

**Item 1 - Cover Page**

**RFP Financial Group, LLC  
d/b/a  
Pierson Wealth Management  
RFP Asset Management**

**CRD# 293206**

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**March 26, 2024 Brochure**

This brochure ("Brochure") provides information about the qualifications and business practices of RFP Financial Group, LLC, d/b/a Pierson Wealth Management and RFP Asset Management (collectively, the "Adviser"). If you have any questions about the contents of this Brochure, please contact us at (404) 233-7272 or [robert@piersonwealth.com](mailto:robert@piersonwealth.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state authority.

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

## **Item 2 - Material Changes**

This Brochure is a document which the Adviser provides to its clients as required by the SEC's rules. The purpose of Item 2 of the Brochure is to provide clients with a summary of new and/or updated information that is contained in the remainder of the Brochure.

No material changes have been made to this Brochure since the filing of the previous Brochure on March 30, 2023.

The Adviser will provide clients with a new Brochure as necessary based on changes, new information, or at a client's request, at any time, without charge.

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## **Item 4 - Advisory Business**

### General Information

The Adviser, a Georgia limited liability company, was formed in February 2018.

### Advisory Clients

The Adviser provides discretionary and non-discretionary portfolio management, in conjunction with limited financial planning services ("Goal Planning and Monitoring Services"), to individuals, high net worth individuals, corporations, trusts, estates, charitable organizations, retirement plans and retirement and pension plan participants.

At the outset of each client relationship, the Adviser spends time with the client, asking questions, discussing the client's investment experience and financial circumstances, and broadly identifying major goals of the client. Based on its reviews, the Adviser generally develops with each client:

- a financial outline for the client based on the client's financial circumstances and goals, and the client's risk tolerance level (the "Financial Profile"); and
- the client's investment objectives and guidelines (the "Investment Plan")

The Financial Profile is a reflection of the client's current financial picture and a look to the future goals of the client. The Investment Plan outlines the types of investments the Adviser will make or recommend on behalf of the client based on the Adviser's own research and analysis in order to meet those goals. The elements of the Financial Profile and the Investment Plan are discussed periodically with each client but are not necessarily written documents.

### Portfolio Management – Pierson Wealth Management

As described above, the Adviser will develop an Investment Plan with each portfolio management client. The Investment Plan will be updated from time to time when requested by the client, or when determined to be necessary or advisable by the Adviser based on updates to the client's financial or other circumstances.

To implement the client's Investment Plan, the Adviser will manage the client's investment portfolio on a discretionary or a non-discretionary basis pursuant to an investment advisory agreement with the client. As a discretionary investment adviser, the Adviser will have the authority to supervise and direct the portfolio without prior consultation with the client. Clients who choose a non-discretionary arrangement must be contacted prior to the execution of any trade in the account(s) under management. This may result in a delay in executing recommended trades, which could adversely affect the performance of the portfolio. This delay also normally means the affected account(s) will not be able to participate in block trades, a practice designed to enhance the execution quality, timing and/or cost for all accounts included in the block. In a non-discretionary arrangement, the client retains the responsibility for the final decision on all actions taken with respect to the portfolio.

Notwithstanding the foregoing, clients may impose certain written restrictions on the Adviser in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments in an investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship. Each client should note, however, that restrictions imposed by a client may adversely affect the composition and performance of the client's investment portfolio. Each client should also note that his or her investment portfolio is treated individually by giving consideration to each purchase or sale for the client's account. For these and other reasons,

performance of client investment portfolios within the same investment objectives, goals and/or risk tolerance may differ and clients should not expect that the composition or performance of their investment portfolios would necessarily be consistent with similar clients of the Adviser.

#### RFP Asset Management ("RFPAM")

RFP Asset Management is a specialized strategy offered to certain qualified clients. It is our large- cap U.S. growth strategy, aimed at identifying companies that can possibly out-perform the Dow Jones Industrial Average. It holds 5 stocks at one time and is rebalanced only when there is a change in holdings based on our internal analysis.

#### Goal Planning and Monitoring Services

The Adviser offers Goal Planning and Monitoring Services to those clients in need of such service in conjunction with portfolio management services. The Adviser's Goal Planning and Monitoring Services normally address areas such as general cash flow planning, retirement planning, and insurance analysis. The goal of these services is to assess the financial circumstances of the client in order to more effectively develop the client's Investment Plan. Goal Planning and Monitoring Services are generally not offered as a stand-alone service or for a separate fee but are typically provided to clients in conjunction with the management of the portfolio.

#### *Retirement Plan Consulting Services*

The Adviser may provide retirement plan consulting services to employee benefit plans and their fiduciaries based upon an analysis of the needs of the plans. In general, these services may include existing plan review, design of an investment policy statement, asset allocation advice, money management services, communication and education services, investment performance monitoring, and/or ongoing consulting.

#### *Services to Retirement and Pension Plan Participants*

The Adviser may also provide investment advice directly to plan participants, but only as a non-discretionary fiduciary. The Adviser provides participants with diversification strategies and recommendations, and the participants will have the sole responsibility to execute the transactions. In some cases, the Adviser may, after approval of the client, instruct the record-keeper or third-party administrator to execute recommendations on the client's behalf.

From time to time, the Adviser will also meet with plan participants to provide general investment education, which may include basic information regarding insurance products, mutual funds, annuities, inflation, risk and diversification.

#### Principal Owners

Robert Pierson is the sole principal owner of the Adviser.

#### Type and Value of Assets Currently Managed

As of March 8, 2024, the Adviser managed approximately \$282,929,700 on a discretionary basis and \$23,530,555 on a non-discretionary basis.

### **Item 5 - Fees and Compensation**

#### General Fee Information

Clients enter into one of two fee arrangements. For most discretionary portfolio management services, clients generally participate in the Wrap Fee Program sponsored by the Adviser (the "Wrap

Program"). The Wrap Program fee structure includes the brokerage expenses (*e.g.*, commissions, ticket charges, etc.) of the account, charges for custody services, and the management fee paid to the Adviser. Under the all-inclusive billing alternative, the Adviser will assess one client fee that captures the management, brokerage, custody and administrative portions collectively. Any portion of Wrap Program fees that the Adviser does not pay to third parties in connection with transaction and execution expenses is retained by the Adviser. Because of this, the Adviser may have a disincentive to trade securities in client accounts. The Adviser does not have a minimum portfolio asset value size requirement for participation in the Wrap Program but, in its discretion, may establish one in the future.

The second option is where Clients will pay management fees to the Adviser separately from the brokerage expenses and transaction costs of the account. The brokerage expenses may take the form of asset-based pricing, meaning that the broker/dealer charges the account a flat-rate percentage to cover all brokerage expenses, or these expenses may be assessed on a per-trade basis. Please see ***Item 12 - Brokerage Practices*** for additional information.

In either of these arrangements, the fees noted above are separate and distinct from the internal fees and expenses charged by mutual funds, ETFs (exchange traded funds) or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials), mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from the custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. The client should review all fees charged by funds, brokers, the Adviser and others to fully understand the total amount of fees paid by the client for investment and financial-related services.

#### *Portfolio Management Fees – Pierson Wealth Management*

Portfolio management fees are individually negotiated with each client and are generally up to 2.0% annually. Factors considered in determining the fees charged generally include but are not limited to: the complexity of the client's portfolio; assets to be placed under management; anticipated future assets; related accounts; portfolio style; account composition; or other special circumstances or requirements. The specific fee schedule will be identified in the investment advisory agreement between the client and the Adviser.

Portfolio management fees are generally payable quarterly, in advance. If management begins after the start of a quarter, fees will be prorated accordingly. Fees are normally debited directly from client account(s), unless other arrangements are made.

Clients may terminate their investment advisory agreement within 5 days of its signing, without penalty or any advisory fees charged. Thereafter, either the Adviser or the client may terminate their investment advisory agreement at any time, subject to any written notice requirements in the investment advisory agreement. In the event of termination, any paid but unearned fees will be promptly refunded to the client based on the number of days that the account was managed, and any fees due to the Adviser from the client will be invoiced or deducted from the client's account prior to termination.

#### *Wrap Program Fees*

Fees for clients participating in the Wrap Program are charged in accordance with the annual fees described above. With respect to clients participating in the Wrap Program, the Adviser generally

receives the total fee charged less the amounts paid by the Adviser for all transaction and execution expenses.

*Portfolio Management Fees – RFP Asset Management (Qualified Clients Only)*

Option #1:

Up to \$5 million: 1.50%  
\$5 million to \$10 million: 1.00%  
\$10 million to \$25 million: 0.50%  
\$25 million and over: 0.25%

Option #2:

Performance-Based fee structure, 20% of the yearly portfolio performance above an agreed-upon benchmark.

*Goal Planning and Monitoring Services*

When the Adviser provides Goal Planning and Monitoring Services to clients, these fees generally will be included in the portfolio management fees. The Adviser generally does not provide Goal Planning and Monitoring Services on a stand-alone basis.

*Fees for Retirement Plan Consulting*

In connection with its retirement plan consulting services, the Adviser charges annual asset-based fees in accordance with the annual fees described above. Negotiated fees are generally based on the value of the plan's assets and the complexity of the plan. These fees are normally billed directly to the client.

*Fees for Services to Retirement and Pension Plan Participants*

When the Adviser provides investment advice to plan participants as a non-discretionary fiduciary, these fees are negotiated with each plan participant at the time of the engagement for such services and are normally based on the scope of the engagement.

**Item 6 - Performance-Based Fees and Side-By-Side Management**

The Adviser does not generally have performance-based fee arrangements, except as listed below. "Side by Side Management" refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because the Adviser has no performance-based fee accounts currently, it has no side-by-side management.

RFPAM can charge performance-based fees to certain clients and participates in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or appreciation of the assets of a client. Due to strict regulatory requirements, performance-based fees can only be charged to "qualified clients". A qualified client is defined as a client that has over \$1 million invested with us, OR a net worth of at least \$2.1 million, excluding primary residence. Performance-based fees may not be charged to any client that does not meet the definition of a qualified client. Please see Section Item 5 – Fees and Compensation above, for more information on

how performance-based fees are charged.

Performance-based compensation may create an incentive for our firm to recommend investments that may carry higher degrees of risk to the client. RFPAM has a fiduciary responsibility to our clients, and we will only make recommendations that meet our clients' investment objectives and goals.

### **Item 7 - Types of Clients**

The Adviser serves individuals, high net worth individuals, corporations, trusts, estates, charitable organizations and retirement and pension plan participants.

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

#### Methods of Analysis and Investment Strategies

The Adviser generally develops a customized investment strategy for each client based on the client's Investment Plan. For certain clients, the Adviser practices the Point & Figure method of technical analysis, the hallmarks of which are risk management and tactical asset allocation. Specifically, the Adviser utilizes exchange-traded funds ("ETFs") for investment, with the goal of gaining exposure to the strongest relative strength sectors in the U.S. while considering the tax implications of investments for clients. For other clients, the Adviser applies the principles of modern portfolio theory in selecting investments.

#### Methods of Analysis

The Adviser reviews each client's Investment Plan and develops a customized investment strategy for each client. In accordance with the client's Investment Plan, the Adviser will invest primarily in common stock, ETFs, municipal bonds, various taxable fixed income products, mutual funds and closed-end funds. In selecting investments for an individual account in accordance with the client's Investment Plan, the Adviser may use any of the following types of analysis:

*Fundamental Analysis* – involves review of the business and financial information about an issuer. Without limitation, the following factors generally will be considered:

- Financial strength ratios;
- Price-to-earnings ratios;
- Dividend yields; and
- Growth rate-to-price earnings ratios.

*Charting Analysis* – involves gathering and processing price and volume information for a particular security. The Adviser's charting analysis includes, without limitation:

- mathematical analysis;
- graphing charts; and estimations of future price movements based on perceived patterns and trends.

*Technical Analysis* – involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.



*Cyclical Analysis* – a type of technical analysis that involves evaluating recurring price patterns and trends.

Mutual funds and ETFs are generally evaluated and selected based on a variety of factors, including, as applicable and without limitation, past performance, fee structure, portfolio manager, fund sponsor, overall ratings for safety and returns, and other factors.

Fixed income investments may be used as a strategic investment, as an instrument to fulfill liquidity or income needs in a portfolio, or to add a component of capital preservation. The Adviser may evaluate and select individual bonds or bond funds based on a number of factors including, without limitation, rating, yield and duration.

### Investment Strategies

The Adviser's strategic approach is to invest each portfolio in accordance with the Investment Plan that has been developed specifically for each client. This means that the following strategies may be used in varying combinations over time for a given client, depending upon the client's individual circumstances:

*Long-Term Purchases* – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

*Short Term Purchases* – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

*Margin Transactions* – a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.

*Trading* – generally considered holding a security for less than thirty (30) days.

*Options Trading/Writing* – a securities transaction that involves buying or selling (writing) an option. If you write an option, and the buyer exercises the option, you are obligated to purchase or deliver a specified number of shares at a specified price at the exercise of the option regardless of the market value of the security at expiration of the option. Buying an option gives you the right to purchase or sell a specified number of shares at a specified price until the date of expiration of the option regardless of the market value of the security at expiration of the option.

### RFPAM Focus 5 Strategy

The Focus 5 is a specialized large cap U.S. growth strategy, aimed at identifying high-quality companies that anticipate compounding capital in excess of the Dow Jones Industrial Average. This is identified under the name "RFP Asset Management" or "RFPAM".

### Systematic Portfolio Rules

- The Focus 5 Growth Model universe consists of 30 large-cap publicly owned companies trading on the NYSE and Nasdaq.
- All of the constituents of the inventory are ranked daily using Relative Strength Matrix to determine inclusion within the model.

- The top 5 stocks, according to the Relative Strength ranking, are held until they fall into the bottom half of the ranking.
- If a stock falls sufficiently out of favor versus the other members of the inventory, that holding is sold and replaced with the next top-ranked stock that is not already held within the model.

The model is rebalanced only when there is a change in holdings.

#### Risk of Loss

While the Adviser seeks to diversify clients' investment portfolios across various asset classes consistent with their Investment Plans in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money.

Below is a description of several of the principal risks that client investment portfolios face.

*Management Risks.* While the Adviser manages client investment portfolios based on the Adviser's experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that the Adviser allocates assets to asset classes that are adversely affected by unanticipated market movements, and the risk that the Adviser's specific investment choices could underperform their relevant indexes.

*Economic Conditions.* Changes in economic conditions, including, for example, interest rates, inflation rates, employment conditions, competition, technological developments, political and diplomatic events and trends, and tax laws may adversely affect the business prospects or perceived prospects of companies. While the Adviser performs due diligence on the companies in whose securities it invests, economic conditions are not within the control of the Adviser and no assurances can be given that the Adviser will anticipate adverse developments.

*Risks of Investments in Mutual Funds, ETFs and Other Investment Pools.* As described above, the Adviser may invest client portfolios in mutual funds, ETFs and other investment pools ("pooled investment funds"). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940, as amended.

*Equity Market Risks.* The Adviser will generally invest portions of client assets directly into equity investments, primarily stocks, or into pooled investment funds that invest in the stock market. As noted above, while pooled investment funds have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (*e.g.*, bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

*Fixed Income Risks.* The Adviser may invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds

and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

*Covered Calls and Puts Risks.* The Adviser, on behalf of its clients, may purchase or write (sell) “covered” call and put options on securities, indexes or currencies. The Adviser may purchase call options for investment purposes when the Adviser anticipates that the price of the underlying security or currency will rise. The Adviser may also purchase put options for investment purposes when the Adviser anticipates that the price of the underlying security or currency will decline. If the Adviser writes a covered call option on behalf of a client account, the client account will either own the security or currency subject to the option or own an option to purchase the same underlying security or currency having an exercise price equal to or less than the exercise price of the “covered” option. When writing a covered call option, the client account, in return for the premium, gives up the opportunity for profit from a price increase in the underlying security or currency above the exercise price, but conversely retains the risk of loss should the price of the security or currency decline. If the Adviser writes a covered put option on behalf of a client account, the client account will maintain sufficient liquid assets to purchase the underlying security or currency if the option is exercised, in an amount not less than the exercise price. The risk in such a transaction would be that the market price of the underlying security or currency would decline below the exercise price, less the premiums received. Such a decline could be substantial and result in a significant loss to client accounts.

To the extent the Adviser acquires options that it does not exercise, it suffers the loss of the premium paid to the writer in connection with such purchase, and any gain or loss derived from the exercise of an option or other liquidation of an option is reduced or increased, respectively, by the amount of the premium paid. Closing transactions will be effected in order to realize a profit on an outstanding call option, to prevent an underlying security or currency from being called, or to permit the sale of the underlying security or currency. There is, of course, no assurance that the Adviser will be able to effect such closing transactions at favorable prices. If the Adviser cannot enter into such a transaction on behalf of client accounts, client accounts may be required to hold a security or currency that is depreciating in value that otherwise might have sold.

*Foreign Securities Risks.* The Adviser may invest portions of client assets into pooled investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the United States. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security’s underlying foreign currency.

*Lack of Diversification.* Client accounts may not have a diversified portfolio of investments at any given time, and a substantial loss with respect to any particular investment in an undiversified portfolio will have a substantial negative impact on the aggregate value of the portfolio.

## **Item 9 - Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of the Adviser or the integrity of the Adviser's management. The Adviser has no disciplinary events to report.

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

Neither the Adviser nor its representatives are registered as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

Some representatives of the firm are also licensed insurance agents. From time to time, they will offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. RFPAM always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of RFPAM in their capacity as an insurance agent.

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

### Code of Ethics and Personal Trading

The Adviser has adopted a Code of Ethics ("the Code"), the full text of which is available to you upon request. The Adviser's Code has several goals. First, the Code is designed to assist the Adviser in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisers Act of 1940, as amended, the Adviser owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires Adviser associated persons to act with honesty, good faith and fair dealing in working with clients. In addition, the Code prohibits associated persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for the Adviser's associated persons (managers, officers and employees). Under the Code's Professional Standards, the Adviser expects its associated persons to put the interests of its clients first, ahead of personal interests. In this regard, Adviser associated persons are not to take inappropriate advantage of their positions in relation to the Adviser's clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. From time to time, the Adviser's associated persons may invest in the same securities recommended to clients. This may create a conflict of interest because associated persons of the Adviser may invest in securities ahead of or to the exclusion of the Adviser clients. Under its Code, the Adviser has adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for limitations on personal securities transactions of associated persons, including generally disallowing trading by an associated person in any security within one day before any client account trades or considers trading the same security and the creation of a restricted securities list, reporting and review of personal trading activities and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.

### Participation or Interest in Client Transactions

As outlined above, the Adviser has adopted procedures to protect client interests when its associated persons invest in the same securities as those selected for or recommended to clients. In the event of any identified potential trading conflicts of interest, the Adviser's goal is to place client interests first. Consistent with the foregoing, the Adviser maintains policies regarding participation in initial public offerings ("IPOs") and private placements in order to comply with applicable laws and avoid conflicts with client transactions. If an associated person wishes to participate in an IPO or invest in a private placement, he/she must submit a pre-clearance request and obtain the approval of the Chief Compliance Officer.

If associated persons trade with client accounts (*e.g.*, in a bundled or aggregated trade), and the trade is not filled in its entirety, the associated person's shares will be removed from the block, and the balance of shares will be allocated among client accounts in accordance with the Adviser's written policy.

## **Item 12 - Brokerage Practices**

### Best Execution and Benefits of Brokerage Selection

When given discretion to select the brokerage firm that will execute orders in client accounts, the Adviser seeks "best execution" for client trades, which is a combination of a number of factors, including, without limitation, quality of execution, services provided and commission rates. Therefore, the Adviser may use or recommend the use of brokers who do not charge the lowest available commission in the recognition of research and securities transaction services, or quality of execution. Research services received with transactions may include proprietary or third-party research (or any combination) and may be used in servicing any or all of the Adviser's clients. Therefore, research services received may not be used for the account for which the particular transaction was effected.

The Adviser may recommend that clients establish brokerage accounts with Raymond James & Associates, Inc. ("Raymond James"), or Fidelity Investments, both are FINRA registered broker-dealers, members NYSE/SIPC, to maintain custody of clients' assets. The Adviser may effect trades for client accounts at Raymond James or Fidelity, or may in some instances, consistent with the Adviser's duty of best execution and specific investment advisory agreement with each client, elect to execute trades elsewhere. Although the Adviser may recommend that clients establish accounts at Raymond James, it is ultimately the client's decision where to custody assets. The Adviser is independently owned and operated and is not affiliated with Raymond James.

The Adviser participates in the Raymond James service program. While there is no direct link between the investment advice the Adviser provides and participation in these programs, the Adviser receives certain economic benefits from this program. These benefits may include software and other technology that provides access to client account data (such as trade confirmations and account statements), facilitates trade execution (and allocation of aggregated orders for multiple client accounts), provides research, pricing information and other market data, facilitates the payment of the Adviser's fees from its clients' accounts, and assists with back-office functions, recordkeeping and client reporting. Many of these services may be used to service all or a substantial number of the Adviser's accounts, including accounts not held at Raymond James. Raymond James may also make available to the Adviser other services intended to help the Adviser manage and further develop its business. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, Raymond James may make available, arrange and/or pay for these types of services to be rendered to the Adviser by independent third parties. Raymond James may discount or waive fees it

would otherwise charge for some of these services, pay all or a part of the fees of a third-party providing these services to the Adviser, and/or Raymond James may pay for travel expenses relating to participation in such training. Finally, participation in the Raymond James service program provides the Adviser with access to mutual funds which normally require significantly higher minimum initial investments or are normally available only to institutional investors.

The benefits received through participation in the Raymond James service program do not necessarily depend upon the proportion of transactions directed to Raymond James. The benefits are received by the Adviser, in part because of commission revenue generated for Raymond James by the Adviser's clients. This means that the investment activity in client accounts is beneficial to the Adviser, because Raymond James does not assess a fee to the Adviser for these services. This creates an incentive for the Adviser to continue to recommend Raymond James to its clients. While it may be possible to obtain similar custodial, execution and other services elsewhere at a lower cost, the Adviser believes that Raymond James provides an excellent combination of these services. These services are not soft dollar arrangements but are part of the institutional platforms offered by Raymond James.

#### Directed Brokerage

Clients may direct the Adviser to use a particular broker for custodial or transaction services on behalf of the client's portfolio. In directed brokerage arrangements, the client is responsible for negotiating the commission rates and other fees to be paid to the broker. Accordingly, a client who directs brokerage should consider whether such designation may result in certain costs or disadvantages to the client, either because the client may pay higher commissions or obtain less favorable execution, or the designation limits the investment options available to the client.

The arrangement that the Adviser has with Raymond James is designed to maximize efficiency and to be cost effective. By directing brokerage arrangements, the client acknowledges that these economies of scale and levels of efficiency are generally compromised when alternative brokers are used. While every effort is made to treat clients fairly over time, the fact that a client chooses to use the brokerage and/or custodial services of these alternative service providers may in fact result in a certain degree of delay in executing trades for their account(s) and otherwise adversely affect management of their account(s).

By directing the Adviser to use a specific broker or dealer, clients who are subject to ERISA confirm and agree with the Adviser that they have the authority to make the direction, that there are no provisions in any client or plan document which are inconsistent with the direction, that the brokerage and other goods and services provided by the broker or dealer through the brokerage transactions are provided solely to and for the benefit of the client's plan, plan participants and their beneficiaries, that the amount paid for the brokerage and other services have been determined by the client and the plan to be reasonable, that any expenses paid by the broker on behalf of the plan are expenses that the plan would otherwise be obligated to pay, and that the specific broker or dealer is not a party in interest of the client or the plan as defined under applicable ERISA regulations.

#### Aggregated Trade Policy

The Adviser may enter trades as a block where possible and when advantageous to clients whose accounts have a need to buy or sell shares of the same security. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a *pro rata* basis between all accounts included in any such block. Block trading allows the Adviser to execute equity trades in a timelier, equitable manner, and may reduce overall costs to clients.

The Adviser will only aggregate transactions when it believes that aggregation is consistent with its duty to seek best execution (which includes the duty to seek best price) for its clients and is consistent with the terms of the Adviser's investment advisory agreement with each client for which trades are being aggregated. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all the Adviser's transactions in a given security on a given business day, with transaction costs generally shared *pro rata* based on each client's participation in the transaction. On occasion, owing to the size of a particular account's *pro rata* share of an order or other factors, the commission or transaction fee charged could be above or below a breakpoint in a pre-determined commission or fee schedule set by the executing broker, and therefore transaction charges may vary slightly among accounts. Accounts may be excluded from a block due to tax considerations, client direction or other factors making the account's participation ineligible or impractical.

### **Item 13 - Review of Accounts**

Managed portfolios are reviewed periodically and may be reviewed upon a client's request or at any time such review is deemed necessary or advisable by the Adviser. One of the Adviser's investment adviser representatives or principals is responsible for reviewing all accounts.

Account custodians are responsible for providing monthly or quarterly account statements which reflect the positions (and current pricing) in each account as well as transactions in each account, including fees paid from an account. Account custodians also provide prompt confirmation of all trading activity, and year-end tax statements, such as 1099 forms. The Adviser will provide additional written reports as needed or requested by the client. Clients should carefully compare the statements that they receive from the Adviser against the statements that they receive from their account custodian(s).

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

As noted above, the Adviser may receive some benefits from Raymond James based on the amount of client assets held at Raymond James. Please see ***Item 12 - Brokerage Practices*** for more information.

The Adviser may compensate some firms or individuals for referring clients to the Adviser. The referring entity will receive an ongoing portion of the advisory fees as agreed upon. An agreement will be signed if compensation exceeds the de minimis of \$1,000.

In addition, Adviser does not receive compensation for referring clients to any other professional service provider.

### **Item 15 - Custody**

Raymond James is the custodian of nearly all client accounts at the Adviser. From time to time however, clients may select an alternate broker to hold accounts in custody. In any case, it is the custodian's responsibility to provide clients with confirmations of trading activity, tax forms and at least quarterly account statements. Clients are advised to review this information carefully, and to notify the Adviser of any questions or concerns. Clients are also asked to promptly notify the Adviser if the custodian fails to provide statements on each account held.

From time to time and in accordance with the Adviser's investment advisory agreement with clients, the Adviser will provide additional reports. As mentioned above, the account balances reflected on these reports should be compared to the balances shown on the brokerage statements to ensure accuracy. At times there may be small differences due to the timing of dividend reporting, pending

trades or other similar issues.

The Adviser may be deemed to have “soft” custody of its client accounts because the Adviser’s portfolio management fees are normally debited directly from client account(s), unless other arrangements are made.

#### Standing Letters of Authorization

Some clients may execute limited powers of attorney or other standing letters of authorization that permit the firm to transfer money from their account with the client’s independent qualified Custodian to third parties. This authorization to direct the Custodian may be deemed to cause our firm to exercise limited custody over your funds or securities and for regulatory reporting purposes, we are required to keep track of the number of clients and accounts for which we may have this ability. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate any transfers that may have taken place within your account(s) each billing period. You should carefully review account statements for accuracy.

#### **Item 16 - Investment Discretion**

As described in **Item 4 - Advisory Business**, the Adviser will accept clients on either a discretionary or non-discretionary basis. For *discretionary accounts*, a Limited Power of Attorney (“LPOA”) is executed by the client, giving the Adviser the authority to carry out various activities in the account, generally including the following: (i) trade execution; (ii) the ability to request checks on behalf of the client; and (iii) the withdrawal of advisory fees directly from the account. The Adviser then directs investment of the client’s portfolio using its discretionary authority. The client may limit the terms of the LPOA to the extent consistent with the client’s investment advisory agreement with the Adviser and the requirements of the client’s custodian.

For *non-discretionary accounts*, the client may also execute an LPOA, which allows the Adviser to carry out trade recommendations and approved actions in the portfolio. However, in accordance with the investment advisory agreement between the Adviser and the client, the Adviser does not implement trading recommendations or other actions in the account unless and until the client has approved the recommendation or action. As with discretionary accounts, clients may limit the terms of the LPOA, subject to the Adviser’s investment advisory agreement with the client and the requirements of the client’s custodian.

#### **Item 17 - Voting Client Securities**

As a policy and in accordance with the Adviser’s investment advisory agreement, the Adviser does not vote proxies related to securities held in client accounts. The custodian of the account will normally provide proxy materials directly to the client. Clients may contact the Adviser with questions relating to proxy procedures and proposals; however, the Adviser generally does not research particular proxy proposals.

#### **Item 18 - Financial Information**

The Adviser does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore has no disclosure with respect to this item.