

Richard Brothers, Financial Advisors

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ADV Part 2A, Firm Brochure

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This brochure provides information about the qualifications and business practices of Richard Brothers, Financial Advisors. If you have any questions about the contents of this brochure, please contact us at (207) 879-2352 or rrichard@richardbrothersfinancial.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.

Additional information about Richard Brothers, Financial Advisors also is available on the SEC's website at www.adviserinfo.sec.gov.

References herein to Richard Brothers, Financial Advisors as a "licensed investment adviser" or any reference to being "licensed" does not imply a certain level of skill or training.

Item 2 Material Changes

There have been no material changes to this Brochure since Richard Brothers, Financial Advisors last updated this brochure as part of its annual updating amendment made on March 30, 2023.

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Item 4 Advisory Business

- A. Richard Brothers, Financial Advisors is a corporation formed on September 30, 1996 in the State of Maine. Richard Brothers, Financial Advisors became licensed as an Investment Adviser Firm in 2002. Richard Brothers, Financial Advisors' full legal name is Allegiance Financial Group, Inc. However, Richard Brothers, Financial Advisors' primary business name is Richard Brothers, Financial Advisors. Richard Brothers, Financial Advisors is owned by Neal Patrick Richard and Randall Jon Richard. Randall Jon Richard is Richard Brothers, Financial Advisors' President and Chief Compliance Officer. Allegiance Capital, L.L.C., d/b/a Richard Brothers Securities (broker dealer and FINRA Member) is an affiliated broker dealer.
- B. As discussed below, Richard Brothers, Financial Advisors offers to its clients (individuals, business entities, trusts, estates and charitable organizations, etc.) investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

DISCRETIONARY AND NON-DISCRETIONARY ADVISORY PROGRAM

Richard Brothers, Financial Advisors provides discretionary and non-discretionary investment advisory and investment management services (its "Advisory Program" or the "Program").

Discretionary clients stand to receive Whole Picture Planning, which is Richard Brothers, Financial Advisors' approach to financial planning. Clients may take advantage of financial planning that address one or more of the following five topics: (1) retirement security, (2) business transition, (3) estate protection, (4) education funding, and (5) income sources.

Pershing LLC ("Pershing") serves as the custodian for client accounts in the Program.

Richard Brothers, Financial Advisors provides investment advisory services specific to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client's investment objectives. Thereafter, Richard Brothers, Financial Advisors will allocate and/or recommend that the client allocate investment assets consistent with their designated investment objectives. Richard Brothers, Financial Advisors primarily recommends various open and closed end registered investment companies in accordance with the client's designated investment objectives. Once allocated, Richard Brothers, Financial Advisors provides ongoing monitoring and review of account performance, asset allocation and client investment objectives.

LIMITED NON-DISCRETIONARY PROGRAM

Richard Brothers, Financial Advisors provides limited non-discretionary advisory services only upon specific request of certain clients. These limited non-discretionary services are provided only to clients at their specific request who are not charged the standard advisory fee and who receive limited services for the fee charged. The services include a quarterly call with the client to determine if there are any financial needs or issues, followed by an annual meeting to thoroughly review and implement the client's investment objectives(s) and financial plan. Richard Brothers, Financial Advisors will coordinate with the client's accountant regarding tax information, if necessary. Richard Brothers, Financial Advisors does not regularly review or manage the client's assets, nor does it provide ongoing

financial planning or trading of these assets. Richard Brothers, Financial Advisors facilitates trades only upon the specific request of the client. Prior to engaging Richard Brothers, Financial Advisors to provide investment advisory services, clients are required to enter into an agreement with Richard Brothers, Financial Advisors setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent requested by a client, Richard Brothers, Financial Advisors *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone or separate basis. Prior to engaging Richard Brothers, Financial Advisors to provide planning or consulting services, clients are generally required to enter into a Financial Planning Agreement with Richard Brothers, Financial Advisors setting forth the scope of the services to be provided. If requested by the client, Richard Brothers, Financial Advisors may recommend the services of other professionals for implementation purposes, including Richard Brothers, Financial Advisors' representatives in their individual capacities as registered representatives of Richard Brothers Securities or as licensed insurance agents. (*See* disclosure at Item 10 C). 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 Richard Brothers, Financial Advisors. If the client engages any recommended professional, and a dispute arises, the client agrees to seek recourse exclusively from the engaged professional. Each client is responsible to notify promptly Richard Brothers, Financial Advisors if there is ever any change in their financial situation or investment objectives so that Richard Brothers, Financial Advisors can review, and if necessary, revise its previous advice. Financial planning can be added to the Program fee for a flat fee, paid quarterly. Richard Brothers, Financial Advisors has the sole discretion to determine if it has or will be expected to provide too much financial planning under the Program agreement and will then require the client enter into a separate financial planning agreement.

RETIREMENT CONSULTING

Richard Brothers, Financial Advisors also provides non-discretionary pension consulting services, pursuant to which it assists sponsors of self-directed retirement plans with the selection and/or monitoring of investment alternatives (generally open-end mutual funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. In addition, to the extent requested by the plan sponsor, Richard Brothers, Financial Advisors shall also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. The terms and conditions of the engagement shall generally be set forth in a *Retirement Plan Consulting Agreement* between Richard Brothers, Financial Advisors, and the plan sponsor.

VARIABLE ANNUITY ADVISORY PROGRAM

The client can also engage Richard Brothers, Financial Advisors to provide discretionary investment advisory services through its Variable Annuity Advisory Program (the "VA Program"). Under the VA Program, Richard Brothers, Financial Advisors allocates client investment assets on a discretionary basis among the investment sub accounts of variable annuity products previously purchased by the client. Richard Brothers, Financial Advisors generally proposes allocations to individual equity and fixed income investments, exchange traded funds, and mutual funds, consistent with the client's designated

investment objectives. Once allocated, Richard Brothers, Financial Advisors provides ongoing monitoring and review of sub-account performance, asset allocation, and client investment objectives. The variable annuity issuer may provide limitations on the frequency or manner in which Richard Brothers, Financial Advisors employees may trade in the account, and its advice and trading may be more limited than in the Program.

Richard Brothers, Financial Advisors charges advisory fees on products that are placed through Richard Brothers Securities. Such fees are charged directly to the client and are not debited from the annuity product purchased. Such fees will result in an increase in Richard Brothers, Financial Advisors revenues and may result in a decrease in the market value of the client's asset regardless of account performance. Prior to any purchase, all annuities are reviewed for suitability for the specific client by Richard Brothers Securities. No client is under any obligation to purchase a variable annuity from Richard Brothers Securities.

MISCELLANEOUS

Limitations of Financial Planning and Non-Investment Consulting/Implementation Services. As indicated above, to the extent requested by the client, Richard Brothers, Financial Advisors may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance planning. This may be through Whole Picture Planning or through one of our other services. Richard Brothers, Financial Advisors does not provide legal or tax advice, and no portion of its services should be construed as legal or accounting services. Accordingly, Richard Brothers, Financial Advisors does not prepare estate planning documents or tax returns. To the extent requested by a client, Richard Brothers, Financial Advisors may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents), including representatives of Richard Brothers, Financial Advisors in their separate individual capacities as representatives of Richard Brothers Securities, an SEC registered and FINRA member broker-dealer. 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 Richard Brothers, Financial Advisors or its representatives. The recommendation by Richard Brothers, Financial Advisors' representative that a client purchase a securities or insurance commission product through a Richard Brothers, Financial Advisors' representative as a registered representative of Richard Brothers Securities, presents a conflict of interest, as the receipt of commissions provides an incentive to recommend investment products based on the 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 through Richard Brothers Securities or through a representative of Richard Brothers, Financial Advisors. Clients are reminded that they may purchase securities and insurance products recommended by Richard Brothers, Financial Advisors through other, non-affiliated broker-dealers. Richard Brothers, Financial Advisors' Chief Compliance Officer, Randall J. Richard, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

Retirement Rollovers. A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value

(which could, depending upon the client's age, result in adverse tax consequences). If Richard Brothers, Financial Advisors recommends that a client roll over their retirement plan assets into an account to be managed by Richard Brothers, Financial Advisors, such a recommendation creates a conflict of interest if Richard Brothers, Financial Advisors will earn an advisory fee on the rolled over assets. No client is under any obligation to roll over retirement plan assets to an account managed by Richard Brothers, Financial Advisors. Richard Brothers, Financial Advisors' Chief Compliance Officer, Randall J. Richard, remains available to address any questions that a client or prospective client may have regarding the conflict of interest presented by rollover recommendations.

Non-Discretionary Service Limitations. Clients that determine to engage Richard Brothers, Financial Advisors on a non-discretionary investment advisory basis must be willing to accept that Richard Brothers, Financial Advisors cannot effect any account transactions without obtaining prior consent to such transaction(s) from the client. Thus, in the event that Richard Brothers, Financial Advisors would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, Richard Brothers, Financial Advisors will be unable to effect the account transaction(s) (as it would for its discretionary clients) without first obtaining the client's consent.

Independent Managers. Richard Brothers, Financial Advisors may select one or more independent investment managers or recommend to a client to invest using an independent investment manager in accordance with the client's designated investment objectives (each an "Independent Manager"). In these situations, the Independent Manager will have the day-to-day responsibility for the discretionary management of the assets allocated to it. Richard Brothers, Financial Advisors will continue to monitor and review the client's account performance, asset allocation and investment objectives. Factors which Richard Brothers, Financial Advisors considers in recommending an Independent Manager include the client's designated investment objective(s), and the Independent Manager's management style, performance, reputation, financial strength, reporting capabilities, pricing structure, and published research. The investment management fee charged by the Independent Manager is in addition to, Richard Brothers, Financial Advisors' advisory fee outlined in Item 5. This may result in a fee that is greater than the fees imposed by other investment advisors.

Unaffiliated Private Investment Funds. Richard Brothers, Financial Advisors may provide investment advice regarding unaffiliated private investment funds. Richard Brothers, Financial Advisors, on a non-discretionary basis, may also recommend that certain qualified clients consider an investment in unaffiliated private investment funds. Richard Brothers, Financial Advisors' role is limited to the initial and ongoing due diligence of the investment. If a client determines to become a private fund investor, the amount of assets invested in the fund will be included as part of "assets under management" for purposes of Richard Brothers, Financial Advisors calculating its investment advisory fee. Richard Brothers, Financial Advisors' clients are under absolutely no obligation to consider or make an investment in a private investment fund.

Private investment funds generally involve various risk factors, 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 liquid investments that a client may own, 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 provide Richard Brothers, Financial Advisors sufficient information to establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

In the event that Richard Brothers, Financial Advisors references private investment funds owned by the client on any supplemental account reports prepared by Richard Brothers, Financial Advisors, the value for all private investment funds owned by the client will reflect the most recent valuation provided by the fund sponsor, which in certain circumstances can be the initial purchase price. The client's advisory fee will be based on the valuation provided by the fund sponsor.

Trade Error Policy. Richard Brothers, Financial Advisors shall reimburse accounts for losses resulting from Richard Brothers, Financial Advisors' trade errors, and shall credit accounts for such errors resulting in market gains. The gains and losses are first reconciled within Richard Brothers, Financial Advisors' custodian firm account.

Client Obligations. Richard Brothers, Financial Advisors will not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely on the information in its possession. Clients are responsible for promptly notifying Richard Brothers, Financial Advisors if there is ever any change in their financial situation or investment objectives so that Richard Brothers, Financial Advisors can review, and if necessary, revise its previous recommendations or services.

- C. Richard Brothers, Financial Advisors shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will determine each client's investment objectives. Thereafter, Richard Brothers, Financial Advisors will invest or recommend that the client invest their account consistent with their investment objectives. The client may, at any time, impose reasonable restrictions, in writing, on Richard Brothers, Financial Advisors' services.
- D. Richard Brothers, Financial Advisors does not participate in a wrap fee program.
- E. As of March 14, 2024, Richard Brothers, Financial Advisors had \$130,579,701 in assets under management, of which \$126,273,662 was managed on a discretionary basis and \$3,887,471 on a non-discretionary basis.

Item 5 Fees and Compensation

A.

DISCRETIONARY AND NON-DISCRETIONARY ADVISORY PROGRAM

The current annual Program fee is negotiable, depending upon the amount and type of the Program assets, but will not exceed 2.00% and is generally as follows:

| PORTFOLIO VALUE | ANNUAL ADVISORY FEE |
|--------------------------|---------------------|
| \$1,000,000 OR LESS | 1.85 % |
| NEXT \$1,000,000 | 1.65 % |
| NEXT \$1,000,000 | 1.40 % |
| NEXT \$1,000,000 | 1.25 % |
| NEXT \$2,000,000 | 1.00 % |
| GREATER THAN \$6,000,000 | 0.75 % |

Richard Brothers, Financial Advisors' annual investment advisory fee includes investment advisory services, and, to the extent specifically requested by the client, financial planning, and consulting services. Richard Brothers, Financial Advisors reserves the right to not provide financial planning and consulting services to clients with less than \$250,000 under its management. If the client requires extraordinary planning or consultation services (to be determined in the sole discretion of Richard Brothers, Financial Advisors), Richard Brothers, Financial Advisors may determine to charge for these additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

LIMITED NON-DISCRETIONARY PROGRAM

If a client engages Richard Brothers, Financial Advisors to provide its limited non-discretionary advisory services, Richard Brothers, Financial Advisors charges a flat rate of \$500.00 per year for those services. This fee is paid quarterly in advance.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent specifically requested by a client, Richard Brothers, Financial Advisors may provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Richard Brothers, Financial Advisors' planning and consulting fees are negotiable, but generally range from \$3,000 to \$20,000 on a fixed fee basis, and from \$150 to \$300 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Financial Planning services can be added to other engagements for a flat fee, paid quarterly. Richard Brothers, Financial Advisors has the sole discretion to determine if and when to charge additional fees under its Program and will then require client to enter into a financial planning agreement.

- B. Clients may elect to have Richard Brothers, Financial Advisors' advisory fees deducted from their custodial account. Both Richard Brothers, Financial Advisors' *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of Richard Brothers, Financial Advisors' investment advisory fee and to directly remit that advisory fee to Richard Brothers, Financial Advisors in compliance with regulatory procedures. In the limited event that Richard Brothers, Financial Advisors bills the client directly, payment is due upon receipt of Richard

Brothers, Financial Advisors' invoice. Richard Brothers, Financial Advisors shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.

- C. As discussed elsewhere in this Brochure, unless the client directs otherwise or an individual client's circumstances require, Richard Brothers, Financial Advisors generally requires that Pershing serve as the broker-dealer for client accounts. Broker-dealers such as Pershing charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain mutual funds, commissions are charged for individual equity transactions, and mark-ups and mark-downs are charged for fixed income transactions). In addition, client accounts may invest in mutual funds (including money market funds) and ETFs that have various internal fees and expenses (i.e. management fees), which are paid by these funds but ultimately borne by clients as a fund shareholder. These internal fees and expenses are in addition to the fees charged by Richard Brothers, Financial Advisors.
- D. Richard Brothers, Financial Advisors' annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. Richard Brothers, Financial Advisors generally requires a minimum annual fee of \$2,000 for investment advisory services. Richard Brothers, Financial Advisors, in its sole discretion, may charge a lesser minimum fee and/or waive or reduce its minimum fee requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The *Investment Advisory Agreement* between Richard Brothers, Financial Advisors and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, Richard Brothers, Financial Advisors shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. **Commission Transactions.** In the event that the client desires, the client can engage certain of Richard Brothers, Financial Advisors' representatives, in their capacities as registered representatives of Richard Brothers Securities, an SEC registered and FINRA member broker-dealer, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through Richard Brothers, Financial Advisors' representatives as registered representatives of Richard Brothers Securities, Richard Brothers Securities will charge brokerage commissions to effect securities transactions, a portion of which commissions Richard Brothers Securities will pay to Richard Brothers, Financial Advisors' representatives, as applicable. The brokerage commissions charged by Richard Brothers Securities may be higher or lower than those charged by other broker-dealers.
1. **Conflict of Interest:** The recommendation that a client purchase a commission product from Richard Brothers presents a conflict of interest, as the receipt of additional compensation provides an incentive to recommend investments based on compensation to be received, rather than on a particular client's needs. No client is under any obligation to purchase any commission products from Richard Brothers Securities and can instruct us not to purchase them.
 2. Clients may purchase investment products recommended by Richard Brothers, Financial Advisors through other non-affiliated broker dealers or agents.

3. **Ownership Interest in Richard Brothers Securities.** Randall J. Richard and Neal P. Richard are co-managing partners of Richard Brothers Securities, an SEC registered and FINRA member broker-dealer.
4. **Conflict of Interest:** The recommendation by Richard Brothers, Financial Advisors that a client purchase a commission product from Richard Brothers Securities presents a material conflict of interest, as the receipt of indirect commission compensation by Randall and Neal provide an incentive to recommend Richard Brothers Securities' investment products, rather than on a particular client's need.
5. Richard Brothers, Financial Advisors does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products Richard Brothers, Financial Advisors recommends to its clients.
6. When Richard Brothers, Financial Advisors' representatives sell an investment product on a commission basis, Richard Brothers, Financial Advisors does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, Richard Brothers, Financial Advisors' representatives do not also receive commission compensation for rendering advisory services over the same assets.

Richard Brothers, Financial Advisors' Chief Compliance Officer, Randall J. Richard, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.

Item 6 Performance-Based Fees and Side-by-Side Management

Neither Richard Brothers, Financial Advisors nor any supervised person of Richard Brothers, Financial Advisors accepts performance-based fees.

Item 7 Types of Clients

Richard Brothers, Financial Advisors' clients shall generally include individuals, business entities, trusts, estates, charitable organizations, pension and profit-sharing plans. For information about fees, see Item 5 above.

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

- A. Richard Brothers, Financial Advisors may utilize the following methods of security analysis:
 - **Fundamental** - (analysis performed on historical and present data, with the goal of making financial forecasts)

- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

Richard Brothers, Financial Advisors may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)
- Margin Transactions (use of borrowed assets to purchase financial instruments)

Investment Risk. Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Richard Brothers, Financial Advisors) will be profitable or equal any specific performance level(s).

- B. Richard Brothers, Financial Advisors' methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis Richard Brothers, Financial Advisors must have access to current/new market information. Richard Brothers, Financial Advisors has no control over the dissemination rate of market information; therefore, unbeknownst to Richard Brothers, Financial Advisors, certain analyses may be compiled with outdated market information, severely limiting the value of Richard Brothers, Financial Advisors' analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Richard Brothers, Financial Advisors' primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

- C. Currently, Richard Brothers, Financial Advisors primarily allocates client investment assets among various individual equity (stocks), debt (bonds), and fixed income securities, mutual funds, closed-end funds, UITs and/or ETFs on a discretionary and non-discretionary basis in accordance with the client's designated investment objective(s).

Item 9 Disciplinary Information

Richard Brothers, Financial Advisors has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. As disclosed above in Item 5.E, certain of Richard Brothers, Financial Advisors' representatives are also registered representatives of Richard Brother Securities, an SEC registered and FINRA member broker-dealer.
- B. Neither Richard Brothers, Financial Advisors, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Licensed Insurance Agency/Agents.** Richard Brothers, Financial Advisors also maintains an affiliated licensed insurance agency, AFX Global Advisors, Inc. Certain of Richard Brothers, Financial Advisors' representatives are also licensed insurance agents, and in such capacities, may recommend the purchase of certain insurance-related products on a commission basis. See Item 4.B under the heading "FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)" for more information about this relationship and the conflicts of interest it creates.
- D. Richard Brothers, Financial Advisors does not receive, directly or indirectly, compensation from investment advisers that it recommends or selects for its clients.

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

- A. Richard Brothers, Financial Advisors maintains an investment policy relative to personal securities transactions. This investment policy is part of Richard Brothers, Financial Advisors' overall Code of Ethics, which serves to establish a standard of business conduct for all of Richard Brothers, Financial Advisors' Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

Richard Brothers, Financial Advisors also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Richard Brothers, Financial Advisors or any person associated with Richard Brothers, Financial Advisors.

- B. Richard Brothers, Financial Advisors does not recommend, buys, or sells for client advisory accounts, securities in which Richard Brothers, Financial Advisors or any related person of Richard Brothers, Financial Advisors has a material financial interest.
- C. Richard Brothers, Financial Advisors and/or representatives of Richard Brothers, Financial Advisors *may* buy or sell securities that are also recommended to clients. This practice may create a situation where Richard Brothers, Financial Advisors and/or representatives of Richard Brothers, Financial Advisors are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the

rise in the market price which follows the recommendation) could take place if Richard Brothers, Financial Advisors did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of Richard Brothers, Financial Advisors’ clients) and other potentially abusive practices.

Richard Brothers, Financial Advisors has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Richard Brothers, Financial Advisors’ “Access Persons.” Richard Brothers, Financial Advisors’ securities transaction policy requires that an Access Person of Richard Brothers, Financial Advisors must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date Richard Brothers, Financial Advisors selects.

- D. Richard Brothers, Financial Advisors and/or representatives of Richard Brothers, Financial Advisors *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Richard Brothers, Financial Advisors and/or representatives of Richard Brothers, Financial Advisors are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above in Item 11.C, Richard Brothers, Financial Advisors has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Richard Brothers, Financial Advisors’ Access Persons.

Item 12 Brokerage Practices

- A. In the event that the client requests that Richard Brothers, Financial Advisors recommend a broker-dealer for execution and/or custodial services (exclusive of those clients that may direct Richard Brothers, Financial Advisors to use a specific broker-dealer/custodian), Richard Brothers, Financial Advisors generally requires that investment management accounts be maintained at Pershing. Prior to engaging Richard Brothers, Financial Advisors to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* and a separate agreement with Pershing.

Factors that Richard Brothers, Financial Advisors considers in recommending Pershing (or any other broker-dealer/custodian to clients) include historical relationship with Richard Brothers, Financial Advisors, financial strength, reputation, execution capabilities, pricing, research, and service. Broker-dealers such as Pershing can charge transaction fees for effecting certain securities transactions (See Item 4 above). To the extent that a transaction fee will be payable by the client to Pershing, the transaction fee shall be in addition to Richard Brothers, Financial Advisors’ investment advisory fee referenced in Item 5 above. To the extent that a transaction fee is payable, Richard Brothers, Financial Advisors shall have a duty to seek to obtain best execution for such transaction. However, that does not mean that the client will not pay a transaction fee that is higher than another qualified broker-dealer might charge to effect the same transaction where Richard Brothers, Financial Advisors determines, in good faith, that the transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full

range of a broker-dealer's services, including the value of research provided, execution capability, transaction rates, and responsiveness. Accordingly, although Richard Brothers, Financial Advisors will seek competitive rates, it may not necessarily obtain the lowest possible rates for client account transactions.

1. Research and Additional Benefits.

Richard Brothers, Financial Advisors receives from Pershing (and potentially other broker-dealers, custodians, investment platforms, unaffiliated investment managers, vendors, or fund sponsors) free or discounted support services and products. Certain of these products and services assist Richard Brothers, Financial Advisors to better monitor and service client accounts maintained at these institutions. The support services that Richard Brothers, Financial Advisors obtains can include investment-related research; pricing information and market data; compliance or practice management-related publications; discounted or free attendance at conferences, educational or social events; or other products used by Richard Brothers, Financial Advisors to further its investment management business operations. Certain of the support services or products received may assist Richard Brothers, Financial Advisors in managing and administering client accounts. Others do not directly provide this assistance, but rather assist Richard Brothers, Financial Advisors to manage and further develop its business enterprise. Richard Brothers, Financial Advisors' clients do not pay more for investment transactions effected or assets maintained at Pershing or other broker-dealers and custodians because of these arrangements. There is no corresponding commitment made by Richard Brothers, Financial Advisors to any broker-dealer or custodian or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products because of the above arrangements. Richard Brothers, Financial Advisors' Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangement and the conflicts of interest such arrangements create.

2. Richard Brothers, Financial Advisors does not receive referrals from broker-dealers.
3. Richard Brothers, Financial Advisors does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements the client will negotiate terms and arrangements for their account with that broker-dealer, and Richard Brothers, Financial Advisors will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Richard Brothers, Financial Advisors. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs Richard Brothers, Financial Advisors to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Richard Brothers, Financial Advisors.

- B. Transactions for client accounts generally will be effected independently, unless Richard Brothers, Financial Advisors decides to purchase or sell the same securities for several clients at approximately the same time. Richard Brothers, Financial Advisors may (but is not obligated to) combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Richard Brothers, Financial Advisors’ clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Richard Brothers, Financial Advisors shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

- A. For those clients to whom Richard Brothers, Financial Advisors provides investment supervisory services, account reviews are conducted on an ongoing basis by Richard Brothers, Financial Advisors’ Principals and representatives. All investment supervisory clients are advised that it remains their responsibility to advise Richard Brothers, Financial Advisors of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with Richard Brothers, Financial Advisors on an annual basis.
- B. Richard Brothers, Financial Advisors may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Richard Brothers, Financial Advisors may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. Clients and prospective clients should review Item 12 above for a discussion on the economic benefits that Richard Brothers, Financial Advisors receives from Pershing. Clients and prospective clients should also review Item 10 for information about parties that the Registrant may refer clients to and additional compensation that Richard Brothers, Financial Advisors may receive from these parties.
- B. Richard Brothers, Financial Advisors does not currently compensate any person who is not a supervised person for client referrals.

Item 15 Custody

Richard Brothers, Financial Advisors has the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Richard Brothers, Financial Advisors is deemed to have custody as a result of using direct fee deduction. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Richard Brothers, Financial Advisors may also provide a written periodic report summarizing account activity and performance.

To the extent that Richard Brothers, Financial Advisors provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Richard Brothers, Financial Advisors with the account statements received from the account custodian. The account custodian does not verify the accuracy of Richard Brothers, Financial Advisors' advisory fee calculation.

Item 16 Investment Discretion

The client can determine to engage Richard Brothers, Financial Advisors to provide investment advisory services on a discretionary basis. Prior to Richard Brothers, Financial Advisors assuming discretionary authority over a client's account, the client shall be required to execute an Investment Advisory Agreement, granting Richard Brothers, Financial Advisors full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage Richard Brothers, Financial Advisors on a discretionary basis may, at any time, impose restrictions, in writing, on Richard Brothers, Financial Advisors' discretionary authority. (i.e., limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Richard Brothers, Financial Advisors' use of margin, etc.).

Item 17 Voting Client Securities

- A. Richard Brothers, Financial Advisors does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Richard Brothers, Financial Advisors will not be responsible and each client has the right and responsibility to take any actions with respect to any legal proceedings, including without limitation, bankruptcies and shareholder litigation, and the right to initiate or pursue any legal proceedings, including without limitation, shareholder litigation, including with respect to transactions, securities or other investments held in the client's account or the issuers thereof.

- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Richard Brothers, Financial Advisors to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

- A. Richard Brothers, Financial Advisors does not solicit fees of more than \$500, per client, six months or more in advance.
- B. Richard Brothers, Financial Advisors is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Richard Brothers, Financial Advisors has not been the subject of a bankruptcy petition.