



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

**November 24, 2015**

**570 Lexington Avenue, 9<sup>th</sup> Floor  
New York, NY 10022**

Telephone: (212) 702-3500

Facsimile: (212) 702-3535

Internet: [www.symphonicfinancial.com](http://www.symphonicfinancial.com)

This Brochure provides information about the qualifications and business practices of Symphonic Financial Advisors (“Adviser” or “Symphonic”). If you have any questions about the contents of this Brochure, please contact us at by telephone at (212) 702-3500 or by email at [michael.gozzillo@cnr.com](mailto:michael.gozzillo@cnr.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Symphonic is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Symphonic is a registered investment adviser with the SEC. Registration of an investment adviser with the SEC or with any state securities authority does not imply any level of skill or training.

**Item 2            Material Changes**

**MATERIAL CHANGES**

**Item 4 – Advisory Business**

- On November 2, 2015, Royal Bank of Canada completed its acquisition of City National Corporation. City National Rochdale, LLC is a subsidiary of City National Bank. City National Rochdale, LLC and City National Bank are wholly-owned subsidiaries of RBC USA Holdco Corporation, which is a wholly-owned indirect subsidiary of Royal Bank of Canada.

The date of the last annual update to the Brochure was March 27, 2015.

**Item 3 Table of Contents**

	<b>Page</b>
<b>Item 1 Cover Page .....</b>	<b>i</b>
<b>Item 2 Material Changes .....</b>	<b>ii</b>
<b>Item 3 Table of Contents .....</b>	<b>iii</b>
<b>Item 4 Advisory Business.....</b>	<b>1</b>
A. General Description of Advisory Firm .....	1
B. Description of Advisory Services .....	1
C. Client Assets Under Management.....	2
<b>Item 5 Fees and Compensation .....</b>	<b>3</b>
A. Advisory Fees and Compensation.....	3
B. Payment of Fees .....	3
C. Prepayment of Fees .....	3
D. Other Fees .....	3
<b>Item 6 Performance-Based Fees and Side-By-Side Management.....</b>	<b>5</b>
<b>Item 7 Types of Clients .....</b>	<b>6</b>
<b>Item 8 Methods of Analysis, Investment Strategies and Risk of Loss .....</b>	<b>7</b>
A. Methods of Analysis and Investment Strategies .....	7
B. Material Risks (Including Significant, or Unusual Risks) Relating to Investment Strategies.....	8
C. Risks Associated with Types of Securities that are Primarily Recommended .....	8
<b>Item 9 Disciplinary Information .....</b>	<b>10</b>
<b>Item 10 Other Financial Industry Activities and Affiliations .....</b>	<b>12</b>
<b>Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....</b>	<b>14</b>
A. Code of Ethics .....	14
B. Client Transactions in Securities where Adviser has a Material Financial Interest..	14
C. Investing in Securities Recommended to Clients .....	14
<b>Item 12 Brokerage Practices .....</b>	<b>16</b>
A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions .....	16
1. Directed Brokerage .....	14
B. Order Aggregation .....	16
<b>Item 13 Review of Accounts .....</b>	<b>18</b>
A. Frequency and Nature of Review .....	18
B. Factors Prompting an Immediate Review of Accounts. ....	18
C. Content and Frequency of Regular Account Report.....	18
<b>Item 14 Client Referrals and Other Compensation .....</b>	<b>19</b>
A. Economic Benefits Received from Non-Clients for Providing Services to Clients .	19
B. Compensation to Non-Supervised Persons for Client Referrals .....	19
<b>Item 15 Custody.....</b>	<b>20</b>
<b>Item 16 Investment Discretion .....</b>	<b>21</b>
<b>Item 17 Voting Client Securities .....</b>	<b>22</b>
<b>Item 18 Financial Information .....</b>	<b>23</b>

## **Item 4            Advisory Business**

### **A.            General Description of Advisory Firm**

Symphonic Financial Advisors (the “Adviser” or “Symphonic”), a limited liability company organized under the laws of the State of Delaware, was formed on May 11, 2005. The Adviser’s principal place of business is in New York, New York.

Symphonic is an indirect subsidiary of City National Bank (“CNB”). Symphonic and CNB are wholly-owned subsidiaries of RBC USA Holdco Corporation, which is a wholly-owned indirect subsidiary of Royal Bank of Canada.

### **B.            Description of Advisory Services**

Symphonic provides money management services to clients primarily on a discretionary basis. Symphonic works with clients to determine their portfolio needs and limitations and designs an asset allocation and investment objective plan to meet their goals. Thereafter, Symphonic investment advisors implement each plan, working directly with the client, on a one-on-one basis. This includes working with a client’s already existing portfolio to build out an appropriate Symphonic portfolio (i.e., utilizing existing securities where appropriate), managing across multiple accounts (IRA’s, trust, personal, joint, etc.), allowing clients to place restrictions on securities (industry, sector, etc.), or types of securities (options, derivatives, etc.) or investment strategies (large cap, international, alternative, etc.), and managing a client’s portfolio to meet specific distribution needs and tax goals. The Adviser may not be able to accommodate some restrictions for client investments in pooled investment vehicles. Except for the portion of an account that is invested in pooled vehicles, each client’s account is managed separate from other clients of Symphonic (i.e., not commingled, securities are purchased in their personal accounts).

Clients may choose from a variety of programs, depending on their investment objectives, financial position and level of assets to be placed with Symphonic. In working with clients to implement individualized investment programs, Symphonic may recommend the use of various investment funds managed by Symphonic’s affiliates to capture potential return from specified assets classes. These funds include the investment portfolios of the City National Rochdale Funds (the “CNR Funds”), an open-end investment company registered under the Investment Company Act of 1940, consisting of 16 investment portfolios. Symphonic or City National Rochdale may organize other investment funds in the future. City National Rochdale receives fees for services to the Funds.

Symphonic also makes available to its clients who satisfy the suitability requirements interests in other registered investment vehicles which are managed by City National Rochdale an affiliated investment advisory firm. These include City National Rochdale High Yield Alternative Strategies Master Fund, Rochdale High Yield Alternative Strategies Fund and Rochdale High Yield Alternative Strategies Fund TEI (collectively “RHYAS”), and City National Rochdale Structured Claims Fixed Income Fund (“RSCFIF”) (collectively, the “Alternative Funds”). The CNR Funds and the Alternative Funds are collectively referred to as the “Funds.” Symphonic or City National Rochdale may organize other investment funds in the future. City National Rochdale receives fees for services to the Funds. Advisory programs available through Symphonic are described below. Note that the fees and expenses associated with each program may differ (“See “Fees and Compensation” in this Brochure.)

Galaxy Asset Allocation Program (“GAAP”). GAAP enables risk profiling, target asset class allocation, standard mutual fund implementation of target asset class allocation, customization of mutual fund implementation, proposal generation, portfolio implementation based on implementation model, and portfolio management through periodic and/or event driven rebalancing.

**Money Management Program.** Intelligently personalized and customized portfolio implementation and management for clients that meet the program's minimum net worth requirements (\$1M portfolio value and above across all accounts managed). Clients in this program will be referred to City National Rochdale, which will act as a co-advisor on the accounts.

Services provided by Symphonic are governed under the terms of an advisory agreement between Symphonic and each client. The agreement may be terminated at any time upon 30 days written notice by either party, without penalty. See "Fees and Compensation" in this Brochure.

**C. Client Assets Under Management**

As of December 31, 2014, the Adviser had \$127.7 million in client assets under management (GAAP). All of the assets are managed on a discretionary basis.

## Item 5 Fees and Compensation

### A. Advisory Fees and Compensation

#### Galaxy Asset Allocation Program Fee Schedule

For GAAP accounts, Symphonic will charge a platform fee according to the following schedule:

<u>Value of Account</u>	<u>Fee</u>
On the first \$100,000	0.35%
On the next \$250,000	0.30%
On assets over \$350,000	0.25%

#### Money Management Program

The table below sets forth Symphonic's basic fee schedule. Symphonic provides investment advisory services and charges an investment management fee of up to 1.00% per annum, depending on the type and market value of the account, as noted in the table below.

<u>Value of Account</u>	<u>Program Fee</u>
First \$2 Million	1.00%
Next \$3 Million	0.80%
Next \$5 Million	0.60%
Amount Over \$10 Million	0.50%

In addition to the Galaxy Asset Allocation Program and Money Management Program fees, clients will be assessed a fee ranging from 0.80%-1.95% for services provided by investment advisor representatives of Symphonic. These services may include risk profiling, asset allocation, portfolio analysis, insurance services, retirement, financial and estate planning.

The fee schedules exclude any commission charges incurred relating to the purchase and sale of securities in a client's account.

Symphonic's fees may be negotiable, at Symphonic's sole discretion, and thus may vary from the above schedule, depending on the size of the account and other factors. For the most part, fees are payable quarterly, in advance.

### B. Payment of Fees

The Client agrees in its agreement with the Adviser to authorize the Adviser to deduct the management fee from client's custodial account.

### C. Prepayment of Fees

For clients who pay Management Fees to the Adviser quarterly in advance, upon the termination of a client account during a calendar quarter, the management fee will be prorated for the days remaining in that calendar quarter and any prepaid, unearned fees will be refunded to the relevant client.

### D. Other Fees

Symphonic's investment management fees generally are exclusive of brokerage commissions, transaction fees, and other related costs which will be incurred by the client. Clients may incur other charges imposed by custodians, brokers, and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and

other fees and taxes on brokerage accounts and securities transactions. RIM Securities or Symphonic Securities may act as an introducing broker for client accounts and RIM Securities or Symphonic Securities may charge additional commission fees for the purchase and sale of securities in client accounts. For accounts that use the custody and brokerage services of RIM Securities or Symphonic Securities (affiliates of Symphonic and City National Rochdale) City National Rochdale and its employees and officers may receive a benefit from the additional fees paid by clients. For accounts that use the custody and brokerage services of RIM Securities or Symphonic Securities (affiliates of Symphonic and City National Rochdale), Symphonic and its employees and officers may receive a benefit from the additional fees paid by clients.

Some Symphonic investment adviser representatives may offer financial planning services to their advisory clients at an additional fee. Generally, there will be an hourly charge for these services which will be paid in addition to any asset-based advisory fees listed above. Rather than hourly fees, some Symphonic investment adviser representatives may charge clients a set fee for certain types of financial planning services.

Mutual funds, other pooled funds and ETFs also charge internal management fees which are disclosed in a fund's prospectus or subscription documents. Such charges, fees and commissions are exclusive of and in addition to Symphonic's fee, and, except for the Funds managed by City National Rochdale, Symphonic and its affiliates shall not receive any portion of these commissions, fees, and costs. In many cases, the client could invest in the same mutual fund or ETF without paying a fee to us but would then not have the benefit of the advice, review and monitoring we provide.

City National Rochdale receives investment advisory fees from the Funds out of which City National Rochdale pays sub-advisers who provide day-to-day investment advisory services to certain Funds. The fees that City National Rochdale receives are disclosed in each Fund's prospectus or offering documents and are subject to negotiation with the Funds' Boards of Trustees.

Symphonic may recommend to clients that they purchase shares of the CNR Funds and other mutual funds that are advised or sub-advised by affiliates. Symphonic and its affiliates may receive fees at both the fund level and the portfolio level, except for ERISA accounts. For Symphonic, ERISA accounts invested in the CNR Funds or other affiliated mutual funds, Symphonic will credit back to the client those portfolio level advisory fees attributable to those fund holdings.

Symphonic may also recommend to clients that they purchase shares of products other than the CNR Funds, for which Symphonic will collect a fee at the account level and an affiliate will collect a fee at the product level. Such products include but are not limited to RHYAS and RSCFI. RIM or Symphonic Securities acts as the broker for a majority of the client accounts that purchase shares of the Funds. Therefore, these affiliated broker-dealers receive additional compensation in the form of 12b-1 fees, service fees or other trails, which are fees that are charged to clients that maintain shares of the Funds.

City National Rochdale receives shareholder servicing fees paid by the Funds to compensate City National Rochdale for services including legal, marketing and accounting support. These and other fees are described in greater detail in the Funds' prospectus or offering documents. These fees paid to affiliated entities may indirectly benefit Symphonic.

Other than the Funds managed by Symphonic's related persons, neither Symphonic nor any of its related persons receive any form of compensation from any recommended mutual funds, private investment funds, or investment managers. For additional information on the fees received by Symphonic or its related persons for services to the Funds, see Item 10 - Other Financial Industry Activities and Affiliations and Item 12 - Brokerage Practices.

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

Some of the Alternative Funds managed by City National Rochdale are subject to the payment of performance fees once certain minimum performance benchmarks are met. All such arrangements are described in the offering documents associated with such Alternative Funds. These arrangements benefit Symphonic's affiliate, but do not result in the receipt by any Symphonic employee of performance or incentive compensation. The strategies and securities purchased in the Alternative Funds are not purchased for individual accounts, except as part of their investment in the Alternative Funds. Symphonic does not have any side-by-side management of performance-based fee accounts.



**Item 7            Types of Clients**

Symphonic's clients consist primarily of individuals. Other clients include institutional clients, such as pensions and profit sharing plans, and charitable organizations.

Symphonic generally requires a minimum of \$100,000 of assets under management for a separately managed relationship, but may waive this minimum in its sole and absolute discretion.

The Adviser may request clients to provide proof of authority, directed trading letters, qualified client or qualified purchaser status, accredited investor certifications, and/or other information to allow the Adviser to manage client assets.

## Item 8

## Methods of Analysis, Investment Strategies and Risk of Loss

### A. Methods of Analysis and Investment Strategies

The Adviser utilizes a variety of methods and strategies to make investment decisions and recommendations. These methods entail an evaluation of investment opportunities using fundamental, technical, quantitative and qualitative analyses to determine the intrinsic value of securities and other types of instruments. ***These methods, strategies and investments involve risk of loss to clients and clients must be prepared to bear the loss of their entire contribution/investment.***

City National Rochdale employs the following investment strategies. These strategies may be constructed as a separately managed account or using proprietary or non-proprietary pooled investment vehicles.

*Galaxy.* The Adviser uses a proprietary modeling system to design asset allocation models specific to each client's risk return requirements. Asset allocation decisions are unique to each client. At the beginning of each client relationship, the Adviser assesses the objectives of each client based (broadly) on their assets, liabilities and income goals. In this process the Adviser utilizes a Monte Carlo analysis which is a modeling technique used to approximate the probability of certain outcomes by running multiple trial runs, called simulations, using random variables on several different allocation profiles.

The projected return on investment for the portfolio is based on a combination of broad historic index returns, risks and correlations and current outlook. While this methodology is not perfect, a Monte Carlo simulation allows the Adviser to view probabilities of success with thousands of simulations. Under long timeframes, the Adviser believes this tool is a good source in helping select an individual clients' allocation. Past performance is no guarantee of future results.

*Hedging.* The Adviser utilizes a variety of financial instruments such as derivatives and options for risk management purposes.

*Equity.* The Adviser's equity strategy focuses on a broad range of equity investment strategies, including Core US Equities, High Dividend and Income and Emerging Markets. Client accounts can be structured to achieve the desired blend of exposure to geographies, either domestic or international and investment style, growth or income.

*Core US Equities-* The adviser pursues capital appreciation strategies by taking long positions in quality companies with above average growth potential in highly ranked industries.

*High Dividend and Income.* The Adviser pursues high dividend and income strategies by taking long positions in companies with high dividend growth potential. The strategy focuses on higher-than-average dividend paying stocks from companies with stable, recession-resistant cash flows and strong dividend histories.

*Emerging Markets.* City National Rochdale pursues investment strategies by taking long positions in quality companies located in emerging Asian markets. The Advisor seeks to invest in quality companies with a focus on locally listed large, medium, and small cap companies that are broadly inaccessible to U.S. investors. On-the-ground research is conducted to provide direct insight and domain expertise.

*Municipal High Income.* City National Rochdale pursues an investment strategy that seeks to provide a high level of current income that is not subject to federal income tax.

*Opportunistic Fixed Income.* City National Rochdale pursues investment strategies by investing in fixed income securities of any credit rating. The Adviser may seek to invest client assets across a spectrum of

income yielding securities and primarily focuses on investments in high yield bonds (commonly known as “junk” bonds) issued by corporate and municipal issuers, in fixed and floating rate loans made to U.S. and foreign borrowers, and in domestic and foreign corporate bonds including asset backed securities and bank loans. The Adviser also invests in life insurance policies. The Adviser’s foreign investments include investments in companies that are operating principally in emerging market or frontier market countries.

*Stock Options.* City National Rochdale may use individual stock options to manage concentrated stock positions in a client portfolio. City National Rochdale may utilize a covered call option strategy as a means to manage concentrated stock positions and to potentially generate premium income for the client. Long put options may also be used to limit the potential decline of an individual stock held in a client portfolio.

## **B. Material Risks (Including Significant or Unusual Risks) Relating to Investment Strategies**

*Issuer-Specific Changes.* Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security’s or instrument’s value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.

*Relative Value Risk.* In the event that the perceived mis-pricings underlying the Adviser’s relative value trading positions were to fail to converge toward, or were to diverge further from, relationships expected by the Adviser, client accounts may incur a loss.

*Leverage.* Performance may be more volatile if a client’s account employs leverage. In particular, the City National Rochdale High Yield Alternative Strategies Fund’s underlying managers use leverage through its investments in certain financial instruments and other speculative investment practices. Leverage magnifies both losses and gains.

*Hedging.* There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while the Adviser may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Adviser’s investment portfolios than if the Adviser did not engage in any such hedging transactions.

*Liquidity.* City National Rochdale may invest client portfolios in securities that have limited liquidity features, may not trade in the secondary markets, or be restricted from sale. Such investments may be difficult to sell should a client have immediate liquidity needs. There can be no assurances that City National Rochdale would be able to sell (or redeem) illiquid assets held in a client’s portfolio to realize full value in the event clients have a liquidity need. Certain illiquid investments may be impaired and result in losses in client portfolios.

*Option Strategies.* City National Rochdale may use covered call option strategies to manage concentrated stock positions in client portfolios. There is a risk that if the underlying stock price appreciates above the strike price of the option contract, the option may be “exercised” and a portion or all of the client’s underlying stock shares may be sold at a price lower than the current market value of those shares, either prior to or at the option contract’s expiration date.

## **C. Risks Associated with Types of Securities that are Primarily Recommended**

*Equity Securities.* The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For

example, large cap stocks can react differently from small cap stocks, and growth stocks can react differently from value stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geopolitical risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

**Emerging Markets.** Many of the risks with respect to foreign investments are more pronounced for investments in developing or emerging market countries, such as many of the countries of Asia, Latin America, Eastern Europe, Africa, and the Middle East. Emerging markets can have greater custodial and operational risks; less developed legal, regulatory, and accounting systems; and greater political, social, and economic instability than developed markets.

**Frontier Market Risk** - Frontier market countries are a sub-set of emerging market countries the capital markets of which are less developed, generally less liquid and have lower market capitalization than those of the more developed, “traditional” emerging markets but which still demonstrate a relative market openness to and accessibility for foreign investors. Frontier market countries generally have smaller economies and even less developed capital markets with relatively newer and less tested regulatory and legal systems than traditional emerging markets, and, as a result, the risks discussed above with respect to emerging markets are magnified in frontier market countries. Securities issued by borrowers in frontier market countries are often subject to extreme price volatility and illiquidity and effects stemming from government ownership or control of parts of private sector and of certain companies; trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which frontier market countries trade; and relatively new and unsettled securities laws.

**Municipal Bonds.** Municipal bonds rely on revenues including taxes and revenues from public and private projects to pay interest and principal on municipal debt. The payment of principal and interest on these obligations may be adversely affected by a variety of factors at the state or local level, including poor statewide or local economic results, changing political sentiments, legislation, policy changes or voter-based initiatives, erosion of the tax base or revenues of the state or one or more local governments, natural disasters, or other economic or credit problems. High yield bonds involve greater risks of default, downgrade, or price declines and are more volatile than investment grade securities.

**Fixed-Income and Debt Securities.** Investment in fixed-income and debt securities such as bonds, notes and asset-backed securities subject a client’s portfolios to the risk that the value of these securities overall will decline because of rising interest rates. Similarly, portfolios that hold such securities are subject to the risk that the portfolio’s income will decline because of falling interest rates. Investments in these types of securities will also be subject to the credit risk created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer’s ability to make such payments will cause the price of that debt to decline. Lastly, investments in lower-rated debt securities will subject the investments to the risk that the securities may fluctuate more in price and be less liquid than higher-rated securities because issuers of such lower-rated debt securities are not as strong financially, are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.

**Bank Loans** –Bank loans are not traded on an exchange and purchasers and sellers of bank loans generally rely on market makers, typically the administrative agent under a bank loan, to effect private sales transactions. As a result bank loans may have relatively less liquidity than other types of fixed income assets, and the Fund may be more likely to incur losses on the sale of bank loans than on other, more liquid, investments.

**Life Insurance Policies** - An individual owning an individual life insurance policy (“Policy”) may transfer his or her Policy at a discount to its face value (the amount that is payable upon the death of the insured) in return for an immediate cash settlement. The ultimate purchaser of the Policy (in this case, the City

National Rochdale Fixed Income Opportunities Fund) is responsible for premiums payable on the Policy and is entitled to receive the full face value from the insurance company upon the death of the insured. If the Fund is unable to make premium payments on a Policy, the Policy will lapse and the Fund will lose its ownership interest in the Policy. There is currently no established secondary market for Policies, and the Policies are not considered liquid investments. If the Fund must sell Policies to meet redemption requests or other cash needs, the Fund may be forced to sell at a loss. The longer the insured lives, the lower the Fund's rate of return on the related Policy will be. The underwriter's estimate of the insured's life expectancy may be incorrect. An insurance company may be unable or refuse to pay benefits on a Policy. In addition, the heirs of an insured may challenge the life insurance settlement. Although the Fund intends to only purchase Policies for which the applicable contestability period has expired, it is possible that a Policy may be subject to contest by the insurance company. A Policy is a liability of the issuing life insurance company, and if the life insurance company goes out of business, sufficient funds may not be available to pay that liability.

Options Contracts. In connection with the use of stock options contracts, there may be an imperfect correlation between the change in market value of a security and the prices of the options contracts in the client's account.

Alternative Investments and Hedge Funds of Funds. Hedge funds and alternative investments are speculative and may entail substantial risks. Investing in alternative and hedge funds may not be suitable for all clients. Clients must meet specific eligibility and suitability requirements to be invested in such funds. Alternative and hedge funds are highly illiquid, have limited transparency to the funds' investments, engage in leveraging which magnifies both losses and gains, are not required to provide valuation information to investors, and may involve complex tax structures and delays in distributing important tax information.

Symphonic may offer clients access to third party alternative investment funds that invest in European bank loans, healthcare royalty rights, and reinsurance based investments. Such investments have investor suitability and eligibility requirements. City National Rochdale clients who are invested in these funds have limited liquidity to redeem their interests in such alternative investments.

Exchange Trade Funds ("ETF"). An ETF is a registered investment company that seeks to track the performance of a particular market index. Investing in an ETF generally offers instant exposure to an index or a broad range of markets, sectors, geographic regions or industries. When investing in ETFs, shareholders bear their proportionate share of the ETF's expenses. An investment in an ETF exposes a client to the risks of the underlying securities in which the ETF invests. Also, although ETFs seek to provide investment results that correspond generally to the price and yield performance of a particular market index, the price movement of an ETF may not track the underlying index.

Market and Management Risk. Markets may experience volatility and go down in value, possibly sharply and unpredictably. All decisions by Symphonic require judgment and are based on imperfect information. Additionally, the investment techniques, risk analysis and investment strategies used by Symphonic in making investment decisions may not produce the desired results.

**Item 9                    Disciplinary Information**

Neither Symphonic nor any of its employees have been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

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

### City National Bank and City National Corp.

On November 2, 2015, Royal Bank of Canada completed its acquisition of City National Corporation. Symphonic is a subsidiary of City National Bank. Symphonic and City National Bank are wholly-owned subsidiaries of RBC USA Holdco Corporation, which is a wholly-owned indirect subsidiary of Royal Bank of Canada.

CNB and its affiliates make available opportunities for cooperative purchasing of certain administrative programs and products. CNB also provides Symphonic with advice and assistance on general business issues unrelated to the investment advisory services provided by Symphonic. Symphonic operates independently from each of CNC's investment advisory affiliates.

Symphonic and CNB share certain portfolio and client data in an effort to better serve their clients and provide a broader range of portfolio management services.

### Other Related Investment Advisors

Certain employees of Symphonic serve as officers, directors, analysts and/or portfolio managers of City National Rochdale, an SEC registered investment advisor. City National Rochdale is a wholly-owned subsidiary of RBC USA Holdco Corporation, which is a wholly-owned indirect subsidiary of Royal Bank of Canada. Certain Symphonic clients are sub-advised by City National Rochdale.

Symphonic employees may refer potential clients to City National Rochdale or recommend that clients invest in City National Rochdale's affiliated investment companies or pooled investment vehicles. As a result, those Symphonic employees may receive a portion of the fees paid to City National Rochdale. Additional information on referral arrangements with City National Rochdale and other affiliates is in Item 14 – Client Referrals and Other Compensation.

Symphonic may recommend that clients invest in mutual funds or private investment funds which are managed by related investment advisors which are operationally independent of Symphonic. Both Symphonic and the related investment advisor will receive advisory fees on those assets.

### Broker-Dealers

Certain employees of Symphonic serve as officers, directors, and/or registered representatives of RIM Securities, LLC ("RIM") and Symphonic Securities LLC ("Symphonic Securities"). RIM and Symphonic Securities are registered broker dealers with the Financial Industry Regulatory Authority ("FINRA"). Each of these entities is also indirectly wholly-owned by CNB. No employee, officer, director and/or registered representative receive any compensation as a result of executing trades through RIM or Symphonic Securities.

When affiliated broker dealers are used, Symphonic's related entities will earn fees for the custody and brokerage services in addition to Symphonic's investment advisory fees. Symphonic Securities may act as an introducing broker for client accounts and Symphonic Securities generally charges a commission rate of \$29 per trade. Symphonic regularly reviews the fees that its affiliates charge to ensure that they are comparable to fees that the clients would pay through other custodians or broker-dealers who would provide similar services. Commission and fee schedules are available upon request.

#### Alternative Funds

Symphonic may also make available to clients certain Alternative Funds as described Item 4.

#### Insurance Agency

Certain employees or investment advisor representatives of Symphonic serve as officers, directors and/or agents of Symphonic Insurance Agency LLC. Symphonic employees provide management oversight of this affiliated firm. Investment advisor representatives may recommend insurance products when reviewing the clients' circumstances and requirements.

#### Investment Companies and Pooled Investment Vehicles

Symphonic may recommend that clients invest in the Funds, as discussed in greater detail in Item 4 – Advisory Business. Symphonic's affiliates collect a fee from each of the Funds and there is an inherent conflict of interest in recommending these funds because doing so may give Symphonic an incentive due to the compensation received by their affiliates. Symphonic believes that investments in the Funds are in the best interests of the clients and gives consideration to client needs such as diversification and access to managers that would otherwise not be accessible.

For the CNR Funds, Symphonic generally mitigates this conflict of interest by crediting back to clients all or a portion of the advisory fees on their holdings of the CNR Funds. See Item 5 – Fees and Compensation for additional disclosure of the CNR Funds fee credits.



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

**A.                      Code of Ethics**

Symphonic has adopted a Code of Ethics (the “Code”) expressing the firm’s commitment to ethical conduct. Symphonic’s Code of Ethics describes the firm's fiduciary duties and responsibilities to clients and sets forth the practice of supervising personal securities transactions of employees and investment advisor representatives. Individuals associated with Symphonic may buy or sell securities for their personal accounts identical to or different from those recommended to clients. It is the express policy of Symphonic that no person associated with Symphonic shall place his or her own financial interest over that of an advisory client or make personal investment decisions based on the investment decisions of advisory clients.

To supervise compliance with the Code, Symphonic requires that employees and others with access to advisory recommendations or other inside information (“Access Persons”) provide quarterly securities holdings reports and quarterly transactions reports to the Compliance Department. Symphonic also requires all Access Persons to obtain approval from the Compliance Department prior to effecting transactions in their own accounts or accounts in which they have a beneficial interest. All individuals employed by or affiliated with Symphonic must sign, no less than annually, an attestation confirming their receipt and comprehension of the Code. Symphonic’s Code further includes the firm's policy prohibiting the use of material non-public information.

Symphonic requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisors. Certain employees are also subject to the ethics rules for broker dealers, professional designation practices and other ethics rulemaking bodies. Any individual not in observance of the Code may be subject to discipline.

Symphonic will provide a complete copy of its Code of Ethics to any client upon request.

**B.                      Client Transactions in Securities where Adviser has a Material Financial Interest**

Symphonic has discretionary authority over its clients' investment accounts and initiates the transactions in such accounts. Symphonic Securities may act as an introducing broker for client accounts and Symphonic Securities generally charges a commission rate of \$29 per trade for executing transactions. Item 10 – Other Financial Industry Activities and Affiliations has additional information on fees received by related broker-dealers.

Symphonic may facilitate the purchase and sale of a security between two or more clients. This is known as an “internal cross” transaction and is only performed under client authorization. Prior to engaging in an internal cross transaction, Symphonic will ensure that the transaction is in the best interest of all client parties involved by ensuring the price is fair and properly disclosing all known potential conflicts. Neither Symphonic nor its affiliates will receive compensation for effecting internal cross transactions.

Symphonic does not enter into transactions where client securities are purchased from or sold to brokerage customers of RIM or Symphonic Securities in what is known as an “agency cross” transaction.

**C.                      Investing in Securities Recommended to Clients**

Symphonic or a related person may, from time to time, have a portion of, or an interest in, a security that is purchased or sold on behalf of an advisory client. Symphonic has adopted policies to avoid conflicts of

interest when personnel of Symphonic or a related person of Symphonic owns, buys, or sells securities also owned by, or bought or sold for a client.

Symphonic may recommend, buy or sell securities of issuers on behalf of its clients in which Symphonic Access Persons may also purchase, hold or sell securities. In order to monitor compliance with its personal trading policy, Symphonic has adopted a personal trading policy for all of its employees. Symphonic requires all Access Persons to obtain approval from the Compliance Department prior to effecting transactions in their own accounts or accounts in which they have a beneficial interest. For purposes of the policy, an employee's "personal account" generally includes any account (a) in the name of the Access Person, his/her spouse, his/her children under the age of 21 whether or not residing in the same household or other dependents residing in the same household, b) for which the employee is a trustee or executor, or c) which the employee controls and in which the employee or a member of his/her household has a direct or indirect beneficial interest.

## **Item 12            Brokerage Practices**

### **A.        Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions**

Most clients direct Symphonic to use a specific broker-dealer for their accounts' transactions. These directed brokerage arrangements are described in detail below.

#### **1.        Directed Brokerage**

Most clients choose to direct Symphonic to execute the client's trades with a specified broker-dealer, including affiliated broker-dealers. When a client directs Symphonic to use a specified broker-dealer to execute all or a portion of the client's securities transactions, Symphonic treats the client direction as a decision by the client to retain, to the extent of the direction, the discretion Symphonic would otherwise have in selecting broker-dealers to effect transactions.

Although Symphonic attempts to effect such transactions in a manner consistent with its policy of seeking best execution, there may be occasions where it is unable to do so, in which case Symphonic will continue to comply with the client's instructions. Transactions in the same security for accounts that have directed the use of the same broker will generally be aggregated. When the directed broker-dealer is unable to execute a trade, Symphonic will select broker-dealers other than the directed broker-dealer to effect client securities transactions. A client who directs Symphonic to use a particular broker-dealer to effect transactions should consider whether such direction may result in certain costs or disadvantages to the client. Such costs may include higher brokerage commissions (because Symphonic may not be able to aggregate orders to reduce transaction costs), less favorable execution of transactions, and the potential of exclusion from the client's portfolio of certain foreign ordinary shares and/or small capitalization or illiquid securities due to the inability of the particular broker-dealer in question to provide adequate price and execution of all types of securities transactions.

When a client directs Symphonic to execute the client's trades through an unaffiliated broker-dealer, Symphonic will make no attempt to negotiate commissions on behalf of the client and such clients may pay materially disparate commissions depending on their commission arrangement with the specified broker-dealer. When a client chooses to direct Symphonic to execute the client's trade through RIM or Symphonic Securities, a Symphonic employee will generally be involved in negotiating the commission rate to be paid. See Item 10 – Other Financial Industry Activities and Affiliations for additional information about the review of RIM and Symphonic Securities commission and brokerage rates.

The commissions charged to directed brokerage clients may in some transactions be materially different than those of clients who do not direct the execution of their trades. Clients that direct Symphonic to execute the client's trades through a specified broker-dealer may also lose the ability to negotiate volume commission discounts on batched transactions that may otherwise be available to other clients of Symphonic.

City National Rochdale equity traders execute orders received from Symphonic as received. Pershing accounts generally will receive execution priority over non-Pershing accounts due to the electronic and seamless order receipt and execution process.

### **B.        Order Aggregation**

Symphonic often purchases or sells the same security for many clients contemporaneously and using the same executing broker. It is Symphonic's practice, where possible, to aggregate client orders for the purchase or sale of the same security submitted contemporaneously (or near the same time) for execution using the same executing broker. Such aggregation may enable Symphonic to obtain for clients a more favorable price based upon the volume of a particular transaction. However, in cases where the client has negotiated the commission rate directly with the broker, including negotiated rates with affiliated brokers,

Symphonic will not be able to obtain more favorable commission rates based on an aggregated trade.

In cases where trading or investment restrictions are placed on a client's account, Symphonic may be precluded from aggregating that client's transaction with others.

If the order at a particular broker is filled at several different prices through multiple trades, generally all participating accounts will receive the average price. If an aggregated order is only partially filled, Symphonic's procedures are designed to provide allocations that are fair and equitable to clients. Generally, trades will be allocated randomly in an effort to minimize transaction costs for clients. Symphonic may also use other allocation methods, including pro rata, if the Adviser feels it would be in the best interests of the clients.

Symphonic or its related persons may participate in aggregate orders, but will not receive any preferential treatment in the price or allocation of the trade.

Allocation of IPO's: Symphonic may from time to time purchase shares in IPO's for client accounts. Symphonic's policy and practice is to allocate IPO shares fairly and equitably among our advisory clients who are able to participate in the IPO so as not to advantage any firm personnel or related account and so as not to favor or disfavor any client or group of clients over any other. Directed brokerage arrangements may limit a client's ability to participate in IPO's.

## **Item 13            Review of Accounts**

### **A.            Frequency and Nature of Review**

Each client separate account is reviewed by the investment advisor representative, portfolio manager or his designee on an ongoing and regular basis to determine whether securities positions should be maintained in view of current market conditions. Matters reviewed include specific securities held, asset allocation, adherence to investment guidelines and the performance of each client account.

### **B.            Factors Prompting an Immediate Review of Accounts**

Significant market events affecting the prices of one or more securities in client accounts, changes in the investment objectives or guidelines of a particular client, or specific arrangements with particular clients may trigger reviews of client accounts on an immediate basis.

### **C.            Content and Frequency of Regular Account Reports**

Each client that is a separate account will receive quarterly reports from the Adviser. The reports will include a summary of assets, realized and unrealized capital gains and losses, and anticipated and actual income generated by the portfolio. Such reports may be delivered electronically to the client in accordance with the client's agreement with the Adviser.

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

### **A.                      Economic Benefits Received from Non-Clients for Providing Services to Clients**

Symphonic benefits from research services obtained from a variety of brokerage firms. Please also see Item 12 – Brokerage Practices for a description of the services and benefits Symphonic receives from brokerage firms.

### **B.                      Compensation to Non-Supervised Persons for Client Referrals**

Symphonic may make cash payments to third-party solicitors for client referrals, provided that, to the extent required, each such solicitor has entered into a written agreement with the Adviser pursuant to which the solicitor will provide each prospective client with a copy of Symphonic’s Brochure and a disclosure document setting forth the terms of the solicitation arrangement, including the nature of the relationship between the solicitor and Symphonic and any fees to be paid to the solicitor. Where applicable, cash payments for client solicitations will be structured to comply fully with the requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended, and related SEC staff interpretations. Certain Financial Advisors at Symphonic receive additional compensation in the form of a non-asset based cash fee paid by City National Rochdale, LLC. The terms of these payments will vary and are in addition to any other fees paid.

The majority of clients are introduced to Symphonic by third parties including independent financial planners, investment advisors, consultants, CPAs, attorneys, and representatives of broker-dealers (collectively, “Referring Partners”). Clients referred to Symphonic by a Referring Partner, enter into an investment advisory contract directly with Symphonic.

Referring Partners may provide to client (but are not required by Symphonic to do so) other services (hereinafter “Additional Services”), such as researching money management services, assisting clients with financial planning and investment objective-setting, coordinating communications between the client and the manager, and monitoring performance and services to insure that the clients’ needs are being met. Referring Partners may or may not provide these services and clients should review with Referring Partners those Additional Services that are being provided by Referring Partners and the fee assessed for those Additional Services. Symphonic may bill the client for the Referring Partners’ fees in addition to the Symphonic fees. In such cases, Symphonic will be responsible for the remittance to Referring Partners. For additional information, see Item 5 – Fees and Compensation. Any such Additional Services are provided solely by Referring Partners and not by, or on behalf of, Symphonic. Symphonic does not take any responsibility for the provision of those services and limits its participation in these arrangements to facilitating the payment of fees.

## **Item 15           Custody**

Symphonic does not take possession of client funds or securities, nevertheless Symphonic has custody of some client assets through the direct debiting of management fees from client custodial accounts or related person's sponsorship of pooled investment vehicles in which our clients invest.

SEC rules require advisers that are deemed to have custody of client funds and securities held in separately managed accounts to maintain those funds and securities with a "qualified custodian" in an account either under the client's name or under the adviser's name as agent or trustee for its clients. A "qualified custodian" is a regulated financial institution that customarily provides custodial services, including banks, savings associations, broker-dealers, and in some cases, futures commission merchants.

Symphonic provides investment management services only and does not provide the physical safe keeping of client assets as provided by a qualified custodian. It is Symphonic's policy to require its clients to use a third party custodian and when asked, Symphonic will recommend custodians to clients. Symphonic has established procedures to avoid being deemed to have custody other than in limited circumstances mentioned above. Affiliated broker-dealers may serve as introducing broker for client accounts. Neither Symphonic nor the affiliated broker-dealer takes possession of any client funds or securities.

Clients should receive statements at least quarterly from the broker dealer, bank or other qualified custodian that holds and maintains their investment assets. Symphonic urges its clients to carefully review such statements and compare such official custodial records to the account statements that Symphonic may provide its clients. Symphonic's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

In addition, Symphonic is deemed to have custody over assets where a Symphonic adviser is the sole trustee over non-family investment accounts. Symphonic will engage a PCAOB-registered and inspected accounting firm to conduct an annual surprise verification of those accounts and assets.

**Item 16            Investment Discretion**

Symphonic generally receives discretionary authority from its clients at the outset of an advisory relationship. Pursuant to the terms of the standard Investment Advisory Agreement, Symphonic is not required to obtain specific client consent regarding securities or amounts to be bought or sold. However, Symphonic manages client accounts in accordance with the clients' stated investment objectives and the Investment Policy Statement (IPS). Symphonic assumes all investment duties with respect to assets held in the investment management account and has all investment powers including sole investment authority, except that Symphonic is not authorized to withdraw any money or securities from the account without specific authority from the client. If assets are to be withdrawn in any name other than that of the account, the client must provide written instructions and authority.

For client accounts where Symphonic has not been granted discretion or where discretion is limited due to client restrictions or directed brokerage, those restrictions may affect Symphonic's ability to achieve the stated investment strategy and therefore, investment performance may deviate from other accounts managed in accordance with the same strategy.

For information regarding the impact of clients directing trading to affiliated brokers, see Item 10 – Other Financial Industry Activity and Affiliations.



## **Item 17            Voting Client Securities**

As a registered investment adviser with the SEC, Symphonic owes its clients a duty of care and a duty of loyalty at all times. This means that if granted the authority to vote proxies we must always vote in your best interest. We maintain copies of all proxy votes we cast on your behalf and will provide this information upon request.

In the client's investment advisory agreement, clients are given the option to delegate proxy-voting discretion to Symphonic. Symphonic will only exercise proxy-voting discretion over the client shares in the instances where clients give Symphonic discretionary authority to vote on their behalf.

When voting on behalf of clients, Symphonic utilizes the services of a neutral, third party, proxy voting service. This service provides Symphonic with recommendations on how proxies should be voted. In most instances, Symphonic casts clients' votes in accordance with the third party's recommendation. However, in the event Symphonic believes that the recommended vote is not in the clients' best interest we may vote against such recommendation. In those instances, Symphonic will keep an internal memorandum detailing the reasons for voting decision.

Symphonic will generally vote proxies for shares of the City National Rochdale Funds that are held in client accounts. On regular business matters, Symphonic will vote with management on those issues. For any special votes, Symphonic will consult with outside counsel and make a determination to a) vote with management, as usual, b) vote with management and give notice in advance and an opportunity to opt out of Symphonic's voting to shareholders, or c) abstain from voting discretion and send proxy statements directly to all fund shareholders.

Symphonic believes that it is unlikely to be in a situation that results in a material conflict of interest between our clients' interests and the interest of our firm. However, if a situation should arise where a material conflict of interest is determined to exist, Symphonic will make an effort to seek out the opinion of a qualified independent third party regarding this issue.

Clients may obtain a copy of the Adviser's proxy voting policies and procedures and information about how the Adviser voted a client's proxies by contacting Francesco Michael Gozzillo (Chief Compliance Officer) by email at [michael.gozzillo@cnr.com](mailto:michael.gozzillo@cnr.com) or by telephone at (212) 702-3500.

**Item 18            Financial Information**

Symphonic has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients.