

**Item 1: Cover Sheet**

**INFORMATIONAL BROCHURE**



800 Westchester Avenue, Suite 641 North | Rye Brook, NY 10573

203.992.1100 | [www.rpmcapitalmgt.com](http://www.rpmcapitalmgt.com)

Ashleigh C. Swayze  
203-992-1100

March 28, 2022

**This brochure provides information about the qualifications and business practices of RPM Capital Management, LLC (“RPM Capital Management” or “RPM”). If you have any questions about the contents of this brochure, please contact us at 203-992-1100. 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. Our registration does not imply a certain level of skill or training.**

**Additional information about RPM Capital Management, LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2:        Statement of Material Changes**

There have been no material changes.

**Item 3: Table of Contents**

**TABLE OF CONTENTS**

Item 1:	Cover Sheet .....	1
Item 2:	Statement of Material Changes.....	2
Item 3:	Table of Contents .....	3
Item 4:	Advisory Business .....	4
Item 5:	Fees and Compensation .....	5
Item 6:	Performance Based Fees and Side by Side Management .....	6
Item 7:	Types of Clients.....	6
Item 8:	Methods of Analysis, Investment Strategies and Risk of Loss.....	7
Item 9:	Disciplinary Information .....	10
Item 10:	Other Financial Industry Activities and Affiliations .....	10
Item 11:	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	11
Item 12:	Brokerage Practices .....	11
Item 13:	Review of Accounts .....	12
Item 14:	Client Referrals and Other Compensation .....	13
Item 15:	Custody .....	13
Item 16:	Investment Discretion.....	13
Item 17:	Voting Client Securities.....	14
Item 18:	Financial Information .....	14

## INFORMATIONAL BROCHURE

### RPM CAPITAL MANAGEMENT, LLC

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

RPM Capital Management, LLC (“RPM Capital Management”) is a privately owned registered investment advisor specializing in the acquisition, analysis, and ongoing management of high yield tax-exempt municipal bonds and dividend paying equity holdings. RPM Capital Management has been in business since June, 2012. The firm’s only principal is Michele M. Newland. Ashleigh C. Swayze is the Chief Compliance Officer.

RPM Capital Management manages assets through two investment strategies which are more fully described in Item 8. These asset management services are available to accredited investors, as such term is defined in Rule 501 of Regulation D. Clients are predominately individuals and their affiliated trusts, foundations, and family offices.

RPM Capital Management requires each client seeking investment management services to place at least \$500,000 under management. The firm may waive this account minimum requirement under certain circumstances, in our discretion.

Because client assets are managed through one of RPM Capital Management’s investment strategies, asset management services are almost always provided on a “discretionary” basis. When RPM Capital Management is engaged to provide asset management services on a discretionary basis, we will monitor your accounts and make changes as needed in keeping with the RPM investment strategies. These changes may involve selling a security or group of securities and buying others or keeping certain proceeds in cash. You may receive at your request written or electronic confirmations from your account custodian after any changes are made to your account. You will also receive statements at least quarterly from your account custodian. Clients engaging us on a discretionary basis will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an investment management agreement that outlines the responsibilities of both the client and RPM Capital Management.

As an accommodation only, and not on a regular basis, RPM Capital Management may provide asset management services on a “non-discretionary” basis. When a client engages us to provide investment management services on a non-discretionary basis, changes to your account will not be made until we have confirmed with you verbally or in writing that our proposed change is acceptable to you.

There are two essential components of RPM Capital Management’s investment approach: tax free bonds and equities. RPM Capital Management has an expertise in the origination, due diligence, structuring, and monitoring of tax-exempt and taxable municipal bonds. Tax-exempt bonds can generate cash flow free from federal income tax, and, in certain instances, free also from state and local income tax. Further, this benefit compounds as income from the tax free bonds is reinvested again into other tax free bonds, thereby taking a potentially increased return and investing it into another security with a potentially increased return. Because the strategies are designed to be run as a single investment strategy, clients are not permitted to make significant restrictions to the management of their assets with RPM Capital Management.

RPM Capital Management does not participate in or offer or sponsor a wrap program.

As of December 31, 2021, RPM Capital Management has approximately \$108,157,636 in total assets under management.

## Item 5: Fees and Compensation

### A. Fees Charged

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

The fee range stated below is a guide. Fees may be higher or lower than this range, based on the nature of the account. Lower fees for comparable services may be available from other sources. Factors affecting fee percentages include the size of the account, complexity of asset structures, length of time the client has been with the firm, and other factors. This annual fee will generally be based on the calculation shown below.

Total Assets Under Management	Annual Fee
Up to \$10,000,000	1.00%
Above \$10,000,001	0.90%

### B. Fee Payment

Investment advisory fees will, at the client's option, either be debited directly from each client's account, or paid by the client upon receipt of an invoice from RPM. The advisory fee is due quarterly, in arrears, and the value used for the fee calculation is the last market day of the previous quarter, including cash.

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

### C. Other Fees

There are a number of other fees that can be associated with holding and investing in securities, and some fees that are specific to the type of investing in which RPM Capital Management specializes.

#### Transaction Fees

You will be responsible for fees including transaction fees or commissions for the purchase or sale of a stock or bond. RPM does not recommend mutual funds as investments, but if a mutual fund is transferred into an account RPM manages, such funds do carry expenses such as management fees and trading expenses. Expenses of a mutual fund will not be included in management fees, as they are deducted from the value of the shares by the mutual fund manager. For complete discussion of expenses related to each mutual fund, you should read a copy of the prospectus issued by that fund. RPM Capital Management can provide or direct you to a copy of the prospectus for any fund that we recommend to you.

Please make sure to read Section 12 of this informational brochure, where we discuss broker-dealer and custodial issues.

#### Diligence Fees

Part of RPM Capital Management's investment approach involves investment origination, negotiation, and due diligence related to the offering of tax-free municipal bonds. Typically, when such a bond is offered, the due

diligence related to that offering is performed by bond counsel, underwriter personnel and legal counsel, and RPM personnel and RPM legal counsel. The expenses of these activities would then be listed as a line item on the bond offering's Source and Use of Funds Statement (in other words, any due diligence fees charged by RPM Capital Management would be paid as an expense of the bond offering, paid from the total proceeds of the bond issue).

In certain instances where RPM Capital Management performs extensive due diligence in-house and concurrently with bond counsel and underwriter personnel and legal counsel, RPM Capital Management will be compensated for its work on the potential new bond issue. The due diligence fee will only be payable in bond offerings in which RPM Capital Management has acted as part of the origination team of the bond issue and not for secondary offerings. The diligence fee will be incorporated into the bond price. This fee is in addition to, and will not cause an offset of, any client's investment management fee. The receipt of these fees may give rise to a conflict of interest, as the potential receipt of a fee may incentivize RPM Capital Management to close a bond transaction that RPM Capital Management would otherwise not close. This potential conflict is disclosed to clients verbally and in this brochure. RPM Capital Management attempts to mitigate this potential conflict by requiring that all investment recommendations have a sound basis for the recommendation, standards for determining the advisability of closing a bond transaction, and by requiring employees to acknowledge their fiduciary responsibility toward each client.

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

If you become a client during a quarter, you will pay a management fee for the number of days remaining in that quarter. You may terminate the asset management agreement by providing written notice to RPM Capital Management. If you terminate our relationship during a quarter, you will be refunded the portion of any prepaid management fee for the remainder of the quarter (though this is unlikely given RPM's policy of billing in arrears). Once your notice of termination is received, we will charge the fee through the date of transfer of your assets. For example, if you terminate your agreement and there are 30 days left in that quarter, two-thirds of the management fee will be due and payable to RPM Capital Management. RPM Capital Management will cease to perform services, including processing trades and distributions, upon termination. Assets not transferred from terminated accounts within 30 (thirty) days of termination may be "de-linked", meaning they will no longer be visible to RPM Capital Management and will become a retail account with the custodian.

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

Please see Item 5C, "Diligence Fees" with regard to RPM Capital Management's potential receipt of diligence expense fees upon closing of a bond transaction in which clients participate.

### **Item 6: Performance Based Fees and Side by Side Management**

Fees will not be based upon a share of capital gains or capital appreciation of your accounts (otherwise known as "performance based fees").

### **Item 7: Types of Clients**

RPM Capital Management manages assets through two investment strategies which are more fully described in Item 8. These asset management services are available to accredited investors, as such term is defined in Rule 501 of Regulation D. Clients may be individuals, foundations, endowments, and pension plans. RPM Capital Management requires each client seeking investment management services to place at least \$500,000 with us. The principals may waive this account minimum under certain circumstances, in our discretion.

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

It is important for you to know and remember that all investments carry risks. **Investing in securities involves risk of loss that clients should be prepared to bear.**

### **Portfolio Construction**

Each client's portfolio will be invested according to that client's directives. Clients choose from one of RPM's strategies:

*Bond Program:* The Bond Program is an investment strategy that invests in high yield tax-exempt municipal bonds.

*Blend Program:* The Blend Program consists of both high yield tax-exempt municipal bonds and other securities, which generally include specific equities, but may include exchange traded funds or mutual funds.

Because some of the same investments will be in the Bond Program and the Blend Program, clients electing to participate in both RPM Programs should be aware that there may be a significant overlap in investments and this overlap may create a high concentration higher yielding tax-exempt municipal bonds in their accounts.

Because of the specific investment strategies RPM Capital Management offers, many of our clients come to us for only a portion of their asset management needs. RPM Capital Management's strategies may take a specific place in a client's overall portfolio which means, some clients' investment objectives for the assets RPM Capital Management manages will differ from their overall investment objectives. Whatever the objectives are, we determine these objectives by interviewing the client and/or asking the client to put these objectives in writing. In some cases, clients have a separate financial advisor advising them on their asset allocation to RPM Capital Management strategies.

### *Tax-Exempt Bonds*

RPM Capital Management has specific expertise in the origination, due diligence, structuring, and monitoring of investments in high yield tax-exempt municipal bonds. Tax-exempt municipal bonds are bonds issued by a state, a state agency, or local municipality. It is the offering of the bonds by a state or local authority that creates the basis for the tax-exemption. Tax-exempt status can, if the bond is paid as intended, provide an additional source of return for clients. This is because the same return on investment in a taxable investment would produce a lower after tax end result for the client than a tax-exempt investment.

The bonds recommended by RPM Capital Management finance projects that our personnel have evaluated for creditworthiness. This recommendation follows RPM Capital Management's own research methods, risk management, and due diligence processes. Principal and interest on the tax-exempt bonds purchased by RPM Capital Management clients are paid from the revenue generated from the operations of such projects. In nearly every instance, the bonds selected by RPM Capital Management are backed by first position collateral consisting of a first mortgage lien on all plant, property, and equipment, and a first lien on the gross revenues of a project.

RPM Capital Management does not purchase bonds. Rather, RPM Capital Management chooses bonds for our clients to purchase. Those bonds are then held in separately managed client accounts at the custodian of the client's choice. RPM Capital Management is authorized to act (advise and represent clients) through a limited power of attorney contained in the Investment Advisory Agreement each client executes.

Not all bonds issued by state or local authorities are necessarily profitable, or guaranteed as to their payment of interest. Many of these bonds are not rated by a nationally recognized rating agency, such as Moody's or

Standard and Poor's Corporation. Certain investment professionals assign such bonds a higher level of risk due to the lack of a rating, or the size of the particular bond offering, or the size of the state or local agency issuing the bonds. RPM Capital Management believes that these assertions as a general rule are many times inaccurate. Rather than create a single value judgment to an entire investment option, RPM Capital Management believes that each bond offering has its own merits and risks, and should be judged individually. Some of the tax-exempt bonds in client portfolios may have a higher rate of interest payments and higher risk of loss than other bonds in the same client's portfolio, yet both may be issued by state or local agencies, and be of similar size.

What this means is that the sourcing of these bond offerings, the due diligence associated with the issuance of the bonds, the ongoing monitoring of the bonds, and the determination of how much of a given bond offering should be allocated to a client's portfolio requires a of attention to both the bond offering and client objectives. RPM Capital Management performs its proprietary due diligence on every transaction, including investigation of every borrower and project in connection with any decision to purchase tax-exempt securities.

### *Equities*

RPM Capital Management may also recommend that a portion of a client's assets be invested in dividend paying equities. The equity portfolio recommended by RPM Capital Management to a given client will be comprised of a selection of stocks that meet specific investment criteria determined by RPM Capital Management. There are a great number of factors RPM Capital management considers when choosing equities. These include price to earnings ratio, dividends, and debt levels. Among the most important factors in choosing equities for a client portfolio includes the lack of widely held institutional ownership. RPM Capital Management believes that when a particular security is held by nearly all financial institutions, consequences of that ownership may be detrimental, both directly and indirectly, to other shareholders. For example, wide institutional ownership of a security will make that security more likely to be on a "buy" list which can artificially increase or decrease a security's trading price.

The investment criteria, while occasionally mathematical in nature, are not automatic. RPM Capital Management does not use software or some sort of proprietary algorithm for determining which equities to buy. Each security is evaluated on the totality of the circumstances, not just the mathematical concepts.

### **Analysis**

We research all securities on a fundamental basis, which means that we review what we believe the value of the security is, and what we think it will be in the future by examining related political, legislative, economic, and financial factors. We base our conclusions on predominantly publicly available research, such as corporate filings, press releases, postings to EMMA, competitor analyses, and in some cases research we receive from our custodian or other market analyses. We will also occasionally utilize technical analyses, which means that we will review the past behaviors of the security and the markets in which it trades for signals as to what might happen in the future.

### **Risk Factors**

There are always risks to any investment in securities. It is impossible to name all possible types of risks. Among the risks are the following:

- **Political Risks.** Most investments have a global component, even domestic stocks and bonds. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason, and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.



- **Currency Risk.** When investing in another country using another currency, the changes in the value of the currency can change the value of your security value in your portfolio.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- **Tax Risks Related to Short Term Trading:** Clients should note that while not a major component of RPM Capital Management's strategy, RPM Capital Management may engage in short-term trading transactions. These transactions may result in short term gains or losses for federal and state tax purposes, which may be taxed at a higher rate than long term strategies. RPM Capital Management endeavors to invest client assets in a tax efficient manner, but all clients are advised to consult with their tax professionals regarding the transactions in client accounts.
- **Risks Related to Investment Term & Liquidity.** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not an accurate measure of its value. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value. The bonds held in RPM's strategies each carry a CUSIP identifier and can be purchased and sold by broker-dealers or custodians. However, because of the niche nature of the bonds, the timing of a sale to liquidate a portfolio may affect the sale price due.
- **Purchasing Power Risk.** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- **Business Risk.** This can be thought of as certainty or uncertainty of income. Management comes under business risk. Cyclical companies (like automobile companies) have more business risk because of the less steady income stream. On the other hand, fast food chains tend to have steadier income streams and therefore, less business risk.
- **Concentration Risk.** While RPM Capital Management selects individual bonds and equities for client portfolios based on an individualized assessment of each security, a client portfolio may be concentrated in a specific sector, geography, or sub-sector (among other types of potential concentrations), so that if an unexpected event occurs that affects that specific sector or geography, for example, certain client's portfolio may be affected negatively, including significant losses.
- **Financial Risk.** The amount of debt or leverage determines the financial risk of a company.
- **Default Risk.** This risk pertains to the ability of a company or agency to service their debt. For corporate issues, ratings provided by several rating services help to identify those companies with more risk. For state or local issues, ratings may not be available, which means the evaluation of the risks of a particular issue rest with client's adviser.
- **Options.** The use of options transactions as an investment strategy involves a high level of inherent risk. Although the intent of the options-related transactions that may be implemented is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc.), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct us, in writing, not to employ any or all such strategies for his/her/their/its accounts.
- **Risks specific to tax exempt bonds.**
  - *Limited Marketability or Liquidity.* Certain bonds in client portfolios may have limited liquidity for a period of time or for the life of the bond, meaning that it is unlikely that a client would be able to sell certain bonds in their portfolio to a third party. Sales to third parties that do occur may be consummated with a sales price significantly below the value of the security as noted on the client's statement. Clients with tax-exempt bonds in their portfolios should only invest in these securities if they have no need for the principal value of the bonds in the near term, and can bear the risk of total loss.
  - *No Guaranty.* Clients investing in tax exempt bonds issued by state or local agencies should be prepared to bear a total risk of loss. State and local agencies and projects with underlying cash flow businesses

- while historically typically able to make bond payments and eventually either refinance the bond issue or pay the principal on the bond issue, may not be able to do so for all bond issues in a client's portfolio.
- *Reliance on Diligence.* Due to the esoteric nature of high yield tax-exempt bonds issued by state or local agencies, the due diligence on the bond issue is of paramount importance. For issues that are not rated and where RPM Capital Management performs concurrent due diligence with bond counsel and the underwriter, the client is relying on RPM Capital Management's experience and judgment, which may be flawed.
  - *Reliance on Key Persons.* In its role as a due diligence provider for bond issues on behalf of its clients, RPM Capital Management plays a role in monitoring client assets beyond that of a typical adviser monitoring a portfolio of equities or mutual funds, because while there are a multitude of advisers with sufficient expertise to monitor and continue the diligence process on equities and mutual funds, there is not a surplus of advisers with the specialized expertise in sourcing, monitoring and performing diligence on the bonds in each client's portfolio. There are a limited number of professionals at RPM Capital Management, which means the important tasks of due diligence and ongoing monitoring of investments rests with a few individuals.
  - *Borrower Risk.* The borrower in a tax exempt bond transaction may be a state or local agency or a corporation. These agencies and corporations are subject to various risks outlined above, which may affect the borrower's ability to pay the interest or principal on a bond. RPM Capital Management attempts to mitigate these risks through its due diligence process, but some risks are not knowable at the time a transaction is closed.

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

There are no legal or disciplinary events that are material to a client's or a prospective client's evaluation of RPM Capital Management's advisory business or the integrity of its management.

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

##### **A. Broker-dealer**

Neither RPM Capital Management nor any related persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

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

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

##### **C. Relationship with Related Persons**

Neither RPM nor related persons have any material relationships to this advisory business that would present a possible conflict of interest.

##### **D. Recommendations of Other Advisers**

RPM does not utilize nor select other advisers or third party managers. All assets are managed by RPM Management.

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

### **A. Code of Ethics**

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

### **B. Recommendation Involving Material Financial Interests**

RPM Capital Management does not recommend that clients buy or sell any security in which a related person to RPM Capital Management or RPM Capital Management has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

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

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

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

## **Item 12: Brokerage Practices**

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

In the event that the client requests that RPM Capital Management recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct RPM Capital Management to use a specific broker-dealer/custodian), RPM Capital Management generally recommends that investment management accounts be maintained at *TD Ameritrade*. Prior to engaging RPM Capital Management to provide investment management services, the client will be required to enter into a formal investment management advisory agreement with RPM Capital Management setting forth the terms and conditions under which RPM Capital Management shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that RPM Capital Management considers in recommending *TD Ameritrade* (or any other broker-dealer/custodian to clients) include historical relationship with RPM Capital Management, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by RPM Capital Management's clients shall comply with RPM Capital Management's

duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where RPM Capital Management determines, in good faith, that the commission/transaction fee is 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 broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although RPM Capital Management will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, RPM Capital Management's investment management fee. RPM Capital Management's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

#### 1. Directed Brokerage

RPM Capital Management permits clients to request and direct that account transactions be effected through a specific broker-dealer. This is commonly referred to as "directed brokerage". In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and RPM Capital Management will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by RPM Capital Management. As a result, 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.

#### 2. Additional Brokerage

Due to the unique nature of the bonds in which RPM Capital Management invests, the sale of bonds involves securing a bid from one or more broker dealers who trade in such bonds. Accordingly, when bonds are being sold, RPM Capital Management utilizes an approved list of broker dealers. This list is reviewed at least annually. When selecting from among the list of broker dealers, RPM Capital Management considers the experience of the broker dealer with the particular issue, among other factors, when considering which broker dealer to utilize for the sale.

#### B. Aggregating Trades

Commission costs per client may be lower on a particular trade if all clients in whose accounts the trade is to be made are executed at the same time. This is called aggregating trades. Instead of placing a number of trades for the same security for each account, we will, when appropriate, execute one trade for all accounts and then allocate the trades to each account after execution. If an aggregate trade is not fully executed, the securities will be allocated to client accounts on a *pro rata* basis, except where doing so would create an unintended adverse consequence (For example,  $\frac{1}{4}$  of a share, or a position in the account or less than 1%.)

### Item 13: Review of Accounts

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

All clients will receive a quarterly report from RPM Capital Management showing asset allocation and performance, as well as statements from their account custodian, and copies of all trade confirmations directly from the account custodian. We encourage you to compare the information on your quarterly report prepared

by RPM Capital Management against the information in the statements provided directly from the account custodian and alert us of any discrepancies.

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

##### **Other Referrals**

If a client is introduced to RPM Capital Management by either an unaffiliated or an affiliated solicitor, RPM Capital Management *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from RPM Capital Management's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to RPM Capital Management by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of the solicitor relationship, and shall provide each prospective client with a copy of RPM Capital Management's ADV and a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between RPM and the solicitor, including the compensation to be received by the solicitor from RPM Capital Management.

Specifically DM Income Advisors LLC, an investment adviser registered with the Connecticut Department of Banking and Insurance is a solicitor for RPM Capital Management. Clients referred by DM Income Advisors LLC or any other referral source should receive along with this Form ADV Part 2, a disclosure statement specifically outlining that DM Income Advisors LLC will be compensated for the referral.

#### **Item 15: Custody**

There are two avenues through which RPM Capital Management has custody of client funds; by directly debiting its fees from client accounts pursuant to applicable agreements granting such right, and potentially by permitting clients to issue standing letters of authorization ("SLOAs"). SLOAs permit a client to issue one document that directs RPM Capital Management to make distributions out of the client's account(s).

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. The client will receive a statement from their account custodian showing all transactions in their account, including the fee.

We encourage clients to carefully review the statements and confirmations sent to them by their custodian, and to compare the information on your quarterly report prepared by RPM Capital Management against the information in the statements provided directly from their custodian. Please alert us of any discrepancies.

In addition to the account custodian's custody procedures, clients issuing SLOAs will be requested to confirm, in writing, that the accounts to which funds are distributed are parties unrelated to RPM Capital Management.

#### **Item 16: Investment Discretion**

When RPM Capital Management is engaged to provide asset management services on a discretionary basis, we will monitor your accounts to ensure that they are meeting your requirements. If any changes are needed to your investments, we will make the changes. These changes may involve selling a security or group of securities and buying others or keeping the proceeds in cash. You may at any time place certain restrictions on the types of

investments we may use on your behalf, or on the allocations to each security type. You may receive at your request written or electronic confirmations from your account custodian after any changes are made to your account. You will also receive statements from your account custodian. Clients engaging us on a discretionary basis will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Management Agreement that outlines the responsibilities of both the client and RPM Capital Management.

#### **Item 17: Voting Client Securities**

Copies of our Proxy Voting Policies are available upon request.

From time to time, shareholders of stocks, mutual funds, exchange traded funds or other securities may be permitted to vote on various types of corporate actions. Examples of these actions include mergers, tender offers, or board elections. Clients are required to vote proxies related to their investments, or to choose not to vote their proxies. RPM Capital Management will not accept authority to vote client securities. Clients will receive their proxies directly from the custodian for the client account. Clients may contact RPM Capital Management with questions about a particular solicitation.

#### **Item 18: Financial Information**

- A. RPM Capital Management does not require the prepayment of fees more than six (6) months or more in advance greater than \$500 and therefore has not provided a balance sheet with this brochure.
- B. RPM Capital Management has discretionary investment management authority over client assets. There is no financial condition that is reasonably likely to impair RPM Capital Management's ability to meet contractual commitments to clients.
- C. Neither RPM Capital Management nor any of its management has been the subject of a bankruptcy petition in the last ten years.