

**Appendix 1 of Part 2A**  
**Riverpoint Wrap Fee Program Brochure**

January 2024

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**d/b/a Riverpoint Wealth Management**

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This wrap fee program brochure provides information about the qualifications and business practices of Riverpoint Wealth Management. If you have any questions about the contents of this brochure, please contact us at 312-239-1330 or email Timothy McGrath at [mcgrath@riverpointwealth.com](mailto:mcgrath@riverpointwealth.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration with the SEC or State Regulatory Authority does not imply a certain level of skill or expertise.

Additional information about Riverpoint Wealth Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

Since the last annual amendment filed on March 21, 2023, our firm does not have any material changes to disclose.

Please note that our firm no longer offers Financial Planning and Consulting services on an hourly basis, our firm continues to offer these services on a flat fee basis. Please see item 5 of the ADV 2A brochure for additional information.

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## **Item 4: Services, Fees, and Compensation**

### **A. Description of Your Advisory Firm**

Riverpoint Wealth Management Holdings, LLC, d/b/a Riverpoint Wealth Management ("Riverpoint" and/or "the firm") is organized as an Illinois limited liability company. Riverpoint Wealth Management Holdings, LLC, was founded in 2013, and is fully owned by Riverpoint Wealth Management, LLC, which in turn is owned by Timothy P. McGrath, Riverpoint's Managing Partner and Chief Compliance Officer; Riverpoint's predecessor firm, Riverpoint Wealth Management, LLC, was founded in 2007 by Timothy P. McGrath.

#### **A.1. Description of Advisory Services Offered (legacy)**

Riverpoint offers its proprietary discretionary asset management services as a wrap fee program sponsored by Riverpoint on a legacy basis. For its discretionary asset management services, Riverpoint receives a signed investment advisory client agreement to effect securities transactions on behalf of its clients that include securities and strategies described in Item 6.C of this brochure.

Riverpoint's discretionary asset management services are predicated on the client's investment objectives, goals, tolerance for risk, and other personal and financial circumstances. Riverpoint will analyze each client's current investments, investment objectives, goals, age, time horizon, financial circumstances, investment experience, investment restrictions and limitations, and risk tolerance and implement a portfolio consistent with such investment objectives, goals, risk tolerance and related financial circumstances. Riverpoint's objective is to review the client's tax, financial, and estate planning objectives and goals in connection with the client's investment objectives, goals, tolerance for risk, and other personal and financial circumstances and make appropriate recommendations and implementation decisions. Riverpoint may engage third-party service providers to assist with the tax and estate planning portion of the services provided to clients. In addition, Riverpoint may utilize third-party software to analyze individual security holdings and separate account managers utilized within the client's portfolio.

LPL Financial offers a trading platform with select exchange traded funds ("ETFs") that do not charge transaction fees. The no-transaction-fee ETF trading platform is available to clients participating in LPL Financial's Strategic Wealth Management ("SWM") and Strategic Asset Management ("SAM") programs. Since our firm pays the transaction fees charged by LPL Financial to clients participating in our wrap fee program, we are incentivized to recommend no-transaction-fee ETFs over other types of securities and ETFs in order to reduce our costs. This presents a conflict of interest because the limited number of ETFs available on the no-transaction fee platform may have higher overall expenses than other types of securities and ETFs not included in the platform. However, our firm and our IAR's will follow our fiduciary duty and put our client's interests ahead of our own. In addition, other major custodians have eliminated transaction fees for all ETFs and U.S. equities, so clients may pay more for investing in the same securities at LPL Financial.

Riverpoint's investment advisory services to clients take into account a client's personal financial circumstances, investment objectives and tolerance for risk (e.g., cash-flow, tax and estate).

Riverpoint's engagement with a client will include, as appropriate, the following:

- Providing assistance in reviewing the client's current investment portfolio against the client's personal and financial circumstances as disclosed to Riverpoint in response to a questionnaire and/or in discussions with the client and reviewed in meetings with Riverpoint.
- Analyzing the client's financial circumstances, investment holdings and strategy, and goals.
- Providing assistance in identifying a targeted asset allocation and portfolio design.
- Implementing and/or recommending individual equity and fixed income securities, mutual funds and ETFs.
- Reporting to the client on a quarterly basis or at some other interval agreed upon with the client, information on contributions and withdrawals in the client's investment portfolio, and the performance of the client's portfolio measured against appropriate benchmarks (including benchmarks selected by the client).
- Proposing changes in the client's investment portfolio in consideration of changes in the client's personal circumstances, investment objectives and tolerance for risk, the performance record of any of the client's investments, and/or the performance of any fund retained by the client.
- If the client's portfolio and personal circumstances, investment objectives, and tolerance for risk make such advice appropriate, providing recommendations to hedge a client's portfolio through the use of derivative strategies, to generate additional income through the use of covered call option writing strategies involving exchange listed or OTC options, and/or to monetize or hedge concentrated stock positions.

In addition to providing Riverpoint with information regarding their personal financial circumstances, investment objectives and tolerance for risk, clients are required to provide the firm with any reasonable investment restrictions that should be imposed on the management of their portfolio, and to promptly notify the firm of any changes in such restrictions or in the client's personal financial circumstances, investment objectives, goals and tolerance for risk. On a quarterly basis, Riverpoint's reports to clients will remind clients of their obligation to inform the firm of any such changes or any restrictions that should be imposed on the management of the client's account. Riverpoint will also contact clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives and tolerance for risk.

## **A.2. Fees and Compensation**

Riverpoint's annual advisory fee for assets managed in the wrap fee program is an asset-based fee calculated as a percentage of the value of the managed assets at 1.35%, which represents the adviser's maximum fees for individual services managed by the Adviser, excluding the

retirement accounts held by relatives of the Adviser's employees. Riverpoint requires a minimum account of \$250,000 for investment advisory clients, although this may be negotiable under certain circumstances. Riverpoint may group certain related client accounts for the purposes of achieving the minimum account size. In certain circumstances, fees, account minimums, and payment terms are negotiable depending on the client's unique situation – such as the size of the aggregate related party portfolio size, family holdings, low-cost basis securities, or certain passively advised investments and pre-existing relationships with clients. Certain clients may pay more or less than others depending on the amount of assets, type of portfolio, or the time involved, the degree of responsibility assumed, complexity of the engagement, special skills needed to solve problems, the application of experience, and knowledge of the client's situation.

Riverpoint's advisory fee includes charges for all transaction costs, such as commissions on purchases and sales of securities, and trade-away fees. Except as otherwise provided below, the client will incur no charges other than advisor's fee in connection with maintenance of and activity in the client's account. The wrap fee does not include management, administrative, and marketing fees and expenses for mutual and exchange-traded funds. To the extent securities transactions are effected away from LPL, there may be commission mark-ups and mark-downs that the client will pay in addition to the wrap fee. It is important to note, as disclosed in the ADV Part 2A, that our firm does not pay Third-Party Money Manager fees on behalf of clients, as such, clients who's assets are managed by a Third-Party will pay additional Advisory fees which will be disclosed in the signed Service Agreement.

Asset-based fees are always subject to the investment advisory agreement between the client and Riverpoint. Such fees are payable according to the client's assigned billing cycle based upon the value of the accounts on the last business day of the previous Cycle's applicable quarter. We have three different billing cycles which are billed as follows: Cycle 1 is billed in January, April, July and October. Cycle 2 is billed in February, May, August, and November. Cycle 3 is billed in the calendar year quarters March, June, September and December. The fees will be prorated if the investment advisory relationship commences otherwise than at the beginning of a billing cycle. Adjustments for contributions to a client's portfolio are prorated for the quarter in which the change occurs; adjustments will be made for deposits and withdrawals.

The client authorizes the qualified custodian to automatically deduct the fee and all other charges payable hereunder from the assets in the account when due, with such payments to be reflected on the next account statement sent to the client. If insufficient cash is available to pay such fees, securities in an amount equal to the balance of unpaid fees will be liquidated to pay for the unpaid balance.

A client investment advisory agreement may be canceled at any time by the client or by Riverpoint with 30 days' prior written notice to the client. Upon termination, any prepaid, unearned fees will be promptly refunded. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

## **B. Disclosure of Cost Difference if Services Purchased Separately**

Depending on a number of factors, such as the number, size, and nature of the securities transactions in an advisory account, the overall fees and charges borne by the client over time could be more or less than what these fees and charges would be if the same services were provided on a separate basis, either as asset-based fees or transaction-based fees. Bundled fees (where the adviser assumes the cost of processing the trade) generally provide an economic incentive for the advisory firm to select investments and strategies that minimize trading costs. Frequent trading in an account where transactions fees are included as part of the overall advisory fee to the client drives trading costs higher and reduces the overall fee revenue to the advisor. As a result, higher trading costs in a bundled fee account have a negative impact on the advisory firm's profitability.

In order to mitigate this conflict of interest and ultimately ensure that all clients receive equal quality of service and pricing, Riverpoint has instilled a reimbursement program under the non-wrap Comprehensive Portfolio Management Service where any transaction fees incurred in a non-wrap account are reimbursed to the clients by Riverpoint and as such, clients do not benefit from investing through a non-wrap account versus a wrap account. Furthermore, Riverpoint has no additional economic benefit from recommending that clients subscribe to the wrap vs. non-wrap offering and vice-versa. Riverpoint has implemented this policy in response to the ongoing changes by most large broker-dealers distancing themselves from transaction fees and as such allows clients to transition over to a non-wrap service model without being negatively affected. Per this reimbursement program, the fee charged for our wrap fee Comprehensive Portfolio Management is identical to the fee charged for our non-wrap Comprehensive Portfolio Management service.

## **C. Additional Client Fees and Terms of Payment**

### **C.1. Client Payment of Fees**

Riverpoint generally requires clients to authorize the direct debit of fees from their accounts. Exceptions may be granted subject to the firm's consent for clients to be billed directly for our fees. For directly debited fees, the custodian's periodic statements will show each fee deduction from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying us or their custodian in writing.

Riverpoint will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account.

The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

### **C.2. Prepayment of Client Fees**

Riverpoint generally requires investment advisory fees to be prepaid on a quarterly basis. Riverpoint's fees will either be paid directly by the client or disbursed to Riverpoint by the

qualified custodian of the client's investment accounts, subject to prior written consent of the client. The custodian will deliver directly to the client an account statement, at least quarterly, showing all investment and transaction activity for the period, including fee disbursements from the account.

A client investment advisory agreement may be canceled at any time by the client or by Riverpoint with 30 days' prior written notice to the client. Upon termination, any unearned, prepaid fees will be promptly refunded. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

### **C.3. Additional Fees**

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and exchange-traded funds. Such fees and expenses are described in each fund's prospectus. Clients are advised to read these materials carefully before investing. Please refer to the Brokerage Practices section (Items 9.B. and 9.B.) for additional information regarding the firm's brokerage practices.

## **D. Compensation for Recommending the Riverpoint Wrap Fee Program**

Riverpoint's suite of services is a proprietary service offering offered to affiliated and unaffiliated investment adviser firms. As such, there are no conflicts of interest in that there are no commissions or referral fees paid to anyone for selling or recommending Riverpoint or any of its services. The firm earns its advisory fees and neither shares in third-party investment manager fees nor shares in any custody fees charged by its clients' custodians.

## **E. External Compensation for the Sale of Securities to Clients**

Riverpoint's advisory professionals are compensated primarily through a salary and bonus structure. Riverpoint's advisory professionals may also receive commission-based compensation for the sale of insurance products. Please see Item 9.A.2 for detailed information and conflicts of interest.

## **F. Client Assets Under Management**

As of December 31, 2022, Riverpoint manages \$547,003,145 all of which are on a discretionary basis.

## **Item 5: Account Requirements and Types of Clients**

Riverpoint offers its investment services to various types of clients including individuals and high-net-worth individuals, trusts, estates, charitable organizations, and corporations and other business entities.



Riverpoint requires a minimum account of \$250,000 for investment advisory clients, although this may be negotiable under certain circumstances. Riverpoint may group certain related client accounts for the purposes of achieving the minimum account size.

Further, it is important to note that Wrap account services are only available on a legacy basis and will not be offered to new or prospective clients.

In certain circumstances, fees, account minimums, and payment terms are negotiable depending on client's unique situation – such as the size of the aggregate related party portfolio size, family holdings, low cost basis securities, or certain passively advised investments and pre-existing relationships with clients. Certain clients may pay more or less than others depending on the amount of assets, type of portfolio, or the time involved, the degree of responsibility assumed, complexity of the engagement, special skills needed to solve problems, the application of experience and knowledge of the client's situation.

## **Item 6: Portfolio Manager Selection and Evaluation**

### **A. Portfolio Manager Selection and Review**

Riverpoint offers its proprietary discretionary asset management services as a non-wrap service as well as a wrap fee program sponsored by Riverpoint. It is important to note however that this wrap fee program is only offered on a legacy basis.

### **B. Participation in Wrap Fee Programs**

Most client accounts managed through Riverpoint proprietary discretionary asset management and serviced under a wrap fee program are managed by our inhouse representatives, in certain cases Riverpoint recommends and employs the services of outside managers.

### **C. Riverpoint Acts as Both a Wrap Fee Sponsor and Portfolio Manager**

Riverpoint's proprietary discretionary asset management services are offered exclusively through Riverpoint. Other than offering its proprietary suite of services, Riverpoint may participate or manage assets in third-party wrap fee programs.

#### **C.1. Proprietary Discretionary Asset Management Services**

Riverpoint offers its proprietary discretionary asset management services as a wrap fee program sponsored by Riverpoint on a legacy basis. Clients have the option of providing Riverpoint with investment discretion on their behalf, pursuant to an executed investment advisory client agreement. By granting investment discretion, our firm is authorized to execute securities transactions, determine which securities are bought and sold, and the total amount to be bought and sold. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's written acknowledgement.

Riverpoint's discretionary asset management services are predicated on the client's investment objectives, goals, tolerance for risk, and other personal and financial circumstances. Riverpoint will analyze each client's current investments, investment objectives, goals, age, time horizon, financial circumstances, investment experience, investment restrictions and limitations, and risk tolerance and implement a portfolio consistent with such investment objectives, goals, risk tolerance and related financial circumstances. Riverpoint's objective is to review the client's tax, financial, and estate planning objectives and goals in connection with the client's investment objectives, goals, tolerance for risk, and other personal and financial circumstances and make appropriate recommendations and implementation decisions. Riverpoint may engage third-party service providers to assist with the tax and estate planning portion of the services provided to clients. In addition, Riverpoint may utilize third-party software to analyze individual security holdings and separate account managers utilized within the client's portfolio.

Riverpoint's investment advisory services to clients take into account a client's personal financial circumstances, investment objectives and tolerance for risk (e.g., cash-flow, tax and estate).

Riverpoint's engagement with a client will include, as appropriate, the following:

- Providing assistance in reviewing the client's current investment portfolio against the client's personal and financial circumstances as disclosed to Riverpoint in response to a questionnaire and/or in discussions with the client and reviewed in meetings with Riverpoint.
- Analyzing the client's financial circumstances, investment holdings and strategy, and goals.
- Providing assistance in identifying a targeted asset allocation and portfolio design.
- Implementing and/or recommending individual equity and fixed income securities, mutual funds and ETFs.
- Reporting to the client on a quarterly basis or at some other interval agreed upon with the client, information on contributions and withdrawals in the client's investment portfolio, and the performance of the client's portfolio measured against appropriate benchmarks (including benchmarks selected by the client).
- Proposing changes in the client's investment portfolio in consideration of changes in the client's personal circumstances, investment objectives and tolerance for risk, the performance record of any of the client's investments, and/or the performance of any fund retained by the client.
- If the client's portfolio and personal circumstances, investment objectives, and tolerance for risk make such advice appropriate, providing recommendations to hedge a client's portfolio through the use of derivative strategies, to generate additional income through the use of covered call option writing strategies involving exchange listed or OTC options, and/or to monetize or hedge concentrated stock positions.

In addition to providing Riverpoint with information regarding their personal financial circumstances, investment objectives and tolerance for risk, clients are required to provide the firm with any reasonable investment restrictions that should be imposed on the management of their portfolio, and to promptly notify the firm of any changes in such restrictions or in the client's personal financial circumstances, investment objectives, goals and tolerance for risk. On

a quarterly basis, Riverpoint's reports to clients will remind clients of their obligation to inform the firm of any such changes or any restrictions that should be imposed on the management of the client's account. Riverpoint will also contact clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives and tolerance for risk.

## **C.2. Client-Tailored Services and Client-Imposed Restrictions**

Each client's account will be managed on the basis of the client's financial situation and investment objectives and in accordance with any reasonable restrictions imposed by the client on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio.

## **C.3. Management of Wrap Fee Program**

Riverpoint's proprietary discretionary asset management services are offered through this wrap fee program on a legacy basis, meaning, new clients will be offered our non-wrap comprehensive portfolio management services. Stand-alone financial planning and consulting and recommendations of independent third-party investment managers are offered outside of the wrap fee program. Please refer to the firm's Part 2A Brochure.

## **C.4. Performance-Based Fees and Side-by-Side Management**

Riverpoint does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in clients' best interests.

## **C.5. Methods of Analysis, Investment Strategies and Risk of Loss**

Riverpoint uses a variety of sources of data to conduct its economic, investment and market analysis, such as financial newspapers and magazines, economic and market research materials prepared by others, conference calls hosted by mutual funds, corporate rating services, annual reports, prospectuses, and company press releases. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

Riverpoint and its investment adviser representatives are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria.

- Optimization involves the use of mathematical algorithms to determine the appropriate mix of assets given the firm's current capital market rate assessment and a particular client's risk tolerance.
- Quantitative methods include analysis of historical data such as price and volume statistics, performance data, standard deviation and related risk metrics, how the security performs relative to the overall stock market, earnings data, price to earnings ratios, and related data.

- Technical analysis involves charting price and volume data as reported by the exchange where the security is traded to look for price trends.
- Computer models may be used to derive the future value of a security based on assumptions of various data categories such as earnings, cash flow, profit margins, sales, and a variety of other company specific metrics.

In addition, Riverpoint reviews research material prepared by others, as well as corporate filings, corporate rating services, and a variety of financial publications. Riverpoint may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

**Note:** All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings. Although we manage the assets in a manner consistent with risk tolerances, there can be no guarantee that our efforts will be successful. The investor should be prepared to bear the risk of loss.

## **C.6. Investment Strategy, Method of Analysis, and Material Risks**

### **C.6.a. Leverage**

Although Riverpoint, as a general business practice, does not utilize leverage, there may be instances in which exchange-traded funds, other separate account managers and, in limited circumstances, Riverpoint will utilize leverage. In this regard please review the following:

The use of margin leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment.

The use of margin leverage entails borrowing, which results in additional interest costs to the investor.

Broker-dealers who carry customer accounts require a minimum equity requirement when clients utilize margin leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of margin leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

### **C.6.b. Option Strategies**

Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the underlying security. Options entail greater risk but allow an investor to have market exposure to a particular security or group of securities without the capital commitment required to purchase the underlying security or groups of securities. In addition, options allow investors to hedge security positions held in the portfolio. For detailed information on the use of options and option strategies, please contact the Options Clearing Corporation for the current Options Risk Disclosure Statement.

Riverpoint as part of its investment strategy may employ the following option strategies:

- Covered call writing
- Long call options purchases
- Long put options purchases

#### **C.6.b.1. Covered Call Writing**

Covered call writing is the sale of in-, at-, or out-of-the money call option against a long security position held in the client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

#### **C.6.b.2. Long Call Option Purchases**

Long call option purchases allow the option holder to be exposed to the general market characteristics of a security without the outlay of capital necessary to own the security. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

#### **C.6.b.3. Long Put Option Purchases**

Long put option purchases allow the option holder to sell or “put” the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long put option increases. In this way long puts are often used to hedge a long stock position. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

### **C.6.c. Concentration Risk**

There is an inherent risk for clients whose investment portfolios lack diversification—that is, they have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur

less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

### **C.7. Material Risks of Investment Instruments**

Riverpoint typically invests in open-end mutual funds and exchange-traded funds for the vast majority of its clients. However, for certain clients, Riverpoint may effect transactions in the following types of securities:

- Equity securities
- Mutual fund securities
- Exchange-traded funds
- Fixed income securities
- Corporate debt securities, commercial paper, and certificates of deposit
- Municipal securities
- U.S. government securities
- Private placements
- Corporate debt obligations

#### **C.7.a. Equity Securities**

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

#### **C.7.b. Mutual Fund Securities**

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds can be tax inefficient in certain circumstances, which may result in clients paying capital gains taxes on fund investments while not having yet sold the fund.

#### **C.7.c. Exchange-Traded Funds ("ETFs")**

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs<sup>®</sup>, streetTRACKS<sup>®</sup>, DIAMONDS<sup>SM</sup>, NASDAQ 100 Index Tracking Stock<sup>SM</sup> ("QQQs<sup>SM</sup>"), iShares<sup>®</sup> and VIPERs<sup>®</sup>. The funds could purchase an ETF to gain

exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro-rata portion of the other investment company's advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral, and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

#### **C.7.d. Fixed Income Securities**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S. or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds have liquidity and currency risk.

#### **C.7.e. Corporate Debt, Commercial Paper, and Certificates of Deposit**

Commercial paper and certificates of deposit are generally considered safe instruments, although they are subject to the level of general interest rates, the credit quality of the issuing bank, and the length of maturity. With respect to certificates of deposit, depending on the length of maturity there can be prepayment penalties if the client needs to convert the certificate of deposit to cash prior to maturity.

#### **C.7.f. Municipal Securities**

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.



#### **C.7.g. U.S. Government Securities**

U.S. government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. government securities may be supported by the full faith and credit of the United States.

#### **C.7.h. Private Placements**

Private placements carry significant risk in that companies using the private placement market conduct securities offerings that are exempt from registration under the federal securities laws, which means that investors do not have access to public information and such investors are not provided with the same amount of information that they would receive if the securities offering was a public offering. Moreover, many companies using private placements do so to raise equity capital in the start-up phase of their business, or require additional capital to complete another phase in their growth objective. In addition, the securities issued in connection with private placements are restricted securities, which means that they are not traded on a secondary market, such as a stock exchange, and they are thus illiquid and cannot be readily converted to cash.

#### **C.7.i. Corporate Debt Obligations**

Corporate debt obligations include corporate bonds, debentures, notes, commercial paper and other similar corporate debt instruments. Companies use these instruments to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest and must repay the amount borrowed at maturity. Commercial paper (short-term unsecured promissory notes) is issued by companies to finance their current obligations and normally has a maturity of less than nine months. In addition, the firm may also invest in corporate debt securities registered and sold in the United States by foreign issuers (Yankee bonds) and those sold outside the U.S. by foreign or U.S. issuers (Eurobonds).

### **C.8. Voting Client Securities**

Riverpoint does not take discretion with respect to voting proxies on behalf of its clients. Riverpoint will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of Riverpoint supervised and/or managed assets. In no event will Riverpoint take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, Riverpoint will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. Riverpoint has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. Riverpoint also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, Riverpoint has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of



actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where Riverpoint receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

## **Item 7: Client Information Provided to Portfolio Managers**

Riverpoint collects the following information in order to formulate its investment recommendations to clients and may provide such information to managers selected to manage assets on behalf of the client:

- Income
- Employment and residential information
- Social security number
- Cash balance
- Security balances
- Investment objectives, goals, and risk tolerance
- Sources of wealth and/or deposits
- Risk assessment
- Investment time horizon
- Income and liquidity needs
- Asset allocation
- Restrictions on management of accounts
- Client questionnaire(s) and interview(s)
- Review of client's current portfolio
- Analysis of historical risk/return characteristics of various asset classes
- Analysis of the long-term outlook for global financial markets
- Analysis of the long-term global economic and political environments

## **Item 8: Client Contact with Portfolio Managers**

Riverpoint encourages communication with its clients and does not limit or condition the amount of time clients can spend with Riverpoint advisory professionals.

## **Item 9: Additional Information**

### **A. Disciplinary and Other Financial Activities and Affiliations**

#### **A.1. Disciplinary**

There are no current or pending disclosure items to report on behalf of Riverpoint advisors.

##### **A.1.a. Criminal or Civil Actions**

There is nothing to report on this item.

#### **A.1.b. Administrative Enforcement Proceedings**

There is nothing to report on this item.

#### **A.1.c. Self-Regulatory Organization Enforcement Proceedings**

There is nothing to report on this item.

### **A.2. Other Financial Activities and Affiliations**

#### **A.2.a. Insurance Sales**

Representatives of our firm are licensed insurance agents. As a result of these transactions, they would be entitled to receive normal and customary commissions. A conflict of interest exists as these commissionable sales create an incentive to recommend products based on the compensation earned. To mitigate this potential conflict, our representatives always follow their fiduciary duty and act in the client's best interest.

## **B. Code of Ethics, Brokerage Trading Practices, Account Reviews, and Financial and Related Matters**

### **B.1. Code of Ethics Description**

In accordance with the Advisers Act, Riverpoint has adopted policies and procedures designed to detect and prevent insider trading. In addition, Riverpoint has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of Riverpoint's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer of Riverpoint. Riverpoint will send clients a copy of its Code of Ethics upon written request.

Riverpoint has policies and procedures in place to ensure that the interests of its clients are given preference over those of Riverpoint, its affiliates and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

#### **B.1.a. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Riverpoint does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory, or buying stocks from advisory clients into a firm's inventory). In addition, Riverpoint does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

### **B.1.b. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Riverpoint, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may purchase the same securities as are purchased for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which Riverpoint specifically prohibits. Riverpoint has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest,
- prohibit front-running, and
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow Riverpoint's procedures when purchasing or selling the same securities purchased or sold for the client.

### **B.1.c. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Riverpoint, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other Riverpoint clients. Riverpoint will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee, or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation. It is the policy of Riverpoint to place the client's interests above those of Riverpoint and its employees.

## **B.2. Factors Used to Select Broker-Dealers for Client Transactions (Wrap Account Services)**

### **B.2.a. Custodian Recommendations**

Riverpoint may recommend that clients establish brokerage accounts with LPL Financial ("LPL"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although Riverpoint may recommend that clients establish accounts at the custodian, it is the client's decision to custody assets with the custodian. Riverpoint is independently owned and operated and not affiliated with custodian. For Riverpoint client accounts maintained in its custody, the custodian generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodian or that settle into custodian accounts.

Riverpoint considers the financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, and related factors in recommending broker-dealers or custodians to advisory clients.

In certain instances and subject to approval by Riverpoint, Riverpoint will recommend to clients certain other broker-dealers and/or custodians based on the needs of the individual client, and taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by Riverpoint will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

#### ***B.2.a.1. Soft Dollar Arrangements***

Riverpoint does not utilize soft dollar arrangements. Riverpoint does not direct brokerage transactions to executing brokers for research and brokerage services.

#### ***B.2.a.2. Institutional Trading and Custody Services***

The custodian provides Riverpoint with access to its institutional trading and custody services, which are typically not available to the custodian's retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain minimum amount of the advisor's clients' assets are maintained in accounts at a particular custodian. These services are not contingent upon Riverpoint committing to a custodian any specific amount of business (assets in custody or trading commissions). The custodian's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

#### ***B.2.a.3. Other Products and Services***

The custodian also makes available to Riverpoint other products and services that benefit Riverpoint but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Riverpoint's accounts, including accounts not maintained at custodian. The custodian may also make available to Riverpoint software and other technology that

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing and other market data

- facilitate payment of Riverpoint's fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

The custodian may also offer other services intended to help Riverpoint manage and further develop its business enterprise. These services may include

- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers

The custodian may also provide other benefits such as educational events or occasional business entertainment of Riverpoint personnel. In evaluating whether to recommend that clients custody their assets at the custodian, Riverpoint may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

#### ***B.2.a.4. Independent Third Parties***

The custodian may make available, arrange, and/or pay for the types of services rendered to Riverpoint by independent third parties. The custodian may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to Riverpoint.

#### ***B.2.a.5. Additional Compensation Received from Custodians***

Riverpoint participates in institutional customer programs sponsored by broker-dealers or custodians. Riverpoint may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between Riverpoint's participation in such programs and the investment advice it gives to its clients, although Riverpoint receives economic benefits through its participation in the programs that are typically not available to retail investors. These benefits may include the following products and services (provided without cost or at a discount):

- Receipt of duplicate client statements and confirmations
- Research-related products and tools
- Consulting services
- Access to a trading desk serving Riverpoint participants
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts)
- The ability to have advisory fees deducted directly from client accounts
- Access to an electronic communications network for client order entry and account information
- Access to mutual funds with no transaction fees and to certain institutional money managers

- Discounts on compliance, marketing, research, technology, and practice management products or services provided to Riverpoint by third-party vendors

The custodian may also pay for business consulting and professional services received by Riverpoint's related persons, and may pay or reimburse expenses (including travel, lodging, meals, and entertainment expenses for Riverpoint's personnel to attend conferences). Some of the products and services made available by such custodian through its institutional customer programs may benefit Riverpoint but may not benefit its client accounts. These products or services may assist Riverpoint in managing and administering client accounts, including accounts not maintained at the custodian as applicable. Other services made available through the programs are intended to help Riverpoint manage and further develop its business enterprise. The benefits received by Riverpoint or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

Riverpoint also participates in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and its continued participation may require Riverpoint to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, Riverpoint will typically receive benefits similar to those listed above, including research, payments for business consulting and professional services received by Riverpoint's related persons, and reimbursement of expenses (including travel, lodging, meals, and entertainment expenses for Riverpoint's personnel to attend conferences sponsored by the broker-dealer or trust company).

As part of its fiduciary duties to clients, Riverpoint endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Riverpoint or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Riverpoint's recommendation of broker-dealers such as LPL for custody and brokerage services.

#### **B.2.b. Brokerage for Client Referrals**

Riverpoint does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

#### **B.2.c. Directed Brokerage**

##### ***B.2.c.1. Riverpoint Recommendations***

Riverpoint typically recommends LPL Financial as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.

##### ***B.2.c.2. Client-Directed Brokerage***

Occasionally, clients may direct Riverpoint to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account.

Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage Riverpoint derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. Riverpoint loses the ability to aggregate trades with other Riverpoint advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

### **B.3. Aggregating Securities Transactions for Client Accounts**

#### **B.3.a. Security Allocation**

Since Riverpoint may be managing accounts with similar investment objectives, Riverpoint may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by Riverpoint in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

Riverpoint's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. Riverpoint will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

Riverpoint's advice to certain clients and entities and the action of Riverpoint for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines, and circumstances. Thus, any action of Riverpoint with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of the firm to or on behalf of other clients.

#### **B.3.b. Order Aggregation**

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if Riverpoint believes that a larger size block trade would lead to best overall price for the security being transacted.



### **B.3.c. Allocation of Trades**

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs, and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

Riverpoint acts in accordance with its duty to seek best price and execution and will not continue any arrangements if it determines that such arrangements are no longer in the best interest of its clients.

## **B.4. Review of Accounts**

### **B.4.a. Schedule for Periodic Review of Client Accounts and Advisory Persons Involved**

Riverpoint's investment committee comprises Timothy P. McGrath, Managing Partner and Chief Compliance Officer and Paul Stephen Merrick, Wealth Manager . Each committee member is also a primary client manager. The committee meets regularly to discuss overall firm investment philosophy to consistently apply to client accounts regardless of the primary client manager.

Each client is assigned a primary relationship manager. The primary relationship manager has the responsibility for communicating with the client, updating changes to the client's situation, and regularly reviewing the client's portfolio including the asset allocation and the specific assets included in the account. The client review includes comparing the portfolio and current security positions with the goals and objectives as outlined by the investment policy statement, reviewing changes to the client's investment circumstances, evaluating the specific holdings, re-balancing the portfolio, and communicating the current status of the portfolio and any recommended actions to the client.

Clients' accounts are reviewed regularly; formal reviews, including contact with clients, typically occur at least 2 times a year.

### **B.4.b. Review of Client Accounts on Non-Periodic Basis**

Riverpoint may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how Riverpoint formulates investment advice. More frequent reviews may also be triggered by tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in corporate management, or changes in macro-economic climate.

### **B.4.c. Content of Client-Provided Reports and Frequency**

The client's independent custodian provides account statements directly to the client no less frequently than quarterly. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by Riverpoint.

## **B.5. Client Referrals and Other Compensation**

### **B.5.a. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

#### ***B.5.a.1. Support Provided by Financial Institutions***

Services provided by LPL to financial advisory firms include research, including mutual fund research, third-party research, brokerage, custody, and access to mutual funds and other investments that are available only to institutional investors or would require a significantly higher minimum initial investment. In addition, LPL makes available software and other technologies that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution, provide research, pricing information, quotation, and other market data, assist with contact management, facilitate payment of fees to Riverpoint from client accounts, assist with performance reporting, facilitate trade allocation, and assist with back-office support, recordkeeping, and client reporting. LPL also provides access to financial planning software, practice management consulting support, best execution assistance, consolidated statements assistance, educational and industry conferences, marketing and educational materials, technological and information technology support, and LPL corporate discounts.

#### **B.5.b. Advisory Firm Payments for Client Referrals**

Riverpoint does not make or accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

## **B.6. Financial Information**

### **B.6.a. Balance Sheet**

Riverpoint does not require the prepayment of fees of \$1,200 or more, six months or more in advance, and as such is not required to file a balance sheet.

### **B.6.b. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

Riverpoint does not have any financial issues that would impair its ability to provide services to clients.

### **B.6.c. Bankruptcy Petitions during the Past Ten Years**

There is nothing to report for this item.

## **B.7. Custody**

All of our clients receive account statements directly from their qualified custodians at least quarterly upon opening of an account. If our firm decides to also send account statements to clients, such notice and account statements include a legend that recommends that the client

compare the account statements received from the qualified custodian with those received from our firm.

#### **B.8. Investment Discretion**

Clients have the option of providing Riverpoint with investment discretion on their behalf, pursuant to an executed investment advisory client agreement. By granting investment discretion, our firm is authorized to execute securities transactions, determine which securities are bought and sold, and the total amount to be bought and sold. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's written acknowledgement.