Advisors, Ltd., unaffiliated, full-service securities broker-dealer and investment adviser registered under federal and state securities laws. In his capacity as a registered representative he may offer Clients securities for which he receives a commission. In addition, he may be involved in the sale of securities of various types, including but not limited to stocks, bonds, mutual funds, and limited partnerships. As such, he can affect transactions and earn commissions on these activities. Compensation earned by him in his capacity as a registered representative is separate and in addition to RAM's advisory fees. All compensation received by Mr. Epstein for securities transactions through unaffiliated broker-dealers will be separate, yet customary for effecting securities transactions. The recommendation by Mr. Epstein that a RAM Client execute a securities transaction through him as a broker-dealer presents a conflict of interest, as the receipt of commissions may provide incentive to recommend investment products based on commissions received rather than on a particular Client's need. No Client is under any obligation to purchase any commission products from Mr. Epstein.

### **Financial Industry Affiliations**

RAM is not registered as, and does not have pending applications to register as, a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser. None of RAM's management or supervised persons is registered as or has applications pending to register as, associated persons of the foregoing entities.

### **Other Material Relationships**

RAM is wholly owned subsidiary of Rayliant Global Advisors Limited, a Hong Kong-based investment management group. Rayliant also owns Henderson Rowe Ltd., a U.K. wealth manager; Rayliant Asset Management Ltd., a Hong Kong asset manager; and has a Chinese registered joint venture called Caixin Rayliant Smart Beta Technology Co. Ltd. While these entities are all under common control, they each operate separately and distinctly in different countries. RAM has entered into a subadvisory services agreement with Henderson Rowe Ltd and provides discretionary and non-discretionary investment advisory services to the firm.

Fusion Capital Management, LLC ("FCM") is the General Partner of a Private Fund. FCM is owned by Fusion Management Group, LLC. Scott Dooley and George Matta are the Managing Members of Fusion Management Group, LLC. In addition, FMG owns one-third of ETF Global, LLC, a provider of data, research, investment decision support applications, proprietary risk analytics and educational offerings for exchange-traded products. RAM uses ETF Global's platform and RGA's proprietary multi-factor and smart beta research and technology to support its overall investment process.

### **Other Investment Advisers**

RAM serves as the subadvisor to unaffiliated registered investment advisers for other accounts.

RAM may execute agreements with other investment advisers and recommend other advisers' services to Clients. The selected unaffiliated investment advisers will act as third-party money managers. In such instances, RAM may receive a portion of the adviser's services fee.

## ITEM 11 - CODE OF ETHICS AND PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

### **Code of Ethics**

RAM strives to adhere to the high industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, RAM has adopted a Code of Ethics (the "Code") that incorporates professional standards, insider trading, personal trading, gifts and entertainment and fiduciary duties. The Code incorporates the following general principles that all employees are expected to uphold: employees must at all times place the interest of clients first; employees must not take any inappropriate advantage of their positions; communications with clients or prospective clients should be true, complete and accurate and not mislead or misrepresent; and client information must be kept confidential.

Additional restrictions within the Code apply to the Adviser's "Access Persons," which include any partner, officer or director of and any employee who, in relation to the Adviser's Clients, (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings; or (2) is involved in making securities recommendations, executing securities recommendations, or has access to such recommendations that are non-public.

The Code sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. Access Persons are required to disclose certain personal securities holdings and transactions to RAM's Chief Compliance Officer on a periodic basis and are required to pre-clear certain transactions.

Clients and prospective Clients may request a copy of the Code by contacting RAM at the address or telephone number listed on the cover page of this Brochure.

### **Conflicts of Interest**

**Proprietary Positions:** RAM may recommend to clients, or buy or sell securities for client accounts where the Firm or a related person has a material financial interest. Any such situations will be properly disclosed to clients in advance.

**Investing Alongside Clients:** Employees of RAM may invest in the Firm's asset allocation models and/or securities purchased for client accounts. This presents a conflict of interest. In any instance where similar securities are being bought or sold, RAM will uphold its fiduciary duty by always transacting on behalf of clients before transacting for their own benefit. RAM's policy is that Access Persons must avoid securities transactions and activities for their own accounts that might conflict with or be detrimental to the interest of clients. The Firm's CCO monitors personal trading by employees for adherence to the Code.



## ITEM 12 - BROKERAGE PRACTICES

### **Broker Selection and Recommendation**

RAM may have discretion or make recommendations with respect to the selection of brokers. The objective in selecting broker-dealers and in effecting portfolio transactions is to seek to obtain the best combination of price and execution with respect to the transactions, even though such execution may involve higher costs than may be available elsewhere. The best net price, giving effect to brokerage commissions, spreads and other costs is normally an important factor in this decision, but a number of other judgmental factors are considered as they are deemed relevant. These factors include, but are not limited to:

- Knowledge of negotiated commission rates and spreads currently available;
- The nature and character of the security being traded;
- The size and type of transaction;
- The nature and character of the markets for the security to be purchased or sold;
- The desired timing of the trade;
- The activity existing and expected in the market for a particular security;
- Confidentiality;
- The execution, clearance and settlement capabilities of the broker-dealer;
- Broker-dealer's access to order flow and ability to place difficult trades;
- The reputation and perceived soundness of the broker-dealer selected;
- Knowledge of actual or apparent operational problems of any broker-dealer;
- The broker-dealer's execution services rendered on a continuing basis and in other transactions; and
- Provision of research and other information.

RAM routinely recommends that clients utilize Fidelity Investments, a registered broker-dealer, member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Securities Investor Protection Corp ("SIPC"). The Firm's arrangement with Fidelity is designed to maximize efficiency and cost effectiveness for clients. By requiring clients use RAM's specific custodian, the Firm seeks to achieve the most favorable results relative to costs, trade allocation, and rebalancing client assets.

The Firm also permits clients to select their own custodian and broker. If clients have their own preferred broker-dealer, RAM will notify the broker-dealer of the adviser-client relationship. Please be aware, however, when clients direct brokerage, RAM may not be able to effect transactions in the most cost-effective manner. Furthermore, RAM may be limited in its ability to aggregate transactions, and clients may incur greater costs associated with brokerage transactions.

### **Order Aggregation**

RAM may, at times, aggregate sale and purchase orders of securities in accounts to obtain best pricing averages and minimize trading costs. The Firm aggregates orders when the same security is traded in the same direction across multiple accounts at the same broker. RAM will not aggregate single orders or between two or more brokerage firms. This practice is reasonably likely to result in administrative convenience or an overall economic benefit to the accounts through a potentially better price, lower

commission expenses and/or beneficial timing of transactions. RAM's policy is to place the orders simultaneously. Aggregated orders are allocated in a systematic non-preferential manner.

**Soft Dollars and Brokerage for Referrals**

RAM does not currently participate in any soft dollar arrangements and does not select brokers based on client referrals.

## ITEM 13 - REVIEW OF ACCOUNTS

### **Reviews**

RAM reviews its investment programs and models, including current holdings, on a continual basis. The Firm reviews accounts to analyze rates of return, allocation of assets and to verify portfolios are consistent with investment objectives. These reviews are performed by Scott Dooley, Managing Director and Chief Compliance Officer (“CCO”) of RAM.

Reviews may also be triggered by substantial market fluctuation, economic or political events, or by changes in a client’s financial status (such as retirement, termination of employment, relocation, or inheritance).

Clients are advised to notify RAM promptly if there are any material changes to their financial situation, investment objectives, or in the event they wish to place restrictions on their account.

### **Reporting**

Clients who invest in the TPMM and Private Access Program receive monthly brokerage account statements and quarterly performance reports. All investment statements showing account activity and balances are provided by the broker / custodian on a monthly or quarterly basis.

## ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

The Firm does not receive an economic benefit (such as sales awards or other prizes) from any third-party for providing investment advice or other advisory services to its clients.

Selling remuneration or referral fees may be paid in connection with any referral of a potential TPMM program client who becomes a client of RAM. In such instance, RAM may reallocate a portion of its management fee to third parties who have made such introductions, or RAM may use its own resources to compensate third parties for such introductions.

## ITEM 15 - CUSTODY

RAM does not maintain physical possession of client cash and/or securities. Physical location aside, however, RAM is deemed to have custody of client funds and securities within the meaning of Rule 206(4)-2 of the Advisers Act as a result of the authority of RAM to cause payments of management fees and other expenses to be deducted from client accounts, when the client authorizes the Firm to do so within their Investment Advisory Agreement.

Consistent with the requirements under the Advisers Act, client assets are held in accounts maintained with custodians that qualify as “qualified custodians”. Qualified custodians are banks registered broker-dealers, registered futures commission merchants and foreign financial institutions that hold customer assets in separate customer accounts. Investors receive account statements directly from the custodian. All statements should be reviewed carefully, comparing asset values, holdings and advisory fees to that in previously received statements, confirmations, and advisory fee invoices.

## ITEM 16 - INVESTMENT DISCRETION

All discretionary accounts administered by RAM have established broad asset allocation parameters and restrictions which have been imposed by clients in writing. The client agrees to the guidelines based on their investment objective and financial goals. RAM provides direct management over some of the client accounts where appropriate based on the client's written authorization. The Firm has the discretion to select the brokers used and to negotiate the commissions paid to the brokers in the trading of client accounts. Each client signs a written Investment Management Agreement before RAM assumes discretionary authority.

## ITEM 17 - VOTING CLIENT SECURITIES

In general, RAM will not vote nor advise clients how to vote proxies for securities. Clients are responsible for directing their own proxies solicited by issuers of securities, including making elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings and other types of events pertaining to the securities in their respective accounts. Clients will receive proxy and other solicitation information by mail from their account custodian. In addition, the Firm will not take any action or render any advice with respect to any securities held in any accounts that are named in or subject to class action lawsuits. RAM will, however, forward to clients any information received by the Firm regarding class action legal matters involving any security held in an account.

## ITEM 18 - FINANCIAL INFORMATION

Registered investment advisers are required to provide certain financial information or disclosures about their financial condition. RAM does not serve as qualified custodian for client's funds or securities and does not require prepayment of fees of more than \$1,200 per client, six (6) months or more in advance. RAM does not have any financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding at any time during the past ten (10) years.