

# Disclosure Brochure

March 27, 2019

## **Ray|Theil Wealth Management, LLC**

*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Ray|Theil Wealth Management, LLC (hereinafter "RTWM" or the "Firm"). If you have any questions about the contents of this brochure, please contact Matthew T. Theil at (800) 951-8071. 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 Ray|Theil Wealth Management, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Ray|Theil Wealth Management, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

## Item 2. Material Changes

This Item discusses only the material changes that have occurred since RTWM's last annual update, filed March 27, 2019. RTWM does not have any material changes to disclose to this Item.

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## Item 4. Advisory Business

RTWM provides financial planning, consulting, investment management, and wealth management services. Prior to engaging RTWM to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with RTWM setting forth the terms and conditions under which RTWM renders its services (collectively the “*Agreement*”).

The Firm has been in business since May 2011, and is principally owned by Don L. Ray and Matthew T. Theil. As of December 31, 2018, RTWM has approximately \$181,422,746.00 in assets under management, all of which are managed on a discretionary basis.

This Disclosure Brochure describes the business of RTWM. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of RTWM’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 RTWM’s behalf and is subject to RTWM’s supervision or control.

### **Financial Planning and Consulting Services**

RTWM may provide its clients with a broad range of comprehensive financial planning and consulting services. These services include business planning, investments, insurance, retirement, estate planning, tax planning, accounting and tax and cash flow needs of the client. These services may be included as part of RTWM’s wealth management services, described below.

In performing its services, RTWM is not required to verify any information received from the client or from the client’s other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. RTWM may recommend the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if RTWM recommends its own services. The client is under no obligation to act upon any of the recommendations made by RTWM under a financial planning or consulting engagement or to engage the services of any such recommended professional, including RTWM itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of RTWM’s recommendations. Clients are advised that it remains their responsibility to promptly notify RTWM if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising RTWM’s previous recommendations and/or services.

### **Investment Management Services**

Clients can engage RTWM to manage all or a portion of their assets on a discretionary basis. In addition, RTWM may provide clients with wealth management services which generally include a broad range of comprehensive financial planning and consulting services as well as discretionary management of investment portfolios.

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RTWM primarily allocates clients' investment management assets among *Independent Managers* (as defined below), mutual funds, exchange-traded funds ("ETFs"), and individual debt and equity securities in accordance with the investment objectives of the client. RTWM may also provide advice about any type of investment held in clients' portfolios.

RTWM may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, or other products that may not be held by the client's primary custodian. In so doing, RTWM either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

RTWM tailors its advisory services to the individual needs of clients. RTWM consults with clients initially and on an ongoing basis to develop an investment policy statement which determines risk tolerance, time horizon and other factors that may impact the clients' investment needs. RTWM ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify RTWM if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon RTWM's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in RTWM's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

### **Use of Independent Managers**

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As mentioned above, RTWM recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among independent investment managers ("*Independent Managers*"), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the *Independent Managers* are set forth in a separate written agreement between RTWM or the client and the designated *Independent Managers*. RTWM renders services to the client relative to the discretionary selection or recommendation of *Independent Managers*. RTWM also monitors and reviews the account performance and the client's investment objectives. RTWM receives an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated *Independent Managers*.

When recommending or selecting an *Independent Manager* for a client, RTWM reviews information about the *Independent Manager* such as its disclosure brochure and/or material supplied by the *Independent Manager* or independent third parties for a description of the *Independent Manager's* investment strategies, past performance and risk results to the extent available. Factors that RTWM considers in recommending an *Independent Manager* include the client's stated investment objectives, management

style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated *Independent Managers*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, RTWM's investment advisory fee set forth above. As discussed above, the client may incur additional fees than those charged by RTWM, the designated *Independent Managers*, and corresponding broker-dealer and custodian.

In addition to RTWM's written disclosure brochure, the client also receives the written disclosure brochure of the designated *Independent Managers*. Certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than RTWM. In such instances, RTWM may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

## Item 5. Fees and Compensation

RTWM offers its services on a fee basis, which may include hourly fees, as well as fees based upon assets under management.

### Financial Planning and Consulting Fees

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RTWM charges an hourly fee for financial planning and consulting services. These fees are negotiable, but generally range from \$150 to \$250 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services. If the client engages RTWM for additional investment advisory services, RTWM 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.

Prior to engaging RTWM to provide financial planning and/or consulting services, the client is required to enter into a written agreement with RTWM setting forth the terms and conditions of the engagement. Generally, RTWM requires one-half of the financial planning and/or consulting fee (estimated hourly) payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

### Investment Management

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RTWM provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by RTWM. RTWM'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. RTWM does not, however, receive any portion of these commissions, fees and costs. RTWM's annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by RTWM on the last day of the previous quarter. The annual fee varies (between 0.50% and 1.00%) depending upon the market value of the assets under management, as follows:

| <u>PORTFOLIO VALUE</u>    | <u>BASE FEE</u> |
|---------------------------|-----------------|
| up to \$1,000,000         | 1.00%           |
| \$1,000,000 - \$3,000,000 | 0.75%           |
| above \$3,000,000         | 0.50%           |

## Wealth Management Fee

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RTWM generally charges an hourly fee for wealth management services. These fees are negotiable, but range from \$150 to \$250 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services.

RTWM may also provide wealth management services for an annual fee based upon a percentage of the market value of the assets being managed by RTWM. RTWM'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. RTWM does not, however, receive any portion of these commissions, fees, and costs. RTWM's annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by RTWM on the last day of the previous quarter. The annual fee varies (between 0.50% and 1.00%) depending upon the market value of the assets under management, as follows:

| <u>PORTFOLIO VALUE</u>    | <u>BASE FEE</u> |
|---------------------------|-----------------|
| up to \$1,000,000         | 1.25%           |
| \$1,000,000 - \$3,000,000 | 1.00%           |
| above \$3,000,000         | 0.75%           |

RTWM, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

## Fees Charged by Financial Institutions

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As further discussed in response to Item 12 (below), RTWM generally recommends that clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services ("*Fidelity*") and TD AMERITRADE Institutional, a division of TD AMERITRADE, Inc. ("*TD Ameritrade*") for investment management accounts. RTWM participates in the institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("*TD Ameritrade*"), an unaffiliated SEC-registered broker-dealer and FINRA member. *TD Ameritrade* offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions.

RTWM may only implement its investment management recommendations after the client has arranged for and furnished RTWM with all information and authorization regarding accounts with appropriate



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financial institutions. Financial institutions include, but are not limited to, *Fidelity*, *TD Ameritrade*, any other broker-dealer recommended by RTWM, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the “*Financial Institutions*”).

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by *Independent Managers*, custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are 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. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to RTWM’s fee.

### Fee Debit

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RTWM’s *Agreement* and the separate agreement with any *Financial Institutions* may authorize RTWM or *Independent Managers* to debit the client’s account for the amount of RTWM’s fee and to directly remit that management fee to RTWM or the *Independent Managers*. Any *Financial Institutions* recommended by RTWM have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to RTWM. Alternatively, clients may elect to have RTWM send an invoice for payment.

### Fees for Management During Partial Quarters of Service

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For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between RTWM and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. RTWM’s fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to RTWM’s right to terminate an account. Additions may be in cash or securities provided that RTWM 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 RTWM, subject to the usual and customary securities settlement procedures. However, RTWM designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client’s investment objectives. RTWM may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter.

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

RTWM does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7. Types of Clients

RTWM provides its services to individuals, pension and profit sharing plans, trusts, estates and charitable endowments.

### **Minimums Imposed By Independent Managers**

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RTWM does not impose a minimum portfolio size or minimum annual fee. Certain *Independent Managers* may, however, impose more restrictive account requirements and varying billing practices than RTWM. In such instances, RTWM may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

### Methods of Analysis

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RTWM's primary methods of analysis are fundamental and technical analysis.

*Fundamental analysis* involves the fundamental financial condition and competitive position of a company. RTWM will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

*Technical analysis* involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using 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 RTWM will be able to accurately predict such a reoccurrence.

### Investment Strategies

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Independence and client focus are the primary drivers when working with a client to determine their asset allocation and investment selections. Working closely with a client, RTWM will design a portfolio that will fit the client's financial goals and objectives. Just as important is developing an Investment Policy Statement (IPS) that will help serve as the guideline for the client's asset allocation and independent investment decisions.

Once the proper asset allocation, goals, and objectives have been determined, RTWM will begin the manager selection process that will help the client meet their goals and objectives. To do this RTWM takes an independent approach to choosing the managers with a focus on diversification as well as a strong manager track record of investment philosophy, process, and performance. As RTWM builds a portfolio of managers, RTWM ensures each account is properly diversified by reducing overlap of investments and covering multiple asset classes.

RTWM combines qualitative and quantitative research during the manager review process. This takes place before RTWM chooses a manager for a client and as RTWM performs due diligence for the client. If the manager is not meeting the client's objectives, or the manager has a significant change in their portfolio management team that could impact their process, the manager will be considered for replacement in the client's portfolio. The entire process is driven by placing the client's best interest first by making strong manager decisions and practicing independence and open architecture during the process.

## Risks of Loss

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### *General Risk of Loss*

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

### *Market Risks*

The profitability of a significant portion of RTWM's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that RTWM will be able to predict those price movements accurately.

### *Mutual Funds and Exchange Traded Funds (ETFs)*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

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 shareholders 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 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 indexed-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 is also 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 50,000 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.

### *Use of Independent Managers*

RTWM may recommend the use of *Independent Managers* for certain clients. RTWM will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the *Independent Managers* ability to successfully implement their investment strategy. In addition, RTWM

does not have the ability to supervise the *Independent Managers* on a day-to-day basis other than as previously described in response to Item 4, above.

## **Item 9. Disciplinary Information**

RTWM is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. RTWM does not have any required disclosures to this Item.

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

RTWM is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. RTWM does not have any required disclosures to this Item.



## Item 11. Code of Ethics

RTWM and persons associated with RTWM ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with RTWM's policies and procedures.

RTWM has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("*Code of Ethics*"). RTWM's *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by RTWM or any of its associated persons. The *Code of Ethics* also requires that certain of RTWM's personnel (called "*Access Persons*") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

When RTWM is engaging in or considering a transaction in any security on behalf of a client, no *Access Person* may 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 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' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (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.

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 above.

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

## Item 12. Brokerage Practices

As discussed above, in Item 5, RTWM generally recommends that clients utilize the brokerage and clearing services of *Fidelity* and/or *TD Ameritrade*.

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

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

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

The client may direct RTWM in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and RTWM 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 RTWM (as described below). As a result, the client may 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, RTWM may decline a client's request to direct brokerage if, in RTWM's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless RTWM decides to purchase or sell the same securities for several clients at approximately the same time. RTWM may (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 RTWM's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among RTWM's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent

that RTWM determines to aggregate client orders for the purchase or sale of securities, including securities in which RTWM's *Supervised Persons* may invest, RTWM generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. RTWM does not receive any additional compensation or remuneration as a result of the aggregation. In the event that RTWM determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) 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; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) 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); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, RTWM may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) 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.

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

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Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist RTWM in its investment decision-making process. Such research generally will be used to service all of RTWM's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because RTWM does not have to produce or pay for the products or services.

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

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choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, RTWM may receive the following benefits from *Fidelity* through the Fidelity Institutional Wealth Services Group: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Institutional Wealth Services Group participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

There is no direct link between RTWM's participation in the *TD Ameritrade* program and the investment advice it gives to its clients, although RTWM receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. Additionally, RTWM may receive the following benefits from *TD Ameritrade* through its registered investment adviser division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Registered Investment Adviser participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

These products or services may assist RTWM in managing and administering client accounts, including accounts not maintained at *TD Ameritrade*. Other services made available by *TD Ameritrade* are intended to help RTWM manage and further develop its business enterprise. The benefits received by RTWM's participation in the program do not depend on the amount of brokerage transactions directed to *TD Ameritrade*. Clients should be aware, however, that the receipt of economic benefits by RTWM or its related persons in and of itself creates a potential conflict of interest and may indirectly influence RTWM's recommendation of *TD Ameritrade* for custody and brokerage services.

## Item 13. Review of Accounts

### Account Reviews

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For those clients to whom RTWM provides investment management and/or wealth management services, RTWM monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom RTWM provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of RTWM’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with RTWM and to keep RTWM informed of any changes thereto. RTWM contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

### Account Statements and Reports

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Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom RTWM provides investment advisory services will also receive a report from RTWM that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance as clients may request from time to time. Clients should compare the account statements they receive from their custodian with those they receive from RTWM.

Those clients to whom RTWM provides financial planning and/or consulting services will receive reports from RTWM summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by RTWM.

## Item 14. Client Referrals and Other Compensation

### Client Referrals

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RTWM is required to disclose any direct or indirect compensation that it provides for client referrals. RTWM does not have any required disclosures to this Item.

### Other Economic Benefits

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In addition, RTWM is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

### Item 15. Custody

RTWM's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize RTWM through such *Financial Institution* to debit the client's account for the amount of RTWM's fee and to directly remit that management fee to RTWM in accordance with applicable custody rules.

The *Financial Institutions* recommended by RTWM have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to RTWM. In addition, as discussed in Item 13, RTWM also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from RTWM.

### Item 16. Investment Discretion

RTWM is given the authority to exercise discretion on behalf of clients. RTWM is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. RTWM is given this authority through a power-of-attorney included in the agreement between RTWM and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). RTWM 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 *Independent Managers* to be hired or fired.



### Item 17. Voting Client Securities

RTWM may vote client securities (proxies) on behalf of its clients, if agreed to in writing. When RTWM accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its clients. Absent special circumstances, which are fully- described in RTWM's Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in RTWM's Proxy Voting Policies and Procedures, as they may be amended from time-to-time. Clients may contact RTWM to request information about how RTWM voted proxies for that client's securities or to get a copy of RTWM's Proxy Voting Policies and Procedures. A brief summary of RTWM's Proxy Voting Policies and Procedures is as follows:

- RTWM will be responsible for monitoring corporate actions, making voting decisions in the best interest of clients, and ensuring that proxies are submitted in a timely manner.
- RTWM generally votes proxies according to their current Proxy Voting Guidelines. The Proxy Voting Guidelines include many specific examples of voting decisions for the types of proposals that are most frequently presented, including: composition of the board of directors; approval of independent auditors; management and director compensation; anti-takeover mechanisms and related issues; changes to capital structure; corporate and social policy issues; and issues involving mutual funds.
- Although the Proxy Voting Guidelines are followed as a general policy, certain issues are considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving, RTWM devotes an appropriate amount of time and resources to monitor these changes.
- Clients cannot direct RTWM's vote on a particular solicitation but can revoke RTWM's authority to vote proxies.

In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that RTWM maintains with persons having an interest in the outcome of certain votes, RTWM takes appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict.

## Item 18. Financial Information

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

- RTWM does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- RTWM does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- RTWM has not been the subject of a bankruptcy petition at any time during the past ten years.