



# REALTA WEALTH

## Realta Investment Advisors, Inc

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*This Brochure provides information about the qualifications and business practices of Realta Investment Advisors, Inc. If you have any questions about the contents of this Brochure, please contact us at (888) 657-5200 or [info@realtawealth.com](mailto:info@realtawealth.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 of an Investment Adviser does not imply any level of skill or training. The verbal and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser. Additional information about Realta Investment Advisors, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

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## *Item 2 – Material Changes*

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This Section addresses only specific material changes that have been made to the Brochure since the last annual amendment and is intended to provide clients with a summary of such changes.

Since our last annual update of this filing, the following material changes have occurred:

- Changes in form, function, and organization pursuant to a third party review.

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## Item 4 – Advisory Business

Realta Investment Advisors, Inc. (“Firm”, “We” or “RIA”) is an investment advisory firm that is registered with the U.S. Securities and Exchange Commission since June 6, 2007. RIA is wholly owned by Orange Street Holdings, Inc.

RIA provides ongoing investment advice and management of client assets through its investment advisor representatives, to whom we refer as “Financial Advisors.” Financial Advisors provide advice on the purchase and sale of various types of investments, such as mutual funds, exchange-traded funds (“ETFs”), variable annuity subaccounts, real estate investment trusts (“REITs”), equities, fixed income securities, advisory programs offered by us or third-party investment advisory firms, and options. Our Financial Advisors may also offer advice related to RIA-approved direct participation programs, private placements, and other alternative investments, such as alternative energy programs, leasing programs, and real estate programs. Through our Financial Advisors, we provide a variety of investment management services, including portfolio management (implemented by RIA or an independent, third-party money manager), investment consulting, financial planning, and estate planning. Our Financial Advisors may provide advice in areas such as wealth management, investment consulting, portfolio management, asset allocation, cash management/treasury services, and/or financial and estate planning.

RIA's Financial Advisors may market under the Realta brand or under a business name of their choosing. When marketing under a business name other than Realta, a Financial Advisor will distinguish between business done by Realta and other non-Realta business lines in which an Advisor may engage. Our Financial Advisors who use their own brand name have been instructed to disclose on advertising and client correspondence that their advisory services are offered through us, and when applicable, their brokerage services are offered through our affiliated Broker Dealer.

Our Financial Advisors provide advice that is tailored to the individual needs of the client, based on the financial information and the investment objective(s) communicated by the client. Clients may impose restrictions on investing in certain securities or groups of securities by notifying the Financial Advisor in writing (including in the Investment Advisory Agreement). Clients’ proposed restrictions may or may not be accepted by RIA.

The specific advisory program selected by the client may cost the client more or less than purchasing program services separately. Factors that bear upon the cost of a particular advisory program in relation to the cost of the same services purchased separately include, but may not be limited to, the type and size of the account, the historical or expected size or number of trades for the account, the types of securities and strategies involved, and the number and range of supplementary advisory and client-related services provided to the account. Investment recommendations and advice offered by RIA and its advisors do not constitute legal, tax, or accounting advice. Clients should coordinate and discuss the impact of the financial advice they receive from a RIA advisor with their attorney and accountant. Clients should also inform their advisor promptly of any changes in their financial situation, investment goals, needs, or objectives. Failure to notify the advisor of any material changes could result in investment advice not meeting the changing needs of the client. In some cases, an independent investment advisor may engage the investment advisory services of a RIA advisor to manage a portion of the investment advisor’s client accounts.

Clients should be aware that the compensation to RIA, its affiliates, and your advisor will differ according to the specific advisory program chosen. This compensation to RIA, its affiliates, and your advisor may be more than the amounts we would otherwise receive if you participated in another program or paid for investment advice, brokerage, and/or other relevant services separately. As a result of the differences in fee schedules and other sources of compensation that exist among the various advisory programs and services offered by RIA and your

advisor, we have a financial incentive to recommend a particular program or service over other programs or services available through RIA.

While you may be solicited to establish an account through any of the programs described in this document, not all programs offered are suitable for you. Therefore, your Financial Advisor must analyze your financial situation to recommend a program or service that is suitable for you. Further, it should be noted while you receive individualized treatment from your Financial Advisor, if you have an account managed by us (i.e. the RIA Financial Advisor is responsible for selecting underlying portfolio holdings within client accounts) you will receive more personalized RIA treatment than if your account is managed by selected third-party money managers (i.e. the selected money manager is responsible for selecting underlying portfolio holdings within client accounts).

## ADVISORY PLATFORMS

### **NOVA**

RIA has created NOVA to offer you a number of choices with regard to advisory programs and services. You should discuss with your Financial Advisor which of the NOVA programs are best suited for your needs.

Programs available on NOVA:

#### ***Advisor Directed:***

- Advisor as Portfolio Manager with Tickets: APM-Tickets (Non-Wrap)
- Advisor as Portfolio Manager Wrap: APM-Wrap
  - See Wrap Appendix for additional information

In both of the APM programs, your Financial Advisor will engage you in a traditional advisory relationship and provide personalized management and ongoing supervision over your accounts. The Financial Advisor is responsible for developing the portfolio in which you are invested, by selecting both the securities and the percent allocation to each of them. The Financial Advisor's decisions will be based on input they receive from you with regard to, among others, your risk tolerance, investment objectives and investment horizon. Accounts can be established either as discretionary or non-discretionary. For discretionary accounts, your Financial Advisor will have discretion over both the amounts and timing of securities bought or sold in your account. Where in a non-discretionary account, all trades must first be approved by you, the client, prior to execution.

In the APM-Tickets program you will incur ticket charges for trades in your account. The cost for trades will be billed directly to your account; however, your Financial Advisor (at their sole discretion) may elect (but are not obligated) to assume the cost of the ticket charges rather than pass it to you.

### ***Third Party Investment Advisor Platforms***

- Unified Managed Accounts: UMA
- Separately Managed Accounts: SMA

In the UMA and SMA programs, your Financial Advisor delegates the investment advisory responsibility to a third-party investment advisor. Both programs are discretionary, meaning RIA, the Financial Advisor and/or the third-party investment advisor can make decisions regarding the securities in or the allocation of your account(s), without your prior approval.

In the UMA program, your Financial Advisor may select to invest in more than one sleeves, meaning they can include more than one model portfolios from third-party investment advisors, or the Financial Advisors

themselves, within the same account. This structure allows the Financial Advisor to potentially diversify your account(s) more efficiently and it also facilitates enhanced performance and tax reporting.

The SMA program is similar to the UMA in that it provides access to third-party investment advisors. The main difference between the two programs is that in SMA, there can only be one sleeve. In addition, the third-party investment advisors available in the SMA program are not available in the UMA program.

### FINANCIAL PLANNING SERVICES

RIA may provide financial planning to clients. Financial planning services are offered on a comprehensive or à la carte (limited focus) basis. Financial plans may encompass all or some of the following areas of financial concern to the client:

- Estate Planning Goals
- Retirement Planning
- Education Planning
- Insurance Planning/Risk Management
- Investments
- Asset Allocation Review and Recommendations

The Financial Advisor obtains appropriate information from the client through personal interviews (including a discussion of current financial status, future goals, and attitude towards risk) and reviews the documents and data supplied by the client. A written financial plan may be prepared and provided. The implementation of financial plan recommendations is entirely at the discretion of the client. Financial plans are not limited in any way to products or services provided by any particular company. However, in general, only products and services that RIA is able to provide will be offered.

### THIRD-PARTY ASSET MANAGERS

When deemed appropriate for the Client, RIA may recommend that Clients utilize the services of a third-party manager (TPM) to manage a portion of, or all of the Client's portfolio. All TPMs that RIA recommends must be a Registered Investment Advisors with the SEC or with the appropriate state authority(ies). After gathering information about your financial situation and objectives, an Investment Advisor Representative of RIA will make recommendations regarding the suitability of a TPM or investment style based on, but not limited to, your financial needs, investment goals, tolerance for risk, and investment objectives. Upon selection of a TPM(s), we will monitor the performance of the TPM(s) to ensure their performance and investment style remains aligned with your investment goals and objectives. In such circumstances, RIA receives fees from the TPM. We act as the liaison between the Client and the TPM in return for a portion of the advisory fees charged by the TPM. RIA may, but is not limited to, the following:

- Provide information to each Client concerning the investment advisor services offered by the TPM and the fee schedule of such services.
- Deliver the Form ADV Part 2, Privacy Notice, Form CRS, and Disclosure Statement to the Client, as applicable.
- Meet with the Client to discuss any changes in status, objectives, time horizon or suitability.
- Update the TPM with any changes in Client status which is provided to RIA by the Client.

All duties of RIA and TPM will be outlined pursuant to an agreement between all parties. Clients placed with TPM will be billed in accordance with the TPM's Fee Schedule which will be disclosed to the Client prior to signing an agreement.

### RETIREMENT PLANS AND PLAN PARTICIPANTS CONTRACTED BY PLAN SPONSOR

RIA offers various levels of advisory and consulting services to employee benefit plans and/or to the participants of such plans ("Participants"). The services are designed to assist plan sponsors ("Plan Sponsors") in meeting their management and fiduciary obligations to the Participants under the Employee Retirement Income Securities Act ("ERISA") and the Pension Protection Act of 2006 ("PPA"). Generally, investment advice provided to Plan Sponsors and Participants is regulated under ERISA and the PPA. We will provide a set of services to Plan Sponsors and their Participants which may include all or some of the offerings described below. Plan Sponsors must make the ultimate decision to retain us for pension consulting and other advisory services including services at the participant level. The Plan Sponsor is free to seek independent advice about the appropriateness of any recommended services for the plan. The following services are provided for general informational purposes. Not all clients contracting for retirement plan services will receive every level of service described below. The exact scope and types of services provided will be agreed upon with each client and listed in the client agreement. The services provided to employee benefit plans ("the Plan") and their Plan Sponsors may include the following:

- *Investment Policy Statement.* RIA may assist with the drafting and adoption of an Investment Policy Statement (IPS) for each Plan.
- *Cash Flow Analysis.* RIA may assist the Plan's oversight committees with the review of the quarterly cash flow analysis as provided by the plan provider.
- *Selection of Qualified Default Investment Alternative.* RIA may recommend to the client an investment fund product or model portfolio meeting the definition of a "Qualified Default Investment Alternative" ("QDIA") in ERISA Regulation 2550.404c-5(e)(3). The QDIA shall be reflected in the IPS.
- *Investment Performance Monitoring or Analysis.* RIA may assist the Plan's oversight committees with the review of the quarterly investment performance of the Plan's investment options. Under applicable circumstances, RIA will monitor the appropriateness and continued suitability of each of the investments with a view to complying with the "broad range" requirement under ERISA Section 404(c).
- *Asset Allocation Analysis.* RIA may assist the Plan's oversight committees with the review of the quarterly asset allocation analysis as provided by the Plan provider.
- *Performance Reports.* RIA may prepare reports evaluating the performance of the Plan's investment manager(s) or investments, as the case may be, as well as comparing the performance thereof to benchmarks set forth in the IPS. The information used to generate the reports will be derived from statements provided by the client.
- *Education Services to Plan Committee.* RIA may provide training for the members of the Plan Committee with regard to their service on the committee, including guidance with respect to fiduciary duties.
- *Participant Education Services.* RIA may conduct in-person, group sessions and provide printed educational materials (which may include posters, payroll stuffers, and emails) to Participants, providing information to them about the investment options under the Plan and providing information on how to complete plan enrollment paperwork. Services provided under an "Eligible Investment Advice Arrangement," as defined under the PPA, shall be governed by a separate agreement.
- *Expense Analysis.* RIA may assist the Plan's oversight committees with the review of the investment expense characteristics for each of the investment options.
- *Investment Structural Analysis.* RIA may assist the Plan's oversight committees with the review of the Investment Structural Analysis for each of the investment options.
- *Third Party Product or Service.* Advisory services provided to retirement plans may be solely provided by Financial Advisors, or in combination with third parties and their retirement plan services. RIA may

use the product or service offered by a third party in providing services to a client and the Plan.

- *Plan Search Support.* RIA may manage the preparation, distribution, and evaluation of Request For Proposals, finalist interviews, and conversion support.
- *Additional Services.* Services as agreed upon by RIA and client.
- *Services for Plan Participants.* Plan Sponsors retain RIA and its Financial Advisors to provide services to Participants pursuant to an “eligible investment advice arrangement,” as defined under the PPA. The scope of the services and fees are established and approved in advance by the Plan Sponsor and shall be clearly set forth in the executed agreement for services.

Financial Advisors will meet with individual Participants to collect pertinent information regarding their financial circumstances and investment objectives. Financial Advisors will then deliver advice either by:

- providing direct investment advisory services to the Participant (in which case the RIA fee will not vary based on the advice given to the Participant)
- generating portfolio recommendations for a Participant based on an unbiased computer model that has been certified and audited by an independent third party.

#### WRAP FEE PROGRAMS

See Wrap Appendix for additional information

#### REGULATORY ASSETS UNDER MANAGEMENT

As of December 31, 2022, RIA had discretionary assets under management of approximately \$670,588,410 and \$110,145,861 non-discretionary assets under management.

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### Item 5 – Fees and Compensation

RIA is generally compensated for investment advice by a percentage of the client's assets under management. Advisory fees vary according to the program(s) selected, but are generally charged quarterly in advance, as some legacy clients or certain managed programs may be subject to a different arrangement such as charges in arrears versus in advance.

Fees are negotiable at the sole discretion of RIA or Financial Advisor, but fees shall not exceed the applicable Fee Schedule. The fee to be charged each client will be stipulated within each client’s advisory agreement with RIA and/or the respective program with a third-party manager, and generally will apply to all of the assets within the portfolio or household (as defined in the agreement). Certain clients, as described within a client’s advisory agreement, may be billed in an "all-inclusive" manner. In such instances, RIA will assess one fee that captures the management, brokerage, and administrative portions collectively. As a result, any RIA client could pay fees and costs that are higher or lower than the fees and costs charged to other RIA clients, based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall investment advisory and/or consulting services to be rendered. As a result of these factors, the services to be provided by RIA to any particular client could be available from other advisers at lower fees and costs. All clients and prospective clients should be guided accordingly.

In addition, the advisory programs available to our advisors vary in cost. Therefore, an advisor has incentive to recommend a program with a lower cost than others so that his or her net advisory fee will be greater, even if there is a more expensive program that is better suited for your investment profile. This presents a conflict of interest and you should ask your advisor questions about the various programs available to you in this brochure to ensure you are placed in a program suitable to your needs.

For all services, Clients may terminate their engagement with RIA within five (5) business days of signing an Agreement with no obligation and without penalty. After the initial five (5) business days, the Agreement may be terminated by RIA with thirty (30) days written notice to Client and by the Client at any time with written notice to RIA. For accounts opened or closed mid-billing period, fees will be prorated based on the days services are provided during the given period. In the case of hourly engagements, fees will be prorated based on the work completed at the stated hourly rate. All unpaid earned fees will be due to RIA and all unearned fees will be refunded to the Client. Any increase in fees will be acknowledged in writing by all parties before any increase in said fees occurs. Assets included in clients' margin balances are included when calculating RIA's fees; clients should note that they may already be paying margin interest on these same assets. Depending on the program, your fee may be adjusted based on deposits and withdrawals.

## ADVISORY PLATFORMS

### NOVA

#### ***Advisor Directed:***

##### Advisor as Portfolio Manager with Tickets: APM-Tickets (Non-Wrap)

The maximum annualized fee charged for the APM program is 2.50%. This fee will be billed quarterly in advance based on the amount of assets managed as of the close of business on the last business day of the previous calendar quarter.

##### Advisor as Portfolio Manager Wrap: APM-Wrap

- See Wrap Appendix for additional information

#### ***Third Party Investment Advisor Platforms***

##### Unified Managed Accounts: UMA & Separately Managed Accounts: SMA

The maximum annualized fee charged for the APM program is 2.50%. This fee will be billed quarterly in advance based on the amount of assets managed as of the close of business on the last business day of the previous billing period. All fees paid by Client to RIA are exclusive of the fees paid to the platform. Please note the total annual fee for the client (RIA's Fee, Third Party Platform Fee, etc.) shall not exceed 3.00%.

## FINANCIAL PLANNING SERVICES

Fees are negotiated between the Financial Advisor and the client on a case-by-case basis. They may be charged on an hourly or fixed fee basis. Once determined, the fee arrangement is set forth in the Client Agreement with RIA.

**Hourly Fees.** Hourly rates range from \$60 to \$400 per hour based upon the knowledge and experience of the individual providing the work. Fees are billed in 15-minute increments. Hourly fees will be billed monthly as the work is provided (in arrears).

**Fixed Fees.** Fees are typically determined by estimating the number of hours to be spent preparing the plan and then quoting a fixed price. If additional work is requested (that goes beyond the original scope of the project), it may be billed on an hourly basis or a fixed price basis as negotiated. Fixed fees will be invoiced monthly or quarterly depending upon the negotiated agreement with the client and the anticipated delivery of the plan. Other limited planning services are billed monthly. In addition, some or all of the financial planning fees may be included in the investment management fees agreed upon by clients and their Financial Advisor. Financial planning is not always billed separately. Total costs for financial plans, whether per hour or on a fixed basis, may range from as little as \$500 to as much as \$5,000 or more. There is no "typical" plan, as services are customized

to the particular needs of the client; thus there is a wide range of fees that may be imposed. Should a contract be terminated prior to the service being delivered, RIA will bill for work completed. In the case of prepayment of fees, the prorated refund will be based upon the hourly rate of the individuals who provided services.

### THIRD-PARTY ASSET MANAGERS

RIA has entered into agreements with various TPMs to refer Clients to. The fees charged will be disclosed to the Client in a separate agreement executed directly with the referred TPM. Generally, all fees are withdrawn from the Client's account by the TPM unless otherwise noted. The TPM will then remit RIA's portion of the fee back to RIA. The referred TPM will receive written authorization from the Client to deduct advisory fees from their account held by a qualified custodian.

### RETIREMENT PLANS AND PLAN PARTICIPANTS CONTRACTED BY PLAN SPONSOR

Fees for Advisory Services to Retirement Plans and Plan Participants are charged on either a 1) flat fee basis, 2) percentage of a plan's assets, or 3) on a combination of these methods, as agreed to between RIA and the Plan Sponsor. The exact fee charged will depend on the variables, such as the number of participants, the amount of assets in the Plan, the complexity of the situation, the location of the client, and the advisory representative providing services. In the event fees are charged based on the percentage of the Plan assets, the maximum fee charged will not exceed 2.00% annually. The fee charged for reviewing individual Participant accounts is contingent upon the amount of assets held within the accounts being reviewed and the number of accounts being reviewed. In the event fees are charged based on the percentage of the Participant's Plan assets, the maximum fee charged will not exceed 2.00% annually. Participant fees may be paid by the Participant or the Plan Sponsor depending on the agreement between the Plan Sponsor and RIA. Services may be provided on a one-time or on-going basis.

### ADDITIONAL COSTS

#### Dual Affiliation

Certain Investment Advisor Representatives of RIA may also be registered as Registered Representatives of a broker-dealer, which allows them to perform brokerage services for Clients by executing security transactions. This practice represents a conflict of interest because the Investment Advisor Representative is able to choose between offering Client's fee-based programs and services (as is typical of an advisory relationship) and/or commission-based products and services (as is typical of a brokerage relationship). While a Client generally pays a fee to their Investment Advisor Representative on an advisory account based on the value of account assets and not the number of transactions, in their capacities as Registered Representatives, an Investment Advisor Representative can offer securities and receive a commission, markup, or markdown on each transaction. An example of this may be a transaction commission on a mutual fund purchase, with additional compensation paid from an ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the Client maintains the mutual fund investment. Our Investment Advisor Representatives do not receive these 12b-1 fees in relation to managed investment advisory accounts in their role as Registered Representatives. This conflict is mitigated by disclosures, procedures and RIA's fiduciary obligation to place the best interest of the Client first. Moreover, Clients are not required to engage the broker-dealer or its representatives if they do not wish to. More information on this can be found in the respective Investment Advisor Representative's Form U4 and ADV 2B.

By recommending certain programs, RIA is also recommending itself and its affiliated broker-dealer, REI. RIA has an incentive to recommend programs that generate revenue for RIA and its affiliated broker-dealer over other programs to the extent that such arrangements generate higher total income for RIA and its affiliates. In addition, clients should understand that this brokerage arrangement may cause the client to forego any potential savings on execution costs that RIA otherwise might be able to negotiate with different broker-dealers,

such as reduced execution costs that may result from utilizing alternative trading services.

### 12-b1 Fees

If a Client account holds certain shares of mutual funds or other investments that pay 12b-1 (commonly referred to as “trail commissions”), you should know that those 12b-1 fees are paid to our affiliated broker-dealer and/or its registered representatives, which will be in addition to the management fees and normal brokerage fees paid to RIA. This can happen even when a share class of the same fund was available that would not provide the broker-dealer with additional compensation. This creates a conflict of interest as it can generate additional compensation our affiliated broker-dealer. This conflict is mitigated by disclosures, procedures and RIA’s fiduciary obligation to place the best interest of the Client first. Moreover, since RIA has a fiduciary duty to recommend the best, and often lowest cost share class to their Clients, RIA will periodically review accounts for any 12b-1 payments and rebate those payments to your account if/when any such payments are located.

### Cash Sweep

When Clients open accounts with RIA, we typically recommend a “sweep option” to hold funds awaiting investment. The sweep options made available to Client accounts through our affiliated broker-dealer include cash and several money market funds. When a Client does not select a money market fund or selects cash as the sweep option for their account, our affiliated broker-dealer is eligible to receive credit interest from our custodian. This creates a conflict in that it may incentivize RIA to recommend cash as the sweep option in order to increase the compensation paid to our affiliated broker-dealer. This conflict is mitigated by disclosures, procedures and RIA’s fiduciary obligation to place the best interest of the Client first.

### Margin Interest

RIA may recommend that Client’s enter into a Margin Agreement with our affiliated broker-dealer. Please also note that the broker-dealer also has the authority to determine, at their discretion, the interest rate on the margin balance. This creates a conflict of interest as the broker-dealer, and indirectly RIA will benefit from the interest payments owed on that balance. This conflict is mitigated by disclosures, procedures and RIA’s fiduciary obligation to place the best interest of the Client first.

### Transaction Fees

Please note that trades made at our affiliated broker-dealer may be assessed transaction fees (i.e. trade commissions) which is a fee charged by the broker-dealer to execute the transaction. Please also note that broker-dealer also has the authority to determine, at their discretion, the amount of such transaction fees. These fees, charged per trade, which will be reflected on your trade confirmations provided by the broker-dealer. This creates a conflict of interest as the broker-dealer, and indirectly RIA will benefit when we if recommend that you invest your money at our affiliated broker-dealer, since it will generate additional compensation on each and every trade made. This conflict is mitigated by disclosures, procedures and RIA’s fiduciary obligation to place the best interest of the Client first. Moreover, RIA may reduce the Client’s advisory fee(s) to offset these transactions fees.

The above is not an exhaustive list of additional compensation earned due to RIA’s relationship with our affiliated broker-dealer. However, because these fees and revenue sources are products of the custodian and broker-dealer, they are fully disclosed in the Brokerage Agreement which you will execute. Furthermore, please note that these fees are in addition to the management fees you pay to RIA.

### Alternative Investments

Virtually all investments purchased by prospectus or private placement memorandum have internal fees that are borne by the client in addition to any trading, execution, or RIA advisory fees. When such products are purchased through RIA’s affiliate broker-dealer, REI, it (the broker-dealer) will receive direct or indirect compensation on such products sold through it including sales concessions, marketing fees, expense

reimbursement for educational compliance and due diligence, and/or sales conference sponsorships. RIA receives indirect benefit from the same education compliance and due diligence reimbursements paid for its Financial Advisors' attendance, as well as for conference sponsorships. RIA is not compensated based on a share of capital gains upon or capital appreciation of the assets or any portion of the assets of any client. Receipt of such compensation by RIA's affiliate creates a conflict of interest to recommend products offered by its affiliate. Since RIA leverages the product due diligence of its affiliate, REI, RIA only approves alternative investments approved by REI. REI requires prospective alternative investment sponsors to pay a due diligence fee and sign a selling agreement with REI, which generates additional compensation for REI. Further, REI/RIA solicits product sponsors to pay for RIA's annual compliance conference in exchange for such sponsors gaining preferential access to RIA's financial advisors. RIA mitigates this risk by waiving sales concessions on such products when possible, whereas purchasing the same investment from a third-party broker dealer would cost the client a commission or fee. For example, REI does not waive sales concessions. RIA further mitigates this conflict by requiring pre-approval of each recommendation on a transaction-by-transaction basis by a supervisor of RIA prior to purchase to ensure suitability for the specific client.

#### Held Away Investment Management Fees

If you elect to use the Pontera platform to manage certain held away assets, you will be charged an additional 0.25% annually of the assets under management through that platform. The fee is billed quarterly in advance and is calculated using the previous quarter-end account value. The fee is initially charged to RIA, and RIA will then deduct the fee from your taxable brokerage account indicated on your Investment Advisory Agreement. You will be charged a prorated amount when the platform is instituted mid-quarter and you will be refunded if you and your advisor cease use of the platform before quarter-end. This charge is in addition to the fee charged by your financial advisor. Not all types of investments are available to be managed through the Pontera platform.

#### Other Account Fees

The fee does not include certain dealer markups or markdowns, odd lot differentials, transfer taxes, ADR custodial pass-through fees, foreign financial transaction taxes when applicable, and any other fees required by law. In a low interest rate environment, the yield that you earn on cash and cash alternatives, including cash sweep funds, CDs, and money market funds may not offset advisory fees. In some cases, the effective yield of the investment may in fact be negative.

**Additional compensation.** Some of RIA's Financial Advisors may also receive compensation for the sale of securities or other investment products or insurance, including variable annuities or variable life products. Please see Item 10, below, for further information. This practice presents a conflict of interest and can give the Firm and its Financial Advisors an incentive to recommend investment products based on the compensation received, rather than on the client's needs. No client is under any obligation to purchase any securities or insurance commission products from RIA and/or its representatives. Clients are reminded that they may purchase securities and insurance products recommended by RIA through other, non-affiliated broker-dealers and/or insurance agencies.

Some of RIA's Financial Advisors have received, and some future Financial Advisors may receive transition assistance in the nature of forgivable loans from RIA or an affiliated entity of RIA. The specific terms of each loan may differ, but they are generally structured as forgivable loans meaning that based upon production or performance, the debt will be forgiven without payment over time.

Production-based loans condition forgiveness based upon pre-determined revenue targets of the Financial Advisor. This presents a conflict of interest in that the Financial Advisor has an incentive to recommend that clients invest using those products and services that provide the greatest amount of revenue to RIA or its affiliates,

rather than lower-cost products that pay less revenue to those entities.

Time-based loans are forgiven based on the amount of time the Financial Advisor continues to remain registered with RIA or its affiliates. For example, a 4-year time-based loan would typically forgive 25% of the loan on each anniversary of the loan agreement until the entire loan is forgiven. The Financial Advisor is incented to keep production at a high enough level that his or her registration with RIA or its affiliates will be continued through the course of the loan. Your Financial Advisor's ADV 2B brochure supplement provided to you will disclose whether your Financial Advisor has such an arrangement with RIA or its affiliates.

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#### Item 6 – Performance-Based Fees and Side-By-Side Management

RIA does not accept performance- based fees.

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#### Item 7 – Types of Clients

Clients of RIA include but is not limited to individuals, pension and profit-sharing plans, including plans subject to Employee Retirement Income Security Act of 1974 ("ERISA"), participants in such plans, charitable organizations, corporations, businesses, institutions, trusts, and estates.

Clients who elect the NOVA UMA or SMA programs may be subject to minimum account sizes depending on the model(s) selected. In addition, Clients who engage with a TPM may also be subject to a minimum account. Any such minimum imposed by the TPM will be disclosed to the Client in the respective disclosure brochure (e.g. ADV 2 and/or Wrap Appendix), and/or Client Agreement.

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

RIA's Financial Advisors strive to learn the client's goals, risk tolerance and time horizon through a verbal interview process. Upon identification of appropriate strategies that are suited to fit the client's needs, RIA or the Financial Advisor will recommend investment management strategies to help a client achieve his or her financial goals. Specific investment strategies vary in accordance with the specific needs of each client. For most clients, Financial Advisors attempt to design a strategy based on the concept of asset allocation, or spreading investments among a number of asset classes (domestic stocks vs. foreign stocks; large cap stocks vs. small cap stocks; corporate bonds vs. government securities). Asset allocation seeks efficient diversification of assets in an attempt to lessen the risk of concentrated exposure to a particular security or asset class. RIA may use trading strategies that involve frequent trading of securities. Frequent trading strategies may negatively affect investment performance, particularly through increased brokerage and other transaction costs and taxes. RIA's methods of analysis include charting analysis, fundamental analysis, technical analysis, and cyclical analysis.

Investing in securities involves risk of loss that clients should be prepared to bear.

**Charting analysis** involves the use of patterns in performance charts. RIA uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Technical analysis** involves the analysis of past market data, primarily price and volume.

**Cyclical analysis** involved the analysis of business cycles to find favorable conditions for buying and/or selling a security.

RIA uses Long Term Trading, Short Term Trading, and Options Writing Strategies (including covered options, uncovered options, or spreading strategies) that are designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes. Short sales and options writing generally hold greater risk and clients should be aware that there is a chance of material risk of loss using any of those strategies.

Other investment strategies may be chosen by the Financial Advisor or Money Manager if they meet a client's particular financial needs, risk profile, and overall investment strategy. Cash management and some treasury services may also be offered. Financial Advisors may recommend that Advisory Clients engage in margin transactions. Purchasing securities on margin can amplify potential returns and losses. As such, purchasing securities on margin may result in losses greater than an Advisory Client's original principal. Clients should carefully review disclosures regarding risks, fees, and other considerations appearing in margin account agreements prior to opening margin accounts.

**Private Investment Funds.** RIA may also provide investment advice regarding private investment funds ("funds"). RIA may recommend that certain qualified clients consider an investment in these funds. RIA's role relative to the funds is limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a fund investor, the assets invested in the fund shall be included as part of "assets under management" for purposes of RIA calculating its investment advisory fee (unless the client purchases the fund on a commission basis from RIA's affiliated broker-dealer). RIA's clients are under no obligation to consider or make an investment in these funds.

If RIA references private investment funds owned by the client on any supplemental account reports prepared by RIA, the value(s) for all the private investment funds will reflect either the initial purchase and/or the most recent valuation provided by fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be significantly more or less than the original purchase price.

**Client Obligations.** In performing its services, RIA is not required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely on that information. Moreover, it is the client's responsibility to notify RIA promptly upon any change in the client's financial situation or investment objectives. If the client does not provide this notice or information, RIA and its Financial Advisors will not be in a position to perform an accurate review, evaluation or revision of their previous recommendations and/or services.

**Non-Discretionary Service Limitations.** RIA's Financial Advisors generally provide investment advice on a discretionary basis -- meaning that the Financial Advisor is authorized to make transactions on the client's behalf in the client's account at the discretion of the advisor. If a client engages RIA on a non-discretionary investment advisory basis, the client must be willing to accept that RIA cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, if the client is unavailable during a market event, RIA will be unable to effect any account transactions (as it would for its discretionary clients) because it must first obtain the client's verbal consent.

### **Types of Investments and Risks**

Depending on the type of service being provided, RIA and Financial Advisors can recommend different types of securities, including mutual funds, unit investment trusts ("UITs"), closed end funds, ETFs, collective investment trusts, variable annuity subaccounts, equities, fixed income securities, options, hedge funds, managed futures, and structured products. Investing in securities involves the risk of loss that clients should be prepared to bear. Described below are some risks associated with investing and with some types of investments that an Financial

Advisor can recommend depending on the service provided.

- *Market Risk.* This is the risk that the value of securities owned by an investor may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.
- *Interest Rate Risk.* This is the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.
- *Credit Risk.* This is the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.
- *Issuer-Specific Risk.* This is the risk that the value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole.
- *Investment Company Risk.* To the extent a client account invests in ETFs or other investment companies, its performance will be affected by the performance of those other investment companies. Investments in ETFs and other investment companies are subject to the risks of the investment companies' investments, as well as to the investment companies' expenses. If a client account invests in other investment companies, the client account may receive distributions of taxable gains from portfolio transactions by that investment company and may recognize taxable gains from transactions in shares of that investment company, which would be taxable when distributed.
- *Concentration Risk.* To the extent a client account concentrates its investments by investing a significant portion of its assets in the securities of a single issuer, industry, sector, country or region, the overall adverse impact on the client of adverse developments in the business of such issuer, such industry or such government could be considerably greater than if they did not concentrate their investments to such an extent.
- *Sector Risk.* To the extent a client account invests more heavily in particular sectors, industries, or sub-sectors of the market, its performance will be especially sensitive to developments that significantly affect those sectors, industries, or subsectors. An individual sector, industry, or sub-sector of the market may be more volatile, and may perform differently, than the broader market. The several industries that constitute a sector may all react in the same way to economic, political, or regulatory events. A client account's performance could be affected if the sectors, industries, or sub-sectors do not perform as expected. Alternatively, the lack of exposure to one or more sectors or industries may adversely affect performance.
- *Alternative Strategy Mutual Funds.* Certain mutual funds invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies may not be suitable for all investors and involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes, and potential illiquidity. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund's concentration in the real estate industry. These types of funds tend to have higher expense ratios than more traditional mutual funds. They also tend to be newer and have less of a track

record or performance history.

- *Private investment funds.* These generally involve unique risks, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike other investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund and shall acknowledge and accept all risk factors that are associated with such an investment.
- *Exchange-Traded Funds (ETFs).* ETFs are typically investment companies that are legally classified as open-end mutual funds or UITs. However, they differ from traditional mutual funds, in particular, in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly traded companies. ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the "spread." The spread varies over time based on the ETF's trading volume and market liquidity and is generally lower if the ETF has a lot of trading volume and market liquidity and higher if the ETF has little trading volume and market liquidity. Although many ETFs are registered as an investment company under the Investment Company Act of 1940 like traditional mutual funds, some ETFs, in particular those that invest in commodities, are not registered as an investment company. ETFs may be closed and liquidated at the discretion of the issuing company.
- *Options.* Certain types of option trading are permitted in order to generate income or hedge a security held in the program account; namely, the selling (writing) of covered call options or the purchasing of put options on a security held in the program account. Client should be aware that the use of options involves additional risks. The risks of covered call writing include the potential for the market to rise sharply. In such case, the security may be called away and the program account will no longer hold the security. The risk of buying long puts is limited to the loss of the premium paid for the purchase of the put if the option is not exercised or otherwise sold by the program account.
- *Structured Products.* Structured products are securities derived from another asset, such as a security or a basket of securities, an index, a commodity, a debt issuance, or a foreign currency. Structured products frequently limit the upside participation in the reference asset. Structured products are senior unsecured debt of the issuing bank and subject to the credit risk associated with that issuer. This credit risk exists whether or not the investment held in the account offers principal protection. The creditworthiness of the issuer does not affect or enhance the likely performance of the investment other than the ability of the issuer to meet its obligations. Any payments due at maturity are dependent on the issuer's ability to pay. In addition, the trading price of the security in the secondary market, if there is one, may be adversely impacted if the issuer's credit rating is downgraded. Some structured products offer full protection of the principal invested, others offer only partial or no protection. Investors may be sacrificing a higher yield to obtain the principal guarantee. In addition, the principal guarantee relates to nominal principal and does not offer inflation protection. An investor in a structured product never has a claim on the underlying investment, whether a security, zero coupon bond, or option. There may be little or no secondary market for the securities and information regarding independent market pricing for the securities may be limited. This is true even if the product has a ticker symbol or has been approved for listing on an exchange. Tax treatment of structured products may be different from other investments held in the account (e.g., income may be taxed as ordinary income even though payment is not received until maturity). Structured CDs that are insured by the FDIC are subject to applicable FDIC

limits.

- *Hedge Funds and Managed Futures.* Hedge and managed futures funds may be purchased by clients meeting certain qualification standards. Investing in these funds involves additional risks including, but not limited to, the risk of investment loss due to the use of leveraging and other speculative investment practices and the lack of liquidity and performance volatility. In addition, these funds are not required to provide periodic pricing or valuation information to investors and may involve complex tax structures and delays in distributing important tax information. Client should be aware that these funds are not liquid as there is no secondary trading market available. At the absolute discretion of the issuer of the fund, there may be certain repurchase offers made from time to time. However, there is no guarantee that client will be able to redeem the fund during the repurchase offer.
- *Variable Annuities.* If client purchases a variable annuity that is part of the program, client will receive a prospectus and should rely solely on the disclosure contained in the prospectus with respect to the terms and conditions of the variable annuity. Client should also be aware that certain riders purchased with a variable annuity may limit the investment options and the ability to manage the subaccounts.
- *Risk in the Use of Margin:* When purchasing securities, you may pay for the securities in full or may borrow part of the purchase price from the broker-dealer. In order to borrow funds in connection with the account, you will be required to open a margin account, which will be carried by the broker-dealer of your account. The securities purchased in such an account are the broker-dealer's collateral for the funds loaned. To the extent margin is used in your account, you should be aware that the margin debit balance does not reduce the market value of eligible program assets. If you use margin to purchase additional securities, your total value of eligible program assets increases and therefore your asset-based fee will increase. In addition, you will be charged margin interest on the debit balance in your account.
- *Low-priced equities:* Low-priced equities, also known as penny stocks, trade at less than \$5.00 per share with certain exceptions as outlined in the SEC's Penny Stock Rule. Low-priced equities carry greater than normal risk including high volatility, low liquidity, lack of transparency, and a greater probability of loss.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment with RIA.

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### Item 9 – Disciplinary Information

On December 11, 2017, RIA consented to entry of an order with the SEC resolving allegations by the SEC that RIA failed reasonably to supervise its former CEO by not having in place, until 2013, reasonable policies and procedures for the creation, use and review of a certain type of consolidated reports. RIA consented to entry of an order of censure and a \$40,000 fine.

On March 11, 2019, RIA consented to entry of an order with the SEC concerning receipt of mutual fund distribution fees (12b-1 fees) by RIA's affiliate broker dealer. As part of the SEC's Mutual Fund Share Class Selection Disclosure Initiative, the SEC encouraged investment advisers to self-report the failure to adequately disclose conflicts of interest associated with the recommendation or selection of a mutual fund share class that charged 12b-1 fees when a lower-cost share class of the same fund existed. For companies who self-reported, the SEC indicated it would recommend favorable standardized settlement terms, including no penalties. RIA elected to join the SEC's industry-wide voluntary initiative regarding fees collected on certain mutual fund classes between 2014 and 2018. RIA consented to entry of an order of censure and restitution. RIA refunded the associated 12b-

1 fees and interest to clients who held those types of funds during this time period.

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## Item 10 – Other Financial Industry Activities and Affiliations

RIA is affiliated with REI, a broker-dealer registered with the Financial Industry Regulatory Authority (“FINRA”), and many RIA Financial Advisors are also registered with REI as a broker-dealer registered representative. Therefore, in such a case, Financial Advisors can offer a client both investment advisory and brokerage services. When acting as a registered representative, these representatives will charge commissions on a per-transaction basis when implementing their advice for clients. Before engaging with a Financial Advisor, clients should take time to consider the differences between an advisory relationship and a brokerage relationship to determine which type of service best serves the client’s investment needs and goals. Clients should speak to the Financial Advisor to understand the different types of services available through Realta either through RIA or REI when the Financial Advisor is registered with both entities, and to determine which assets will be managed on an advisory basis and which assets will be sold through a brokerage basis. Financial Advisors who are dually registered as general securities representatives of its affiliated broker-dealer, REI may recommend an investment as part of your advisory relationship and charge a fixed annual fee as described in this brochure and pursuant to your advisory agreement, or, if it is in your best interest, may make recommendations in their capacity as a brokerage representative that you purchase securities in a brokerage account for which you will pay a commission. Your Financial Advisor will disclose any commission he or she will earn on these sales and will compare that cost to what he or she estimates it would cost you to hold the investment in your advisory account over time. Although cost is always a consideration when determining if a purchase is in your best interest, it is not the only factor. Your advisor will present his or her reasons to you verbally at the time of the recommendation or in writing on RIA’s disclosure forms signed by you.

RIA is also affiliated with Realta Equities Insurance Agency, Inc. and Realta Risk Advisors, LLC, are licensed as general insurance brokers and agencies. Properly licensed Financial Advisors may provide analysis of and recommend the purchase and sale of certain insurance products.

RIA or its affiliates may receive a commission or other form of compensation in connection with these securities or insurance transactions and may compensate Financial Advisors with a percentage of commissions or other forms of compensation. Clients are not obligated to use any of these affiliated entities as their broker-dealer, insurance broker or agent, or to use any recommended insurance company for any recommended insurance transaction.

RIA may utilize outside insurance agencies or brokers for help with the analysis and recommendation of insurance products and/or for insurance licensing and appointments with various states and insurance companies.

RIA may recommend third party advisers and receive compensation from that advisor. This incents RIA and its Financial Advisors to recommend higher paying advisers over lower ones resulting in increased costs to customers.

**Time Spent on Other Activities.** Principals of RIA may spend up to 90% of their time on other related or non-related activities, including management of RIA, recruiting, and registered representative activities, including the sale of commissionable products through REI and/or the sale or recommendation of insurance products.

**Conflict of Interest.** The recommendation by RIA representatives that a client purchase a securities or insurance product from RIA's affiliated broker-dealer or insurance agency presents a conflict of interest, as the receipt of

commissions provides an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any securities or insurance commission products from RIA and/or its representatives. Clients are reminded that they may purchase securities and insurance products recommended by RIA through other, non-affiliated broker-dealers and/or insurance agencies.

**Non-Investment Consulting/Implementation Services.** RIA or its Financial Advisors may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Although certain of its representatives may be separately licensed in other capacities, RIA is not a law firm or accounting firm, none of its representatives is authorized to act as an attorney or accountant on behalf of RIA, and no portion of RIA's services should be construed as legal or accounting services. RIA or its Financial Advisors may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including, as disclosed below, RIA representatives in their separate capacities as attorneys, CPAs, tax preparers, mortgage brokers, registered representatives and/or licensed agents of RIA's affiliated broker-dealer or insurance agencies. The client is under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation from RIA.

If the client engages any recommended professional, and a dispute relating to that engagement arises later, the client agrees to seek recourse exclusively from and against the engaged professional. It is always the client's responsibility to notify RIA promptly upon any change in the client's financial situation or investment objectives. If the client does not provide this notice or information, RIA and its Financial Advisors will not be in a position to evaluate or reconsider their previous recommendations for products, services or service providers.

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## Item 11 – Code of Ethics

RIA has adopted a Code of Ethics pursuant to the SEC's rules. Our Code of Ethics describes the high standard of business conduct we expect from our Financial Advisors and other members of our staff, and the fiduciary duty we each owe our clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumormongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other topics. All supervised persons at RIA must acknowledge the terms of the Code of Ethics annually, or as amended.

RIA or its related persons may recommend to clients, or buy or sell for client accounts, securities in which RIA or its related persons have a material financial interest. Under certain circumstances, this may present a conflict of interest. RIA's Code of Ethics addresses this conflict; employees and associated persons are required to follow the Firm's policy and applicable laws. Subject to these requirements, officers, directors and employees of RIA and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for RIA's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of RIA will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of RIA's clients. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. RIA regularly monitors employee trading to ensure that clients' interests are protected in the event of any conflict of interest between RIA's Financial Advisor and a client.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with RIA's obligation of best execution. In these circumstances, the affiliated accounts and client accounts will share commission costs equally and receive securities at a total average price. RIA will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

It is RIA's policy that RIA will not affect any principal or agency cross securities transactions for client accounts unless it is in the best interest of the client and no client is disadvantaged by the trade. RIA will also not cross trades between client accounts unless in the best interest of the client and no client is disadvantaged by the trade. RIA has reasonable procedures in place to enforce this policy. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer, and creates a conflict of interest because an incentive for additional compensation exists. RIA's clients or prospective clients may request a copy of RIA's Code of Ethics

#### Conflicts of Interest

In the servicing of your account, depending upon the products and services we provide you, we will engage in activities in which we have material conflicts of interest. RIA has implemented reasonably designed policies and procedures to mitigate conflicts of interest, however, some conflicts cannot be completely resolved by the procedures and are therefore mitigated by disclosing them to you in this Brochure. A description of these material conflicts, and how we mitigate them, appears below:

#### Third party payments from investment vehicles

Some of the products available on our platform from time to time offer to pay for travel, lodging and meals for our Financial Advisors to educate them about a particular product. Some of these events occur over several days and be held in high end resorts. This creates a conflict in inducing the advisor to recommend that particular product. We mitigate this conflict by requiring Supervision or Compliance pre-approval of all non-cash compensation offers by the product sponsor. RIA further mitigates this conflict by requiring supervisory pre-approval of all alternative complex product sales, which are the most frequent providers of this type of education.

Some sponsors of the products available on our platform from time to time offer to pay for lunches, sporting events, customer or prospective customer seminars, dinners, or other events. This creates a conflict in inducing the advisor to recommend that particular product. We mitigate this conflict by periodic review of customer account holdings as compared to that account's stated goals and objectives.

Third parties from time to time financially support RIA or firm affiliate's educational, compliance, and sales events. This creates an incentive to recommend products sponsored by those firms.

Our affiliates participate in revenue sharing agreements with third party sponsors and receive compensation for due diligence review of their prospective product. This creates an incentive to recommend products sponsored by those firms.

### Trading Revenue

RIA engages in selling agreements with various third parties. In many cases these products offer selling agreements to RIA's affiliated broker-dealer which provide for a selling concession that is paid to RIA's affiliated broker-dealer. This incentivizes RIA to recommend products that pay a reallocation or concession to its affiliate instead of other products or similar products offered by other firms. RIA mitigates this risk by disclosing this conflict to you and requiring pre-approval of the transaction and monitoring accounts.

Complex products, alternative products, BDCs, non-traded REITs, DPPs and Reg D products generally carry higher sales charges and operating expenses which may generate higher fees to RIA's affiliates, creating an incentive to recommend them over lower expense products. RIA mitigates this risk by disclosing the conflict to you and requiring pre-approval of such transactions and, if purchased as part of an advisory account, a waiver of the sales concession if an RIA designed share class is unavailable. Please see Item 4 of this Brochure for further information in this regard.

RIA and its FAs may recommend that customers rollover or transfer non-taxable accounts from a plan sponsor or another financial institution. This may result in increased fees related to the rollover or transfer and will result in increased assets upon which fees or commissions could be generated for RIA or its affiliates. The opportunity to generate fees or commissions for RIA, its affiliates, or the financial advisor creates an incentive for RIA or its FAs to recommend such rollovers or transfers. In order to manage this conflict, RIA supervisors evaluate certain information with respect to the proposed rollover transaction to ensure that it is in the best interest of the client.

RIA or its affiliates may earn referral fees for referrals it makes to banks and insurance companies.

### Cash Management

There may be times when an advisory client specifically requests or will be advised to maintain material sums of cash over a period of time. RIA has implemented policies and procedures to address investment advice given in those situations to ensure that these cash balances are managed in a way to maximize value to clients, however, a conflict of interest exists in the management of cash and cash equivalents because an advisory fee is normally charged on these balances which, depending on the interest rate environment, could result in a negative return to the client.

### Management Fees

Because the nature of asset-based management fees do not provide additional monetary incentive to recommend or execute transactions, such fee structures, especially wrap accounts, may not be in your best interest when trading is expected to be minimal. In order to mitigate this conflict, RIA provides disclosure of the conflict, and supervises the frequency of trading and monitoring of advisory accounts periodically.

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## Item 12 – Brokerage Practices

### The Custodians and Brokers We Use

RIA will be deemed to have custody of your assets if you give us authority to withdraw assets from your account in certain circumstances. Your assets must be maintained in an account at a "qualified custodian" ("QC") generally a broker-dealer or bank. We also utilize an affiliated broker-dealer, REI, which maintains custody and clearing of brokerage accounts via a fully disclosed clearing agreement. While we may recommend that you use one of the QC's we currently have a relationship with, or our direct affiliated QC, as custodian/broker, you will decide whether to do so and will open your account by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor. Even though your account is maintained at a QC, we can still use other brokers to execute trades for your account as described below.

### How We Select Brokers/Custodians

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below

### Your Brokerage and Custody Costs

For our clients' accounts that a QC maintains, the QC generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your QC account.

In addition to commissions, a QC charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your QC account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we execute most trades for your account at the QC, however, in some cases, we may obtain better pricing on a security or be able to obtain a security that may not be available at the QC at a different broker-dealer.

We have determined that having a QC execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above.

### Products and Services Available to Us from QC's.

QCs provide us and our clients with access to institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to retail customers. QCs also make available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. QC's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of QC's support services:

**Services That Benefit You.** Institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. The services described in this paragraph generally benefit you and your account.

**Services That May Not Directly Benefit You.** Other products and services are available to us that benefit us but

may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both a QC's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at the QC. In addition to investment research, the QC also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

**Services That Generally Benefit Only Us.** QCs also offer other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

A QC may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. A QC may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. A QC may also provide us with other benefits, such as occasional business entertainment of our personnel.

**Our Interest in a QC's Services.** The availability of these services benefits us because we do not have to produce or purchase them. We don't have to pay for services so long as our clients collectively keep a minimum dollar amount of their assets in accounts at the QC. That minimum dollar amount may vary with each QC. Beyond that, these services are not contingent upon our committing any specific amount of business to a QC in trading commissions or assets in custody. The applicable minimum may give us an incentive to recommend that you maintain your account with a particular QC, based on our interest in receiving services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of an aforementioned QC as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of services and not by the services that benefit only us.

Soft dollar benefits are not limited to those clients who may have generated a particular benefit although certain soft dollar allocations are connected to particular clients or groups of clients. Soft dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits.

**Brokerage Discretion – Prime Brokerage.** For a number of discretionary client accounts, RIA currently has the discretionary authority to select a broker (other than a client's current Custodian) to execute a fixed income trade. Each trade placed at a broker other than a client's selected Custodian will cost the client up to \$50.00, which is charged by the Custodian to settle the trade. This is in addition to any mark-up or mark-down that may be paid to the broker-dealer RIA selects to buy or sell the security. Clients must qualify for prime brokerage to participate in these transactions. To qualify for prime brokerage transactions, clients must maintain a minimum portfolio value of \$100,000 or more and sign the appropriate prime brokerage paperwork with the custodian. RIA may use this discretionary authority to trade away from the custodian when purchasing or selling fixed income securities only. It is not used in all cases. Reasonable restrictions on this authority may be imposed, as described above.

**No Brokerage Discretion.** If a client account does not qualify for prime brokerage, RIA will not have the ability to trade at any other broker other than the client's selected Custodian (without the client's specific consent). All transactions for a client's account will be directed to its chosen Custodian unless permission is granted by a client to RIA for prime brokerage trades.

**Trade Errors.** If a trade error occurs in a client account and it is RIA's error, RIA will correct the error, so the client account does not suffer a loss. However, it is possible that the client may not profit from the error, even if the correction results in a profit. For example, certain custodians keep all trade profits on an error regardless of how the error was caused.

**Block Trading (Mini Blocks) and Trade Allocations.** RIA may "aggregate" or "block" purchases or sales of the same security for multiple accounts. Each account participating in the block will receive the average price if multiple executions are required to complete the order. RIA may block multiple client accounts together that qualify for prime brokerage trading activity. Participating clients will receive the average execution price and their pro rata share of transaction costs. However, because of RIA's practice of managing portfolios on an individual basis, RIA does not frequently block transactions except for certain accounts managed in accordance with a model. Thus, RIA's ability to take advantage of volume discounts or other potential cost and execution advantages of block trades may be limited.

**Directed Brokerage.** In directing RIA to use a specific custodian and/or broker-dealer (other than those recommended by RIA) clients should understand that RIA will not have the authority to negotiate commissions among various Custodians or obtain volume discounts. This may also affect our ability to achieve best execution.

**Held Away Assets:** Our Financial Advisors may provide investment advice to you concerning "held away assets" which are products not held on one of our approved custodian's platforms. Such investments may be held with a product sponsor, insurer, or issuer directly, with a transfer agent, or some other qualified financial institution. You may or may not desire to have your FA manage such assets. Realta will not manage assets held away except by written agreement. Some assets are structured such that they are illiquid or limited in liquidity, and therefore Realta's ability to sell those investments on your behalf will be impaired, and advice will be limited to monitoring the investment. Our Financial Advisors may also agree to manage and implement trades on a discretionary basis for investment accounts held away from our approved custodians, such as employer-sponsored retirement accounts, Variable Annuities, Health Savings Accounts, Thrift Savings Plans, education savings accounts, etc. Your financial advisor has access to a third-party platform, Pontera, which provides one platform for him or her to access your held away accounts of that nature for an additional fee. Pontera is a platform to which clients may connect their held away accounts for which online access is available, giving the financial advisor access to review, monitor, and trade the account(s) on a discretionary basis. RIA is not affiliated with Pontera and does not have direct access to client login credentials to effect trades and cannot request withdrawals through the platform. Please ask your financial advisor to discuss the benefits of the platform and costs.

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### Item 13 – Review of Accounts

Advisors review client accounts on an on-going basis, including review of the account custodian's monthly or quarterly statements. Each client is offered at least an annual account review by a Financial Advisor to review items such as account statements, performance reports, investment objectives, and other data related to the client's account(s). Additional reviews may be triggered by client request, or by material market, economic or political events, or by changes in clients' financial situations (such as retirement, termination of employment, physical move, or inheritance). If the account or portion of the account is placed with a third-party money

manager, the sponsor or custodian of the assets may send clients written reports and statements concerning the account. Reviews are based on objectives and parameters established by clients, which are generally memorialized through their individual advisory agreements, investment policy statements, or investment profile. While Financial Advisors will typically evaluate the continued suitability of specific Money Managers (as applicable), managed account platforms, and wrap programs during account reviews, the administrators of such platforms and programs (which may be RIA, a Custodian, or another third-party) may also perform their own reviews of managers appearing on the platforms and programs. Any reviews will be disclosed in the separate Disclosure Documents maintained by the administrators to applicable platforms and programs.

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#### Item 14 – Client Referrals and Other Compensation

We receive an economic benefit from QCs in the form of the support products and services made available to us and other independent investment advisers whose clients maintain their accounts with the aforementioned QCs. These products and services, how they benefit us, and the related conflicts of interest are described above in Item 12. The availability to us of products and services is not based on our giving particular investment advice, such as buying particular securities for our clients.

RIA may also compensate affiliated and unrelated third parties for client referrals in accordance with Rule 206(4)-1 of the Advisers Act. If the client invests in an investment advisory program, the compensation paid to any such entity will typically consist of an ongoing cash payment stated as a percentage of RIA's advisory fee or a one-time flat fee but may include cash payments determined in other ways. RIA, RIA employees, and Financial Advisors receive additional compensation from product sponsors. However, such compensation may not be tied to the sales of any products. Compensation includes such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings with Financial Advisor, client workshops or events, marketing events or advertising initiatives, including services for identifying prospective clients. Product sponsors also pay for, or reimburse RIA for the costs associated with education or training events that are attended by RIA employees and Financial Advisors, and for RIA-sponsored or its affiliate REI-sponsored conferences and events.

The Financial Advisor recommending a third-party money management program to the client receives compensation as a result of the client's participation in the program. This compensation includes a portion of the advisory fee, and may or may not be shown as a separate fee on your account statements. The amount of this compensation may be more or less than what the Financial Advisor would receive if the client participated in programs of other investment advisers or paid separately for investment advice, brokerage, and other client services. Therefore, in such case, the Financial Advisor has a financial incentive to recommend one third-party money management program over other programs and services.

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#### Item 15 – Custody

All assets are held at qualified custodians, which means the custodians provide account statements directly to Clients at least quarterly. Clients are urged to compare the account statements received directly from their custodians to any documentation or reports prepared by RIA. RIA is deemed to have limited custody solely because advisory fees are directly deducted from Client's accounts by the custodian on behalf of RIA. RIA will obtain written authorization from Client to allow for such deductions.

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#### Item 16 – Investment Discretion

If applicable, Client will authorize RIA discretionary authority, via the Advisory Agreement, to determine, without obtaining specific Client consent, the securities to be bought or sold, and the amount of the securities to be

bought or sold. If applicable, Client will authorize RIA discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement. If however, consent for discretion is not given, RIA will obtain prior Client approval before executing each transaction.

RIA allows Clients to place certain restrictions, as outlined in the Client's Investment Policy Statement or similar document. Such restrictions could include only allowing purchases of socially conscious investments. These restrictions must be provided to RIA in writing.

The Client approves the custodian to be used and the commission rates paid to the custodian. RIA does not receive any portion of the transaction fees or commissions paid by the Client to the custodian.

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### Item 17 – Voting Client Securities

Generally, RIA does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. You will receive proxies directly from the account custodian or investment transfer agent. Certain accounts may permit you to direct proxy ballots to a designated third-party (such as your attorney) or other outside vendor. Accounts managed by an outside party not affiliated with RIA may be granted by the Client the right to vote proxies by their written agreement. In those cases, we do not vote your proxies, but feel free to contact your Financial Advisor if you have a question about a particular proxy.

Some RIA Financial Advisors may, upon client request, recommend and refer the customer's account to a third-party proxy voting firm. Such services are delegated to a third-party vendor, Broadridge Financial Services, Inc. RIA enrolls all accounts for which proxy voting authority is granted into Broadridge's Shareholder Value Template ("SV Template.") The SV Template is a data-driven template created by Broadridge using the publicly disclosed vote records of top fund families, selected by Assets Under Management, and whose goal is to maximize shareholder value. A booklet fully describing the proxy voting policy rules is available upon request to your Financial Advisor. Once an account is enrolled in the SV Template, the client may not direct any particular proxy votes for shares held in that account. Likewise, RIA does not advise or act for you in any legal proceedings, including class actions or bankruptcies, involving securities purchased for or held in your account. Such services are delegated to a third-party vendor, Broadridge Financial Services, Inc. You have the right to opt-out of such services by giving notice to RIA at the home office address listed on this Disclosure Brochure in writing, in which case you (or your legal agent) then have the sole responsibility for taking or not taking any action regarding these legal matters.

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### Item 18 – Financial Information

RIA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding. RIA does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.