

**Part 2A of Form ADV: Firm Brochure**

**Running Point Capital Advisors LLC**

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March 28, 2024

This Disclosure Brochure (“Brochure”) provides information about the qualifications and business practices of Running Point Capital Advisors LLC. If you have any questions about the contents of this Brochure, please contact us at 424-502-3501 or [jim@runningpointcapital.com](mailto:jim@runningpointcapital.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.

Running Point Capital Advisors LLC is a registered investment advisor.

Registration of an Investment Advisor does not imply any level of skill or training.

Additional information about Running Point Capital Advisors LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 306275.

## Item 2    Material Changes

**Running Point Capital Advisors, LLC (“Running Point”) provides its disclosure brochure (“Brochure”) to you when we enter into an advisory agreement with you. We then deliver an updated brochure at least annually.**

This Brochure, dated March 28, 2024, replaces the version dated March 28, 2023. We will provide you with an updated Brochure, as required, based on the changes or new information, or upon request, at any time without charge. The following material changes have been made since our previous Annual Amendment, which was filed on March 28, 2023:

- Item 4 – Advisory Business section was updated to reflect Running Point’s Assets Under Management as of December 31, 2023.

No less than annually, our Brochure will be updated. Within 120 days of our fiscal year end, we will deliver the updated Brochure or summary of material changes which have been made to our Brochure since its last annual update. The summary will include information about how you may obtain an updated Brochure at no charge, and it will include the date of the last annual update. We will provide updated disclosure information about material changes more frequently as needed.

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## Item 4 Advisory Business

Running Point Capital Advisors LLC (“Running Point”) is a registered investment adviser with its principal place of business located in California. Running Point became registered with the Securities and Exchange Commission in 2019.

James Schlager and Michael Ashley Schulman are the principal owners.

Running Point offers the following advisory services to our clients:

### **DISCRETIONARY PORTFOLIO MANAGEMENT**

Running Point manages the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, Running Point develops a client's personal investment program and creates and manages a portfolio based on that program. We conduct at least one, but sometimes more than one meeting (in person, if possible, otherwise via telephone) with clients in order to understand their current financial situation, existing resources, financial goals, and risk tolerance. Based on what we learn, we propose an investment program to the client. Upon the client's agreement to the proposed investment program, we work with the client to establish or transfer investment accounts so that we can manage the client's portfolio. Once the relevant accounts are under our management, we review such accounts at least annually, or more frequently if the client notifies us about any significant changes to their financial or personal circumstances.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. The Client may limit our discretionary authority by providing us with a written communication that details restrictions and other guidelines.

Our investment recommendations will generally include advice regarding the following investments:

- Money market funds and other cash instruments
- Exchange listed securities, and securities traded over-the-counter
- Mutual fund shares and exchange traded product shares – passive and actively managed
- Equities
- Closed-end funds (CEFs)
- Separately managed accounts
- Corporate debt securities and asset backed securities
- Preferred securities
- Private equity funds
- Hedge funds
- Credit funds
- Municipal securities
- Governmental securities
- Real estate and real estate investment trust (REIT) shares/interests

- Master limited partnership (MLP) shares
- Structured products and derivatives
- Options and warrants
- Alternative non-traded private investments

As part of our investment advisory services, we may recommend one or more third-party subadvisers to manage all or a portion of the Client's investment portfolio on a fully discretionary basis. Factors we take into consideration when making our recommendation include, but are not limited to, the money manager's performance, investment strategies, methods or analysis, advisory fees and other fees, assets under management, and the Client's financial objectives and risk tolerance. We would generally retain authority to hire/fire the sub-adviser, and we will periodically monitor the performance of the sub-adviser to ensure its management and investment style remain aligned with the Client's objectives and risk tolerance.

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, risk tolerance, liquidity and suitability.

## **FINANCIAL PLANNING**

We provide financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state that uses currently known variables to ascertain future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact, and are impacted by, the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client in achieving his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **Financial Position:** Understand a Client's current financial situation. Sources of evaluation include income, expenses, assets, liabilities, etc.
- **Investment Planning:** Determine a suitable way to structure investments to meet financial goals, and determine the appropriate account type (e.g., joint tenants, IRA, Roth IRA, etc.)
- **Income Tax Planning:** Evaluate the current tax situation to help minimize a Client's taxes and find more profitable ways to use the extra income generated.
- **Retirement Planning:** Assess retirement needs to help a Client determine how much to accumulate, as well as distribution strategies designed to create a source of income during retirement years.
- **Credit Planning:** Evaluate a Client's credit needs.
- **Insurance Planning and Risk Management:** Evaluate the Client's insurance needs and review insurance policies and the like.
- **Estate Planning:** Review the Client's cash needs at death, income needs of surviving dependents and estate planning goals.
- **Education Planning:** Review the educational needs for the Client and his/her family and plan for educational expenses.

We gather information through interviews and review of documents provided by the Client, including questionnaires. Information gathered includes the Client's current financial status, future goals, investment objectives, risk tolerance and family circumstances. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

The client is under no obligation to act upon Running Point's financial planning recommendations or to retain Running Point to implement the client's financial plan. A financial plan may require the services of a specialist such as an insurance specialist, attorney or tax accountant. We may recommend third-party service providers or utilize Running Point's internal professional service advisors, but the Client is under no obligation to use any service provider recommended by us.

### **PARTICIPANT ACCOUNT MANAGEMENT (DISCRETIONARY)**

Running Point uses a third-party platform to facilitate discretionary management of held away assets such as defined contribution plan participant accounts. These accounts will be billed through Schwab. Running Point is not affiliated with the platform in any way and receives no compensation for using the platform. Once the client account(s) is connected to the platform, Running Point will review the current account allocations. When deemed necessary, Running Point will rebalance the account considering client investment goals and risk tolerance, and any change in allocations will consider current economic and market trends. Client accounts will be reviewed at least quarterly and allocation changes will be made as deemed necessary.

### **PRIVATE PLACEMENT LIFE INSURANCE**

Running Point offers Private Placement Life Insurance ("PPLI") and Private Placement Variable Annuities ("PPVA") to qualified clients. PPLI and PPVAs involve investing in alternative asset managers through private placement insurance products. Running Point manages the assets in the PPLI and/or PPVA and charges a management fee on those assets. Please refer to Item 5 Fees and Compensation for more information regarding Running Point's fees.

### **WRAP FEE PROGRAMS**

Running Point does not sponsor, or participate in, wrap fee programs.

### **AMOUNT OF MANAGED ASSETS**

As of December 31, 2023, Running Point has \$483,657,106 in assets under management on a discretionary basis and \$25,719,683 in assets under management on a non-discretionary basis.

## Item 5 Fees and Compensation

### PORTFOLIO MANAGEMENT FEES

Running Point generally charges an annual fee based on the client's assets under management by Running Point, in accordance with the following schedule:

<i><b>Assets Under Management</b></i>	<i><b>Standard Annual Fee</b></i>
Up to \$5 million	1.00%
\$5 million - \$10 million	0.85%
\$10 million – \$20 million	0.75%
\$20 million - \$50 million	0.65%
\$50 million - \$100 million	0.55%
Over \$100 million	0.45%

In addition to the investment management fee described above, Running Point charges additional fees for custom fixed income management. These fees are negotiable and vary based on such factors as the underlying investment strategy and complexity of the services provided. If custom fixed income management is used in your portfolio, an additional schedule or exhibit of fees will be provided to you. The following fees are generally assessed as a percentage of the market value of all assets in the account:

1. Customized Target Income Portfolio 0.25%
2. Short Term Fixed Income 0.10%
3. Covered Call Writing Income Strategy 0.50%

Client assets that are managed by a Third-Party Manager inside a private placement life insurance or variable annuity contract may be included in a client's assets under management when calculating Running Point's advisory fee. In certain circumstances, fees may be modified from the existing schedule.

Our fees are billed quarterly in advance based upon the value (market value or fair value in the absence of market value) of the client's account at the end of the previous quarter, including margin (gross). Our fee shall be prorated for any partial calendar quarter during the terms of the Agreement, based on the number of days in such calendar quarter included in the terms of the Agreement. For those who become clients in the middle of a quarter, Running Point prorates our fee based off the current market value of the account. Client's may choose to be billed directly for fees or authorize Running Point to directly debit fees from their account in accordance with the client authorization in the Wealth Management Agreement.

***Negotiability of Advisory Fees:*** The specific manner in which fees are charged by Running Point is established in a written Investment Advisory Agreement with Running Point. All fees may be subject to negotiation, based on several factors, including, but not limited to, the size of the relationship, the nature and complexity of the products and investments involved, time commitments and travel requirements.

We may group certain related client accounts for the purposes of determining the annualized fee.

## **FINANCIAL PLANNING FEES**

Running Point's Financial Planning fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client. Typical costs for financial planning arrangements may range from \$3,500 to \$30,000 or more, depending on needs and varying complexity. Clients are typically billed in advance for services provided.

## **GENERAL INFORMATION**

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of portfolio management fees, we will pro rate the reimbursement according to the number of days remaining in the billing period. A client will generally not receive any reimbursement for financial planning fees, which are project based.

***Third Party Fees:*** All fees paid to Running Point for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds, ETFs, private funds or other pooled investment vehicles or sub-advisers hired by Running Point for its clients. These fees will generally include a management fee, other fund expenses, and a possible distribution fee.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which Running Point effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

***Advisory Fees in General:*** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisors for similar or lower fees.

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

Running Point Capital Advisors LLC does not charge performance-based fees or participate in side-by-side management. Performance-based fees are generally based on a share of the capital gains or capital appreciation of the client account assets. 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.

## **Item 7   Types of Clients**

Running Point provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Small businesses and their owners
- Large businesses and their owners
- Family Offices
- Trusts and estates
- Private Foundations
- Charities
- Pension and retirement plans

### **MINIMUM INVESTMENT AMOUNTS REQUIRED**

Running Point generally requires a minimum account size of \$3 million for portfolio management services. This account size is subject to change and is negotiable by our firm, at any time and in our sole discretion.

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

### **METHODS OF ANALYSIS**

Our approach for generating asset allocation recommendations is based on extensive market and investment research and may also involve the use of third-party experts, research, or consultants. We utilize economic, financial, and market data from third-party sources we believe to be reliable, but we generally do not seek to independently confirm the accuracy of such information. Similarly, we rely on a variety of third-party financial applications to perform numerous financial calculations related to asset allocation, financial planning projections, investment selection, and investment manager evaluations. Although we may review the quality of these services, there can be no guarantee the calculations will be performed correctly going forward.

### **INVESTMENT STRATEGIES**

Overall investment strategies recommended to each client generally emphasize long-term ownership of a diversified portfolio of marketable and non-marketable investments (if suitable), intended to provide long-term positive after-tax, inflation-adjusted, economic returns. Running Point generally recommends broad diversification via a long-term asset allocation strategy - diversified across asset classes and often within asset classes - in an effort to improve the risk and return potential of client portfolios. More specifically, we may recommend multiple asset classes

(both liquid and illiquid), market capitalizations, market styles, and geographic regions to provide diversification.

Client portfolios with similar investment objectives and asset allocation goals may own different securities and investments. The client's initial holdings, cost basis, start date, portfolio size, income desires, tax sensitivity, desire for simplicity, timing of additions or withdrawals, long-term wealth transfer objectives, time horizon, and choice of custodian are all factors that influence Running Point's investment recommendations.

Investment advice given to clients more often than not, includes recommending long-term purchases or holding on to certain assets. However, other investment strategies that may also be recommended include tax harvesting, short-term purchases, margin transactions, short-selling, options strategies and private placement life insurance and variable annuity policies.

### ***RISK OF LOSS***

Past performance is not a guarantee of future returns. Investing in securities and other investments recommended by Running Point involves certain investment risks. Securities and other investments may fluctuate in value or lose value. Running Point will assist clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a client will meet their investment goals. Investing in securities and other investments involves a risk of loss that each client should understand and be willing to bear.

- Market Risk. Either the market as a whole, or the value of an individual company, goes down, resulting in a decrease in the value of client investments. This is referred to as systemic risk.
- Equity (Stock) Market Risk. Common stocks are susceptible to fluctuations and to volatile increases/decreases in value as their issuers' confidence in or perceptions of the market change. Investors holding common stock (or common stock equivalents) of any issuer are generally exposed to greater risk than if they hold preferred stock or debt obligations of the issuer.
- Company Risk. There is always a certain level of company or industry specific risk when investing in stock positions. This is referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that a company may perform poorly or that its value may be reduced based on factors specific to it or its industry (e.g., employee strike, unfavorable media attention).
- Fixed Income Risk. Investing in bonds involves the risk that the issuer will default on the bond and be unable to make payments. In addition, individuals depending on set amounts of periodically paid income, face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk. Bonds are also subject to price fluctuations due to interest rates.
- ETPs and Mutual Fund Risk. ETPs and mutual fund investments bear additional expenses based on a pro-rata share of operating expenses, including potential duplication of management fees. The risk of owning an ETP or mutual fund generally reflects the risks of

owning the underlying securities held by the ETP or mutual fund. Clients also incur brokerage costs when purchasing ETPs.

- Real Estate Investment Trust (REIT) Risk: The value of REITs can be negatively impacted by declines in the value of real estate, adverse general and local economic conditions and environmental problems. REITs are also subject to certain other risks related specifically to their structure and focus, such as: (a) dependency upon management's skills; (b) limited diversification; (c) heavy cash flow dependency; (d) possible default by borrowers; and (e) in many cases, less liquidity and greater price volatility.
- Management Risk. Client investments also vary with the success and failure of Advisor's investment strategies, research, analysis and determination of portfolio securities. If Advisor's strategies do not produce the expected returns, the value of a client's investments will decrease.
- Private Investment Risk. Some of the Advisor's strategies utilize privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). Advisor does not directly manage these vehicles; these investment vehicles retain their own managers who make the investment decisions and underlying security selections for the vehicle. The managers of these vehicles have broad discretion in selecting the investments. Typically, there are few limitations on the types of securities or other financial instruments which may be traded or used, and no requirement to diversify. Some types of these investment vehicles may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because private investment vehicles are not registered investment companies, they are not subject to the same regulatory reporting and oversight of a registered entity. There are numerous risks in investing in these types of securities. Clients should consult each investment's private placement memorandum and/or other prospectus or documents explaining such risks prior to investing.
- Illiquid Securities Risk. Portfolios may invest in private market securities or other illiquid investments, which may make it difficult or impossible to dispose of such investments at desired times, resulting in less liquidity and thereby increasing the risk of loss.
- Margin Risk. Advisor may use margin in its investment strategies. Margin is often used for overdraft protection on behalf of the client. When you purchase securities, you may pay for the securities in full or borrow part of the purchase price from your account custodian or clearing firm. If you borrow part of the purchase price, then you are engaging in margin transactions and there is risk involved with this. The securities held in your margin account are collateral for the custodian or clearing firm that loaned you the money. If those securities decline in value, then the value of the collateral supporting your loan also declines. As a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in your account. The brokerage firm may issue a margin call and/or sell other assets in your account.

It is important that you fully understand the risks involved in trading securities on margin, including:

- You can lose more funds than you deposit in your margin account
- The account custodian or clearing firm can force the sale of securities or other assets in your account
- The account custodian or clearing firm can sell your securities or other assets without contacting you
- You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call
- The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities
- The account custodian or clearing firm can increase its “house” maintenance margin requirements at any time and are not required to provide you advance written notice
- You are not entitled to an extension of time on a margin call

## **Item 9 Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable legal, regulatory or disciplinary events to disclose.

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

In addition to providing the advisory services described in Item 4, above, Running Point also provides the following services to its clients.

### **FAMILY OFFICE SERVICES**

Running Point offers comprehensive family office services which encompasses both strategic and tactical advisory consulting.

Strategic consulting may include, but is not limited to:

- Culture, Values, and Vision Alignment
- Family and Business History
- Governance & Decision Making
- Role Clarification and Succession
- Learning and Development
- Family Meetings and Retreats
- Philanthropic Services and Legacy Planning

Tactical consulting may include, but is not limited to:

- Enterprise Administration and Reporting
- Cash and Liquidity Management
- Estate Planning and Business Transitions
- Risk Assessment and Mitigation

- Banking and Credit Consulting
- Thematic and Impact Investing

## **WEALTH PLANNING SERVICES**

Running Point provides wealth planning services to its clients. This generally includes financial planning, estate planning, tax planning, tax return preparation, expense management, retirement planning, risk management, insurance planning, compensation and benefits planning and philanthropy.

## **INSURANCE SERVICES**

Running Point may provide a review of your current life, disability, annuity, life settlement and/or long-term care insurance. Insurance analysis and recommendations may be facilitated through the personal, business and or estate planning process based on our client's goals and objectives. We take an unbiased approach to search for suitable insurance to meet your needs by collaborating with other advisors, including your tax professional and/or attorney. Our goal is to provide you with a greater understanding of your insurance policies through integrated planning.

Running Point conducts an analysis of your insurance policies known as an insurance performance evaluation. The performance evaluation is a client-driven process focused on examining the performance of your life insurance policy. The review will determine if your current policy is performing as expected based on original premium payments and assumed interest rates and mortality charges as provided by the insurance company. In addition, we will evaluate the market to see if there is a product that may better suit your needs. This analysis may be done at no cost to you, and you are not required to implement the recommendations through Running Point. A commission may be paid by an insurance company to Running Point or its employees if the recommendation is implemented. This financial incentive may create a conflict of interest because the firm may receive additional compensation for the placement of certain insurance products. Running Point may recommend that you purchase insurance products through our affiliated insurance agency, for your insurance needs. This presents a conflict of interest between Running Point and its clients, in that we have an incentive to recommend our affiliated entity. However, you are under no obligation to use our affiliated insurance agency.

## **TAX COMPLIANCE AND CONSULTING**

Running Point provides clients, in a separate tax engagement, income tax consultation and preparation, including individual, business, estate and trust taxation. Running Point will work in collaboration with the client and the client advisory team. Running point's tax services are generally provided for high-net-worth individuals or families and closely held business owner clients. While general tax advice by Running Point will be provided as part of the client's integrated financial planning process, tax preparation and project-based consulting will be facilitated through a separate engagement. For example, filing a client's 1040 federal personal return and or a request to complete a pro forma for a client's closely held business would require a separate engagement versus calculating the estimated Federal and State Taxes on a required minimum distribution, which would be part of the advisory engagement.

## **TRUSTEE ADVISOR SERVICES**

Running Point's Certified Trust Advisor will work directly with trustees on behalf of trust beneficiaries to facilitate the trust provisions in collaboration with both your estate attorney and CPA. Running Point will generally gather all pertinent trust documents, healthcare directives, durable power of attorney's, wills, and inventory all assets of the estate, including investments, retirement plans, insurance, bank accounts, debts, real estate, social security, personal property and any other types of assets that would be included in the estate. Through the trust planning process with you as trustee and in collaboration with your estate attorney, we will assist in putting a plan in place including keeping accurate records, filing timely tax returns and reporting to beneficiaries as the trust requires. We also are available to provide financial planning services to beneficiaries and to provide portfolio management services to the trust and its beneficiaries.

## **BOOKKEEPING AND BUSINESS MANAGEMENT**

Running Point provides clients, in a separate engagement, bookkeeping and business management services upon request. Running Point will work in collaboration with the client and the client advisory team. Business Management services include, but are not limited to, monthly household profit and loss statements, tax consulting, payroll coordination, estate planning, wealth management, and risk management.

## **ACCOUNTING SERVICES**

Running Point may provide accounting services to clients in a separate engagement. Running Point's goal of providing account services is to integrate tax planning and preparation with careful financial record keeping. Accounting services include, but are not limited to, tax preparation for corporations and partnerships, state and local tax filings, tax and financial consulting, year-end tax planning and financial integration, and accounting policies and procedures.

## **PRIVATE FUND ACCOUNTING SERVICES**

Running Point Tax and Consulting LLC, an affiliate of Running Point, provides accounting services to certain private funds that we recommend to our clients. None of these private funds are managed or sponsored by Running Point or its affiliates. Running Point Tax and Consulting LLC receives fees for such accounting services from the applicable private funds and/or their sponsors. The amount of such fees does not depend on whether or not clients of Running Point invest in any of these private funds. None of these fees will be applied towards or otherwise reduce the amount of fees payable to Running Point by its clients. This arrangement represents a conflict of interest for us because it creates an incentive for us to recommend the applicable private funds to our clients instead of recommending similar private funds that do not pay such fees to our affiliate. Running Point seeks to mitigate this conflict of interest by using factors other than this arrangement as the basis for recommending any particular private fund to its clients.

## **PRIVATE PLACEMENT LIFE INSURANCE/PRIVATE PLACEMENT VARIABLE ANNUITIES**

Running Point offers Private Placement Life Insurance ("PPLI") and Private Placement Variable Annuities ("PPVA") to qualified clients. An employee of Running Point is also a registered

representative of The Leaders Group, Inc., a registered broker-dealer. With respect to the PPLI and PPVA, the employee in the capacity as a registered representative of The Leaders Group, charges a fee between 15 and 30 basis points, taken as a fee from the cash accumulation within the PPLI or PPVA, and billed quarterly in arrears. The registered representative may also charge a placement fee between 1% and 3% on the premium invested into the PPLI and PPVA ("Placement Fee"). In the event the registered representative does not charge a Placement Fee, Running Point will charge a set-up fee similar to what the firm charges for providing financial planning services. Please refer to Item 5 – Fees and Compensation for more information. This presents a conflict of interest, in that, both Running Point and the Running Point employee, as a registered representative of The Leaders Group, have an incentive to recommend the PPLI or PPVA to clients.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. The Code of Ethics includes standards of business conduct requiring covered persons to comply with the federal securities laws and the fiduciary duties an investment advisor owes to its clients.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Our Code of Ethics also requires the prior approval of acquisition of certain securities in order to mitigate risk of potential conflicts with client accounts. Employees are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with Running Point's policies and procedures.

Our Code of Ethics also provides for oversight, enforcement and recordkeeping provisions. Running Point's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by calling or emailing Jim Schlager at 424-502-3501 or [jim@runningpointcapital.com](mailto:jim@runningpointcapital.com).

## **Item 12 Brokerage Practices**

Clients generally are required to give Running Point discretion and authority to manage their assets. Consequently, Running Point determines which securities to buy or sell, the broker or dealer through which the securities will be bought or sold, and the commission rates at which transactions are affected. Any limitations or restrictions, with respect to the exercise of this investment discretion, will be those established by the client, in writing, at the commencement of the advisory relationship or thereafter.

In selecting or recommending broker-dealers to execute portfolio transactions, we make a good faith judgment in determining which broker-dealer would be appropriate. We take into consideration not only the available prices and rates of brokerage commissions, but also other relevant factors that may include (without limitation): execution ability, clearance procedures, operational facilities, and custodial and other services provided by the broker-dealer.

If an account is maintained on behalf of a plan subject to the Employee Retirement Income Security Act of 1974 ("ERISA") or similar government regulation, client represents that the broker designated by client is capable of providing best execution for the client's brokerage transactions, and that the commission rates that the client negotiated are reasonable in relation to the brokerage and other services received by the applicable retirement or other benefit plan. Client agrees that it is the client's, not Running Point's responsibility, to monitor the services provided by the broker designated by client to assure that the applicable retirement or other benefit plan continues to receive best execution and pay reasonable commissions. Client will represent that the use of the broker designated by client is for the exclusive benefit of the applicable retirement or other benefit plan participants.

Running Point may block trades where possible. Blocking of trades permits the trading of aggregate orders for a security and transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timely and equitable manner at an average share price. Generally, Running Point will execute all securities transactions through the client's custodian. Running Point will typically aggregate trades of clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. Running Point block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Running Point, or our firm's order allocation policy.
- 2) The portfolio manager, in concert with the trading desk, must determine that the purchase or sale of the particular security is appropriate for the client and consistent with the investment objectives of the account, and with any applicable investment guidelines or restrictions.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable Running Point to seek, best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, a written or electronic order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day, will be allocated pro rata among the



participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in accounts.

- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to, and approved by, the Chief Compliance Officer, no later than the morning following the execution of the aggregate trade.
- 8) Running Point client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, the account.
- 9) Funds and securities for aggregated orders are clearly identified on Running Point records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 10) No client or account will be favored over another.

On occasion, better execution may be available from other broker-dealers. We monitor equity and fixed income trades to ensure that your account is receiving best execution. Best execution of client transactions is an obligation Running Point takes seriously and is a catalyst in the decision of using an account custodian. While quality of execution at the best price is an important determinant, best execution does not necessarily mean lowest price and it is not the sole consideration. When Running Point has discretion as to placement of transactions, it considers the following:

- Financial stability, reputation, willingness to commit capital and clearing and settlement capabilities.
- A brokerage firm's research and investment ideas that directly impact a client's portfolio.
- Price (the amount of commission paid). All trades are negotiated to the appropriate level based on the size of the trade and its complexity to execute.
- The operational aspects of brokerage firms' back office (will the client receive payment of securities on a timely basis), and custodian or other administrative service.

Because of these considerations, Running Point may pay a brokerage commission in excess of that which another broker might have charged for having affected the same transaction in recognition of the value of brokerage or research services provided by the broker.

## RESEARCH AND OTHER SOFT DOLLAR BENEFITS

Running Point does not engage in formal soft dollar arrangements with broker-dealers, and we do not receive client referrals from broker-dealers. Certain custodians or broker-dealers provide Running Point with access to their institutional trading and custody services, which are typically not available to retail investors. These services generally are available to investment advisors on an unsolicited basis, at no charge to them, so long as a certain amount of the advisor's clients' assets are maintained in accounts at the custodian. These services are not contingent upon Running Point committing to the broker-dealer any specific amount of trading commissions. These services often include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

These custodians also make available, to our firm, other products and services that benefit Running Point, but may not directly benefit all of our clients' accounts. Some of these products and services may be used to service all, or some substantial number, of our client accounts, including accounts not maintained at that particular custodian. In evaluating whether to recommend that clients custody their assets at a particular custodian, we may take into account the availability of some of the foregoing services and other arrangements as part of the total mix of factors we consider thus, we might not solely consider the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

No client is obligated to use Schwab, Fidelity, nor any other specific custodian.

### ***Schwab Advisor Services***

Running Point may recommend that clients establish brokerage accounts with the Schwab Advisor Services of Charles Schwab & Co., Inc. (Schwab), a FINRA registered broker-dealer, Member SIPC, to maintain custody of client's assets and to effect trades for their accounts. Running Point is independently owned and operated and not affiliated with Schwab.

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we do not have to request them) and at no charge to us. Following is a more detailed description of Schwab's support services:

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

**Services that may not directly benefit you.** Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and

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

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

**Services that generally benefit only us.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

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

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

### ***Fidelity Brokerage Services***

Running Point may recommend that clients establish brokerage accounts with Fidelity Brokerage Services ("Fidelity") to maintain custody of clients' assets and to effect trades for their accounts. Running Point is independently owned and operated and not affiliated with Fidelity.

Running Point has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides Running Point with Fidelity's "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like Running Point in conducting business and in serving the best interests of their clients but that may benefit Running Point.

For our client accounts maintained in its custody, Fidelity does not charge separately for custody services but is compensated by account holders through brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees may be charged for certain no-load mutual funds, commissions may be charged for individual equity and debt securities transactions). Fidelity enables Running Point to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates, however, the

commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers.

As part of the arrangement, Fidelity also makes available to Running Point, at no additional charge to Running Point, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by Running Point (within specified parameters).

## **Item 13    Review of Accounts**

### **PORTFOLIO MANAGEMENT**

**REVIEWS:** Client account reviews are generally conducted at least annually or more frequently depending on the needs of the Client. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, or large deposits or withdrawals in the Client's account. The Client is encouraged to notify Running Point if material changes occur in the Client's financial situation that might positively or adversely affect the Client's investment plan. Additional reviews may be triggered by material market, economic, or political events.

**REPORTS:** In addition to monthly statements provided by the Custodian, Running Point will provide clients with performance reports for accounts held at Custodians when sufficient data is provided by the Custodian to properly calculate performance.

### **FINANCIAL PLANNING SERVICES**

**REVIEWS:** While reviews may occur at different stages, depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients, unless contracted.

**REPORTS:** Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless contracted.

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

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Consistent with requirements under the Investment Advisers Act of 1940, as amended, Running Point enters into written agreements with Solicitors under which, among other things, Solicitors are required to disclose their compensation arrangements to prospective clients before they enter into an agreement with Running Point. Solicitors are not permitted to offer clients any investment advice on behalf of Running Point. As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

It is Running Point's policy not to accept, or allow our related persons to accept, any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisers whose clients maintain their accounts at Schwab. In addition, Schwab has also agreed to pay for certain products and services for which we would otherwise have to pay once the value of our clients' assets in accounts at Schwab reaches a certain amount. These products and services, how they benefit us, and the related conflicts of interest are described above in Item 12 - Brokerage Practices.

## **Item 15 Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that with client written authorization our firm directly debits advisory fees from client accounts, which is deemed to be custody. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

Running Point is also deemed to have custody of clients' funds or securities when clients have standing authorizations with their custodian to move money from a client's account to a third-party ("SLOA") and under that SLOA, authorize us to designate the amount or timing of transfers with the custodian. The SEC has set forth rules intended to protect client assets in such situations, which we follow.

As a matter of policy and practice, Running Point does not permit employees or the firm to accept or maintain custody of client assets other than as identified above.

## **Item 16 Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

Clients give us discretionary authority when they execute a discretionary agreement with our firm and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by, once again, providing us with written instructions.

## **Item 17 Voting Client Securities**

As part of our service offering, we or a sub-advisor will vote proxies for client accounts that we have discretionary authority over; however, clients always have the right to vote proxies themselves.

Clients can exercise this right by instructing us in writing not to vote proxies on their behalf. This is addressed in the Investment Advisory Agreement.

For voting proxies, Running Point will use Broadridge Financial Solutions ("Broadridge") to ensure that voting is carried out and documented. Broadridge will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created that was material to making a decision on how to vote proxies, and a copy of each written client request for information on how the proxy was voted.

With respect to ERISA accounts, Broadridge will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies.

Clients can instruct us to vote proxies according to particular criteria. Clients can also instruct us on how to cast their vote in a particular proxy contest.

For clients who do not opt into having Broadridge file class action claims on their behalf (discussed below), we will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

In an effort to continue to provide value-added service to you, we have engaged Broadridge to file class action claims on our clients' behalf. Clients are not obligated to provide Running Point with the authority to permit Broadridge to process any claims. Charges for the processing of class action claims shall be subject to a contingency fee assessed directly by Broadridge in the event a recovery is made. The contingency fee shall be 20% of the total reimbursement of class actions settlement Broadridge collects for participating clients. Class action recoveries, including the contingency fee, shall be deposited directly by Broadridge into the account holding the shares subject to the class action. Running Point will then invoice the client for the 20% contingency fee due to Broadridge and pay Broadridge directly. Running Point does not receive any portion of the 20% contingency fee charged by Broadridge.

For a complete copy of the proxy policy or guidelines and inquiries regarding how a specific proxy proposal was voted, please contact Jim Schlager at 424-502-3501 or [jim@runningpointcapital.com](mailto:jim@runningpointcapital.com).

## **Item 18 Financial Information**

As an advisory firm that maintains discretionary authority for clients' accounts, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. Running Point has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of more than \$1200 in fees, six months or more in advance of services rendered. Therefore, we are not required to include a financial statement. Running Point has not been the subject of a bankruptcy petition at any time during the past ten years.