

# THE RICE PARTNERSHIP, LLC

This brochure provides information about The Rice Partnership, LLC's qualifications and business practices. If you have any questions about the contents of this brochure, please contact us at 808-585-7788 or by email at [email@thericepartnership.com](mailto:email@thericepartnership.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any State Securities Authority.

Additional information about The Rice Partnership, LLC is also available at the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (select "investment adviser firm" and type in our firm name). Results will provide you both Part 1 and 2 of our Form ADV.

We are a Registered Investment Advisor Firm. Our registration does not imply any level of skill or training. The oral and written communications we provide to you, including this brochure, are for you to evaluate us. Please use this information as factors in your decision to hire us or to continue our business relationship.

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ITEM 1 – COVER PAGE ADV PART 2 A

MARCH 20, 2019

CRD #: 135701

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## ITEM 2 – MATERIAL CHANGES

This brochure, dated March 20, 2019, has been prepared by The Rice Partnership, LLC to meet SEC requirements. This section of the brochure will address only those “material changes” that have been incorporated since our last annual posting of this document on the public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

It has changed materially since the last annual update amendment in the following ways:

- Item 1: Updated to reflect new office location.
- Item 4: Assets under management have been updated.
- Item 8: Clarified investment strategies available to clients.
- Item 12: Clarified brokerage practices related to prime brokerage services.
- Item 13: A typographical error has been corrected.
- Item 15: The discussion of custody has been adjusted for recent SEC guidance.

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## ITEM 4 – ADVISORY BUSINESS

### 4a: Firm Description

The Rice Partnership, LLC was established in July 2005. Our main office is located in Honolulu, Hawaii.

#### 4a1: Principal Members

- Orest V. Saikevych, Chief Investment Officer: Mr. Saikevych can be reached via phone (808) 585-7788 or email orest@thericepartnership.com
- Bonnie F. Rice, CTFA®, ChFC®, Director of Private Client Services : Ms. Rice can be reached via phone (808) 585-7788 or email bonnie@thericepartnership.com

### 4b: Types of Advisory Services

The Rice Partnership, LLC offers a variety of investment advisory services to our clients. We tailor our advice and services to your objectives, means and timelines. We will create a document that will precisely define the types of services we are providing, our role in providing those services to you and how we may carry out those services for you.

Client services include:

- Investment Strategies
- Investment Planning
- Investment Policy Statements
- Ongoing Portfolio Monitoring
- Capital Needs Analysis

As part of our investment advisory services, The Rice Partnership, LLC, may recommend that you use the services of a third party investment adviser to manage a portion or all of your investment portfolio. Factors that we take into consideration when making our recommendation(s) include, but are not limited to, the following: performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We will monitor performance to ensure its management and investment style remains aligned with your investment goals and objectives.

### 4c: Client Tailored Relationships and Restrictions

As a fiduciary, The Rice Partnership, LLC always acts solely in your best interests. Your portfolio is customized based on your investment objectives. You may make requests or make suggestions regarding the investments made in your portfolio. Restrictions on trading which, in our opinion, are not in your best interest cannot be honored and if forced may result in the termination of our agreement.

Similarly, you are under no obligation to act upon The Rice Partnership, LLC's or associated person's recommendations. If you elect to act on any of the recommendations, you are under no obligation to effect the transaction through The Rice Partnership, LLC or its associated person when the person is an agent with a licensed broker-dealer or through any associate or affiliate of such person.

### 4d: Wrap Fee Program

The Rice Partnership, LLC does not sponsor a wrap fee program.

### 4e: Assets under Management (AUM)

The Rice Partnership, LLC, as of December 31, 2018, has \$255,054,353 in discretionary reportable assets under management and \$23,810,966 in non-discretionary assets under management for a total of \$278,865,319 assets under management.

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## ITEM 5 – FEES AND COMPENSATION

### 5a: Tiered Fee Schedules

#### Equity and Balanced Accounts Fee Schedule

<b>Assets Under Management</b>	<b>Annual Fee (%)</b>
Less than \$5,000,000	1.00%
\$5,000,000 and above	Negotiable

#### Fixed Income Only Fee Schedule

<b>Assets Under Management</b>	<b>Annual Fee (%)</b>
Up to \$5,000,000	0.50%
\$5,000,001 and above	Negotiable

#### ETF Asset Allocator Only Fee Schedule

<b>Assets Under Management</b>	<b>Annual Fee (%)</b>
All Assets	0.50%

For purposes of determining value, securities and other instruments traded on a market for which actual transaction prices are publicly reported are valued at the last reported sale price on the principal market in which they are traded (or, if there are no sales on that date, then at the mean between the closing bid and asked prices on that date). Other readily marketable securities are priced using a pricing service or through quotations from one or more dealers. All other assets are valued at fair value by The Rice Partnership, LLC, whose determination shall be conclusive. We may modify the terms in this section with at least 30 days prior written notice. Notwithstanding the above, fees are generally negotiable.

Compensation for our services will be calculated in accordance with what is set in the client's agreement. We may modify the terms of any agreement with at least 30 days prior written notice.

### 5b: Fee Payments Options

The Rice Partnership, LLC fees are paid from your account by the custodian when we submit an invoice to them. The invoice we submit shows the amount of fees, the value of your assets on which the fees are based, and the specific manner in which the fees are calculated. If there is insufficient cash in your account, securities may be sold. In addition to our fees, there may be custodial, mutual fund or similar third party management fees and charges.

### 5c: Third Party Fees

You are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees we charge.

All brokerage commissions, stock transfer fees, and other similar charges incurred in connection with transactions for the account will be paid out of the assets in the account and are in addition to the investment management fees paid to us. While we take measures to ensure the fees charged are accurate, it is your responsibility to ensure the amount of fee charged is correct. In addition to statements sent by us, you will receive statements directly from these brokers, custodians or mutual funds or other investments you hold. We strongly urge you to compare these statements for accuracy.

In cases where a third party advisor or portfolio manager is used, a portion of our fee is used to pay them. You are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.) Those fees are separate and distinct from the fees we charge.

## **5d: Fee Payments**

### **Investment Management Fees**

The Rice Partnership, LLC fees are paid quarterly in advance. Our fee is equal to the agreed upon rate per annum, times the market value of the account, divided by four (4). The market value is the sum of the values of all assets in the account, not adjusted by any margin debt. Fees for partial quarters at the commencement or termination of Wealth Management Agreement will be billed or refunded on a pro-rated basis contingent on the number of days the account was open during the quarter. Quarterly fee adjustments for additional assets received into the account during a quarter or for partial withdrawals will also be provided on the above pro rata basis.

### **5.d. 1: Termination**

Either The Rice Partnership, LLC or our clients can terminate our agreement upon receipt of written notice to the other party.

When an agreement is terminated, we will refund any pre-paid, unearned wealth management fees based on the number of days remaining in the quarter after termination. Refunds will be made within 30 calendar days of the effective date of termination.

When an agreement is terminated, all assets may need to be transferred from the current custodian. You will be responsible for paying all fees including full quarterly custodial administrative fees, account closure fees, mutual fund fees and all trading costs due to the termination. Custodian may assess additional fees for transfer of illiquid investments. If there is insufficient cash in the account, the liquidation of some securities may be used to pay the fees. Prior to termination of an agreement, we can provide a good-faith estimate of these fees.

## **5e: Other Investment Compensation**

The Rice Partnership, LLC does not accept commission for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

The Rice Partnership, LLC does not charge advisory fees on the performance of funds or securities in your account.

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## **ITEM 7 – TYPES OF CLIENTS**

The Rice Partnership, LLC generally provides asset management to the following types of clients:

- Individuals
- High-Net-Worth Individuals
- Pension and Profit Sharing Plans
- Businesses and corporations
- Charities

### ***Minimum Account Size***

The Rice Partnership, LLC does not have an account minimum. However, we may decline to accept clients with smaller portfolios.

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## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **8a: Analysis**

The Rice Partnership, LLC uses multiple sources of information to obtain analysis and strategies. They include sources such as financial newspapers, financial magazines, research prepared by others, corporate

rating services, prospectuses, company press releases, annual reports, Wall Street Research and filings with the SEC.

## **8b: Investment Strategies**

At The Rice Partnership, LLC our mission is to provide wealth management solutions to individuals and charitable organizations. We focus on customized solutions to preserve, enhance; and, when possible, perpetuate our client's wealth. We are independent, fee only, privately held company wholly owned by its employees, and our goal is to help our clients to be good stewards of their capital.

We invest the time to understand our clients. We can provide multiple services or single solutions depending on client's objectives, utilizing our internal resources and coordinating with other world class vendors.

### ***Overview of Products & Services***

- Asset Management
  - Portfolio Planning and Allocation
  - Core Investment Management
  - Strategic Partnerships for Satellite Strategies
- Strategic Advice
  - Individuals: Tax & Estate Planning
  - Business Owners: Sale, M&A, Stock Sales/Liquidity, Capital Market Options
  - Foundations/Non-Profits: Consultant Selection, Multi-Manager Coordination
- Multi-Family Office Services – Turn-key Family Office Solutions
- Asset management – Portfolio Planning

### ***Core U.S. Equity***

Our core equity strategy is tax aware and based on fundamental analysis of companies with free cash flow, growing markets and strong balance sheets. Our approach is long term with low turnover, as we consider ourselves “Investors” not “Traders”. We also consider Macro themes such as economic analysis and global trends.

### ***Active Fixed Income Management***

Our fixed income approach is characterized by finding high quality issues on the most attractive part of the yield curve. We are active in yield curve (duration) management as well as cash flow management. We will also strategically use exchange-traded fixed income index funds and institutional mutual funds.

### ***ETF Portfolios***

We utilize low cost exchange traded index funds (ETF's) to build inexpensive and liquid global portfolios.

- ETF's are inexpensive – The expenses incurred in managing a fund directly impact the fund's performance. The lower the expense ratio, the less drag on a fund's performance. Low expense ratios are one of the screens we use in selecting our ETF's.
- ETF's are liquid – Because our strategy calls for periodic rebalancing among asset classes, it is important that the instrument we use be liquid and easily tradable. ETF's trade actively on an exchange (the American) just like shares of common stock.
- ETF's provide diversification – Global diversification and asset allocation can be achieved in a very cost-effective manner for smaller portfolios as compared to individual securities.

### ***Satellite Strategies***

We have strategic relationships with other world class managers to offer satellite strategies that are not correlated with a particular market (i.e., alternative asset classes including Gold ETFs and managed futures funds) that complement our core discipline.

## **8c: Risk of Loss**

All investments include a risk of loss. In addition, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets we manage that may be out of our control. We use our best efforts and expertise to manage your assets. However, we cannot guarantee any level of performance or that you will not experience financial loss.

The Rice Partnership, LLC will use our best judgment and good faith efforts in rendering services to you. We cannot warrant or guarantee any particular level of account performance, or that the account will be profitable over time. Not every investment decision or recommendation made by us will be profitable. You assume all market risk involved in the investment of account assets under the Investment Advisory Agreement and understand that investment decisions made for this account are subject to various market, currency, economic, political and business risks. Except as may otherwise be provided by law, we will not be liable to you for (a) any loss that you may suffer by reason of any investment decision made or other action taken or omitted in good faith by The Rice Partnership, LLC with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; (b) any loss arising from our adherence to your instructions; or (c) any act or failure to act by a custodian of your account. Nothing in this document shall relieve us from any responsibility or liability we may have under state or federal statutes.

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## ITEM 9 – DISCIPLINARY INFORMATION

### 9a: Civil or Criminal Actions

The Rice Partnership, LLC and its managers have never been found guilty, convicted or plead no contest to a criminal or civil action in a domestic, foreign or military court.

### 9b: Administrative Enforcement Proceedings

The Rice Partnership, LLC and its managers have never been found by the SEC, any other state or federal agency or any foreign regulatory agency to have caused loss of the ability of an investment-related business to do business or been sanctioned, barred or limited in investment-related activities.

### 9c: Self-Regulatory Organization Enforcement Proceedings

The Rice Partnership, LLC and its managers have never been found by a self-regulatory agency to have caused loss of the ability of an investment-related business to do business. Additionally, The Rice Partnership, LLC and its managers have never been found in violation of self-regulatory agencies rules such that they were barred, suspended, limited in advisory functions or fined.

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## ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### 10a: Broker Dealers and Registered Representatives

The Rice Partnership, LLC is not registered as a broker-dealer and our employees are not registered representatives of any broker-dealer.

### 10b: Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither The Rice Partnership, LLC nor our employees hold any of the above registrations.

### 10c: Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

Neither The Rice Partnership, LLC nor our employees have any relationships or possible conflicts of interest as it relates to this advisory business. Some or all members or employees of The Rice Partnership, LLC, may also provide advisory services under the subsidiary Wealthjar Investment Advisory, LLC. The Rice Partnership, LLC operates Wealthjar Investment Advisory, LLC as a subsidiary. The Rice Partnership will disclose any material conflict of interest relating to Wealthjar, The Rice Partnership, our representatives, or any of our employees which could reasonably be expected to impair the rendering of unbiased and objective advice.



**10d: Selection of Other Advisors and How this Advisor is Compensated for those Selections**

Only in certain circumstances will The Rice Partnership, LLC select sub-advisors for client accounts. We are not paid commissions or other benefits for these selections. A portion of our standard fee will be used to compensate the sub-advisor. Similarly, depending on the client's investment objectives a client's account may be entirely moved from one entity to another.

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**ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING****11a: Code of Ethics Description**

The Rice Partnership, LLC has adopted the Code of Ethics for Certified Financial Analysts, which is considered the highest possible professional standard. A copy of the code can be found at <http://www.cfp.net/learn/codeofethics.asp>. The Rice Partnership, LLC has adopted a Code of Ethics that governs a number of potential conflicts of interest we have when providing our advisory services to you. This Code of Ethics is designed to ensure we meet our fiduciary obligation to you and to stress the importance of a culture of compliance within our firm.

**11b, c & d: Participation or Interest in Client Transactions**

The Rice Partnership, LLC, or its employees, may buy and sell some of the same securities for our own accounts that we buy and sell for our clients. We will always buy or sell from our clients' accounts before we buy or sell from our accounts. In some cases The Rice Partnership, LLC, or its employees, may buy or sell securities for our own accounts and not for clients' accounts, as it may not meet the objectives or plans for the client.

The Rice Partnership, LLC will always maintain full disclosure with our clients so that you can make informed decisions. We will always evaluate our activity from the view of our clients to ensure that any and all required disclosures are made. For example, we will disclose anything that would cause you to be unfairly influenced to make any decision regarding actions or inactions in your account.

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**ITEM 12 – BROKERAGE PRACTICES****12a: Selecting Brokerage Firms**

The Rice Partnership, LLC does not maintain custody of your assets that we manage. Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We are independently owned and operated and not affiliated with any of the custodians that we work with. The custodians will hold your assets in a brokerage account and buy and sell securities when we instruct them to. You may keep your existing custodian or we may recommend one for you. Should you accept our recommendation, you will enter into an account agreement directly with them. We do not open the account for you.

**How We Select Brokers/Custodians to Recommend**

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

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for your account)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services

- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below (and Item 14)

Recommending a broker-dealer may create a conflict of interest. Accordingly, Advisor has established the following restrictions in order to ensure its fiduciary responsibilities:

- A director, officer, associated person, or employee of Advisor shall not buy or sell securities for her/his personal portfolio where her/his decision is substantially derived, in whole or in part, by reason of her/his employment unless the information is also available to the investing public or reasonable inquiry. No person of Advisor shall prefer her/his or her own interest to that of the advisory Client.
- Advisor maintains a list of all securities holdings for itself and anyone associated with its advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer of Advisor.
- Advisor emphasizes the unrestricted right of the Client to select and choose their own broker or dealer.
- Advisor requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
- Any individual not in observance of the above may be subject to termination.

In certain instances, we may execute trades with prime brokerage services for certain qualified clients in order to achieve a transaction that is most advantageous to the client in light of the range of factors noted above. Certain of these transactions may result in higher fees and commissions to the client; trading fees and commissions are monitored as part of the Firm's obligation to achieve best execution for all client accounts.

#### *Charles Schwab & Company*

We participate in the Schwab Advisor Network program of Charles Schwab & Co., which provides client referrals to The Rice Partnership, LLC based on select criteria. Please see Item 14 for a further explanation of this program.

#### **12.b: Sales Aggregation**

The Rice Partnership, LLC is authorized to aggregate purchases and sales and other transactions made for your account with purchases and sales and other transactions in the same or similar securities or instruments for other clients of ours. When we aggregate transactions, the actual prices applicable to the aggregated transactions will be averaged, and the account will be deemed to have purchased or sold its proportionate share of the securities or instruments involved at the average price obtained. Stock exchange regulations may in certain instances prevent the executing broker-dealer from delivering to the account a confirmation slip with respect to its participation in the aggregated transaction and, upon request, can provide documentation of purchase or disposition of instruments for the account with respect to any such aggregated transaction. We will direct that confirmations of any transactions effected for the account will be sent, in conformity with applicable law, to you.

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### **ITEM 13 – REVIEW OF ACCOUNTS**

#### **13a: Periodic Reviews**

Accounts are reviewed and supervised by Orest V. Saikevych or Bonnie Rice. The frequency of reviews is determined based on your investment objectives, but no less than quarterly. Generally, the maximum number of accounts assigned to a reviewer is 300.

### **13b: Review Triggers**

More frequent reviews are triggered by a change in your investment objectives; tax considerations; large deposits or withdrawals; large sales or purchases; or, changes in economic climate.

### **13c: Regular Reports**

All investment advisory clients receive annual reports on the assets managed by The Rice Partnership, LLC. Investment advisory clients also receive standard account statements from the custodian of their accounts on a quarterly basis.

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## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

### **14a: Economic Benefits Provided by Third Parties for Advice Rendered to Clients**

The Rice Partnership, LLC may receive software, tools, training programs or seminar services from our custodians/dealers. Additionally, they may provide these non-financial benefits to us as a benefit for using the broker-dealer's services. However, we endeavor at all times to put the interests of our clients first. You should be aware, however, that the receipt of the types of benefits discussed above can create a potential conflict of interest by influencing our choice of a custodian.

The Rice Partnership, LLC receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through our participation in the Schwab Advisor Services ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with The Rice Partnership, LLC. Schwab does not supervise us and has no responsibility for The Rice Partnership, LLC management of clients' portfolios or Advisor's other advice or services. The Rice Partnership, LLC pays Schwab fees to receive client referrals through the Service. Our participation in the Service may raise potential conflicts of interest described below.

The Rice Partnership, LLC pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by The Rice Partnership, LLC is a percentage of the fees the client owes to The Rice Partnership, LLC or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. The Rice Partnership, LLC pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to us quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by The Rice Partnership, LLC and not by the client. We have agreed not to charge clients referred through the Service fees or costs greater than the fees or costs we charge clients with similar portfolios who were not referred through the Service.

The Rice Partnership, LLC generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Advisor generally would pay in a single year. Thus, The Rice Partnership, LLC will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of The Rice Partnership, LLC's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, The Rice Partnership, LLC will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit our fees directly from the accounts.

For accounts of The Rice Partnership, LLC's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from our clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and

settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, The Rice Partnership, LLC may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. The Rice Partnership, LLC nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for our other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

#### **14b: Compensation to Non-Advisory Personnel for Client Referrals**

Other than our relationship with Schwab as described above in 14a, The Rice Partnership, LLC does not directly or indirectly compensate any other person for client referrals.

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### **ITEM 15 – CUSTODY**

In certain instances, our clients may grant written authorization to a qualified custodian which results in The Rice Partnership, LLC having custody of client assets. In such instances, The Rice Partnership, LLC has limited authority to withdraw client assets upon our instruction to the custodian. With the exception of the aforementioned custody, The Rice Partnership, LLC clients' accounts are held by a qualified custodian. In general, except to withdraw fees and execute certain third party standing letters of authorization (SLOAs) or similar authorized third party money movements, The Rice Partnership, LLC does not have custody of the assets in the account and shall have no liability for any loss or other harm to any property in the account. This includes harm resulting from the insolvency of the custodian or any acts of the agents or employees of the custodian. We cannot ensure that when harm is caused whether or not the full amount of loss is covered by the Securities Investor Protection Corporation ("SIPC") or any other insurance which may be carried by the custodian. SIPC provides only limited protection for the loss of property held by a broker-dealer.

In certain cases, The Rice Partnership may be the personal representative, trustee or executor of client estates. In compliance with custody rules, The Rice Partnership has engaged an independent auditing firm to perform unannounced annual audits.

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### **ITEM 16 – INVESTMENT DISCRETION**

The Rice Partnership, LLC asks our clients to give us discretionary authority to execute transactions without our client's prior approval. These transactions may include the purchase and selling of securities, arranging for payments or generally acting on behalf of our clients in matters necessary to the handling of the account.

In certain circumstances, we will request non-discretionary authority over our clients' accounts. Non-discretionary authority requires us to obtain your prior approval of each specific transaction prior to executing investment recommendations.

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### **ITEM 17 – VOTING CLIENT SECURITIES**

The clients of The Rice Partnership, LLC retain the authority to proxy vote and will continue to do so until we otherwise may agree in writing. You should ensure that proxy ballots are mailed directly to you by selecting this option on your custodial application forms. You are welcome to delegate said proxy voting authority to a third-party representative (non-advisory personnel) by filing the appropriate custodial form.

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### **ITEM 18 – FINANCIAL INFORMATION**

#### **18a: Balance Sheet**

The Rice Partnership, LLC does not solicit prepayment of more than \$1,200 in fees per client six (6) months in advance.

#### **18b: Financial Conditions**

The Rice Partnership, LLC has no financial issues that could impair our ability to carry out our fiduciary duty to our clients.

#### **18c: Bankruptcy Petition**

The Rice Partnership, LLC has never been the subject of a bankruptcy petition within the last ten (10) years.