

## **RG Capital Investment Advisory Services, LLC**

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**March 30, 2011**

### **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of RG Capital Investment Advisory Services, LLC. If you have any questions about the contents of this brochure, please contact us at (480) 612-6400 or via e-mail at [rgraham@rgcapital.net](mailto:rgraham@rgcapital.net). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about RG Capital Investment Advisory Services, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for RG Capital Investment Advisory Services, LLC is 135696.

RG Capital Investment Advisory Services, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Summary of Material Changes

Form ADV Part 2A, Item 2

This brochure is a new document prepared according to the SEC's new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous brochure did not require.

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## **Advisory Business**

Form ADV Part 2A, Item 4

### **Description of Services and Fees**

RG Capital Investment Advisory Services, LLC is a registered investment adviser based in Scottsdale, Arizona. We are organized as a limited liability company under the laws of the State of Arizona. We have been providing investment advisory services since 2004. RG Capital, LLC is our principal owner and Robert Shaw Graham is the owner and managing member of RG Capital, LLC.

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our" and "us" refer to RG Capital Investment Advisory Services, LLC and the words "you," "your" and "client" refer to you as either a client or prospective client of our firm. In addition, you may see the term Associated Person throughout this brochure. As used in this brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

### **Financial Planning and Consulting Services**

Financial planning will typically involve providing a variety of services, principally advisory in nature, regarding the management of your financial resources based upon an analysis of your individual needs. An Associated Person of our firm will first conduct a complimentary initial consultation. During or after the initial consultation, if you decide to engage us for financial planning services, an Associated Person of our firm will conduct meetings during which pertinent information about your financial circumstances and objectives is collected. Once such information has been reviewed and analyzed, a financial plan designed to achieve your stated financial goals and objectives will be presented to you.

The financial plan is based on your financial situation at the time the plan is presented. Recommendations are based on the financial information you disclose to us. You are advised that certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. We cannot offer any guarantees or promises that your financial goals and objectives will be met. As your financial situation, goals, objectives, or needs change, you must notify us promptly.

In limited circumstances, you may only require advice on a single aspect of the management of your financial resources. We offer general consulting services that address only those specific areas of interest or concern.

Typically, the fee for financial planning is \$180 per hour. However, such fees are negotiable based upon the complexity and scope of the plan, as well as your financial situation and objectives. An estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the time/cost could potentially exceed the initial estimate. In such cases, we would notify you and request your approval of applicable additional fees. Typically, financial planning fees will be due upon completion of the contracted services. However, other fee payment arrangements may be negotiated. For example, particularly complex plans may require prepayment of a portion of the estimated fee for services. For lengthy engagements, interim payments may be requested. Applicable fees, fee payment arrangements, and the terms of the engagement will be clearly set forth in the advisory agreement signed by you and us prior to services being rendered.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

We may adjust your financial planning or consulting fee where Associated Persons of our firm are receiving compensation from other sources (e.g. commissions from the sale of an investment product such as mutual funds and/or insurance products, among others) in their capacities as investment adviser representatives

and/or registered representatives of Capital Investment Group. We reserve the right to determine whether the fees will be waived or offset by a portion of the commissions earned from the purchase of commissionable investment or insurance products in your accounts. Where there is an offset of the financial planning or consulting fee, the amount of the offset is subject to negotiation between you and our firm.

You may terminate the advisory agreement upon written notice to us. You will owe only for the services provided up until the date of termination. If we have collected a deposit, we will refund the portion of prepaid, unearned fees to you promptly.

### **Portfolio Management Services**

We offer discretionary and non-discretionary portfolio management services. Our investment advice is tailored to meet our clients' needs and investment objectives. If you retain our firm for portfolio management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information (the "suitability information") at the beginning of our advisory relationship. We will use the suitability information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf. As part of our portfolio management services, we may customize an investment portfolio for you in accordance with your risk tolerance and investing objectives. We may also invest your assets using a predefined strategy, or we may invest your assets according to one or more model portfolios developed by our firm. Once we construct an investment portfolio for you, or select a model portfolio, we will monitor your portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account.

Our portfolio management fee, billed quarterly in advance, is 1.25% based on a percentage of the fair market value, as determined in good faith by us, of all assets held in your portfolio on the last day of the preceding quarter. At our discretion, fees may be negotiable based on individual client circumstances.

If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

We will send you an invoice for the payment of our advisory fee, or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

You may terminate the portfolio management agreement upon 15-days' written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of

those fees.

We encourage you to reconcile our invoices with the statements you receive from the qualified custodian. If you find any inconsistent information between our invoice and the statements you receive from the qualified custodian, please call our main office number located on the cover page of this brochure.

### **Retirement Plan Consulting Services**

We offer retirement consulting services to employee benefit plans and their fiduciaries. The services are designed to assist the plan sponsor (the "Company") in meeting their management and fiduciary obligations to the plan under ERISA. Retirement consulting services will consist of general or specific advice, and may include any one or all of the following:

**1. Strategic Planning and Investment Policy Development/Review.**

We will meet with the Company and/or the Named Fiduciary or their fiduciary delegate to assist you in developing an investment policy statement (hereafter the "IPS"). Alternatively, if the Plan has an existing investment policy statement, we will review the existing IPS and assist the Company, Named Fiduciary and/or their fiduciary delegate to determine whether the Plan is performing consistent with the IPS and/or whether the IPS needs to be revised, based on an analysis of the Plan's liquidity requirements, performance goals and risk tolerance levels of the Plan using information provided by the Company.

**2. Plan Review.**

We will conduct a review of the Plan design and advise the Named Fiduciary whether the Plan is operating in accordance with Plan documents and applicable provisions of ERISA; and review Named Fiduciary's compliance with fiduciary responsibilities, including compliance with requirements for self-directed plans (if applicable) under ERISA Section 404(c);

**3. Plan Fee and Cost Review.**

We will conduct an annual review of fees and costs charged to Plan by other service providers to assist Named Fiduciary to determine reasonableness of fees and costs paid by Plan;

**4. Acting As Third Party Service Provider Liaison.**

We will act as a liaison for the Plan and the Named Fiduciary when dealing with the trustee, custodian, plan actuary and other third party service providers to Plan;

**5. Assessment of Plan Investments and Investment Options.**

We will conduct a periodic review of fund expenses, investment performance, and style drift for mutual funds offered by the Plan to participants, comparing them with other funds in the same asset category using Morningstar data from Principia and MPI Stylus; provide suggestions to the Named Fiduciary from time to time as deemed warranted by the C-IAR for alternative mutual fund options for the Plan to make available to its participants (which decision shall remain the sole and exclusive decision of the Named Fiduciary and/or their fiduciary delegate);

**6. Plan Participant Education and Communication.**

We will coordinate and/or conduct investment education and enrollment meetings for plan participants as determined by the Company.

The Company may also engage us to provide the following additional services, for separate compensation:

**1. Review of Executive Benefits.**

We will review, design and implementation for nonqualified plans/deferred compensation.

**2. Assist With Plan Conversion.**

We will assist with conversion to alternate vendors, including preparation of Request for Proposal (RFP) from prospective new vendors, and review and comparison of responses to RFP.

**3. Merger and Acquisition Assistance.**

We will perform merger and acquisition due diligence review of pension plan documents and investments for possible merger or termination of duplicate plans.

**4. Assist With Corrective Actions to Comply With Applicable Regulations.**

We will assist with corrective actions as necessary to comply with applicable laws and regulations.

**5. Coordination with Other Advisers.**

We will interact with outside advisors, or tax, legal and accounting counsel as necessary.

We will determine with the Company in advance the scope of services to be performed and the fees for all

requested services. Prior to engaging us to provide pension consulting services, the Company will be required to enter into a written agreement with us setting forth the terms and conditions of the engagement, describing the scope of the services to be provided, and the relevant fees and fee payment arrangements. The services outlined above that we provide are explained in more detail in the written agreement.

When we perform our agreed upon services, we will not be required to verify the accuracy or consistency of any information received from the Company.

We will serve in a fiduciary capacity with respect to some of the services that we provide, which will be further explained in the written agreement we sign with the Company. The Company is always free to seek independent advice about the appropriateness of any recommendations made by us.

Although allowable under certain circumstances, we will not render advice to utilize any affiliated mutual funds and will not act as broker of record or directly receive any commissions or mutual fund 12b-1 fees from investments of the plan assets.

We do not provide legal, tax, or actuarial advice and we will not be responsible for ensuring that the IPS and asset allocation choices comply with any legal, actuarial, or other requirements that apply to the Plan.

#### **Fee Schedule**

The fee for the services may be charged either at a pre-determined flat asset-based fee that is equal to a percentage of the market value of the Plan assets, a predetermined hourly rate or on a fixed fee basis. The exact fee will be negotiated in advance of services rendered and shall be clearly set forth in the executed agreement for services between us and the Company. All fees shall be paid by the Company or the Plan within 30 days of delivery of invoice. Bills that are not paid within 30-days shall be subject to a 1% penalty.

Fixed Fee: Based on scope of services agreed upon in engagement, reasonable in light of Geographical Location, complexity of engagement, size of Plan, and other relevant factors.

RANGE: \$5,000-\$100,000

Hourly Fee: Based on estimate of hours needed as provided in engagement (the Company must approve in writing hours above original engagement); reasonable in light of Geographical Location, complexity of engagement, size of Plan, and other relevant factors.

RANGE: \$50-\$300 per hour

Basis Points: Based on specific asset levels in Plan at dates provided in the engagement.

RANGE:	\$0 to \$20,000,000	10-100 bps of AUM
	\$20,000,001 to \$40,000,000	5-50 bps of AUM
	\$40,000,001 and above	3-25 bps of AUM

At the inception of the relationship, the Company is required to pay us an initial fixed retainer prior to services rendered. Thereafter, all such fees are payable quarterly in advance as invoiced. In special circumstances, other fee payment arrangements may be negotiated. Moreover, at the Company's consent, we may bill out-of-pocket expenses (such as overnight mailings, messenger, translation fees, etc.) at cost to the Company.

Either party may terminate the agreement within five days of the date of acceptance without penalty to the Company. After the five-day period, either party may terminate the agreement on 60 days' written notice to the other party. We will deliver a final billing statement to the Company, and shall be entitled to payment of all fees and reimbursement of expenses incurred through the effective date of termination.

#### **Selection of Other Advisers**

As part of our investment advisory services, we may recommend that you use the services of a third party investment adviser ("TPA") to manage your entire, or a portion of your, investment portfolio. After gathering information about your financial situation and objectives, we will recommend that you engage a specific TPA or investment program. Factors that we take into consideration when making our recommendation(s) include, but are not limited to, the following: the TPA's performance, methods of analysis, fees, your financial needs,

investment goals, risk tolerance, and investment objectives. We will periodically monitor the TPA(s)' performance to ensure its management and investment style remains aligned with your investment goals and objectives.

We do not charge you a separate fee for the selection of other advisers. We will share in the advisory fee you pay directly to the TPA. The advisory fee you pay to the TPA is established and payable in accordance with the brochure provided by each TPA to whom you are referred. These fees may or may not be negotiable. Our compensation may differ depending upon the individual agreement we have with each TPA. As such, a conflict of interest may arise where our firm or our Associated Persons may have an incentive to recommend one TPA over another TPA with whom we have more favorable compensation arrangements or other advisory programs offered by TPAs with whom we have less or no compensation arrangements.

You will be required to sign an agreement directly with the recommended TPA(s). You may terminate your advisory relationship with the TPA according to the terms of your agreement with the TPA. You should review each TPA's this brochure for specific information on how you may terminate your advisory relationship with the TPA and how you may receive a refund, if applicable. You should contact the TPA directly for questions regarding your advisory agreement with the TPA.

### **Seminars and Speaking Engagements**

Robert Graham conducts seminars and/or may participate in speaking engagements. The seminar/speaking engagement topics will include issues related to general money management topics, such as financial planning and wealth management as well as demographics and the economy, among others. Attendees are not charged an attendance fee, but may engage our firm for advisory services.

### **Types of Investments**

We primarily offer advice on mutual funds and Exchange Traded Funds ("ETFs") however we will also over advice on equity securities, warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities, US Government securities, and interests in partnerships investing in real estate, equipment leasing, cable television, fast food franchising, agriculture, raw land, alternative energy, research and development, leveraged buy-outs, and oil and gas interests.

Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

### **Assets Under Management**

As of December 31, 2010, we manage \$56,950,000 in client assets on a discretionary basis, and \$10,050,000 in client assets on a non-discretionary basis.

## ***Fees and Compensation***

Form ADV Part 2A, Item 5

Please refer to the "Advisory Business" section in this brochure for information on our advisory fees, fee deduction arrangements, and refund policy according to each service we offer.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds

(described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this brochure.

#### **Compensation for the Sale of Securities or Other Investment Products**

In addition to providing advisory services, our Advisory Representatives will likely also sell you securities products and other investment and insurance products in their capacity as registered representatives of Capital Investment Group, Inc., (Capital Investment Group) a licensed broker/dealer with FINRA and as licensed insurance agents. We will receive additional compensation in connection with this activity and the amount of compensation will depend on the type of product purchased. We will have a greater financial incentive to sell certain products as opposed to others (for example, in the case of mutual funds those that have a higher 12b-1 fee than others). While our security sales are reviewed for suitability by an appointed supervisor, you should be aware of the incentives we have to sell certain securities products and are encouraged to ask us about any conflict presented.

Please be aware that you are under no obligation to purchase products or services recommended by us or members of our firm in connection with providing you with any advisory service that we offer.

Persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

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

Form ADV Part 2A, Item 6

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Advisory Business* section above, and are not charged based on a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. We do not participate in side-by-side management of your accounts with performance-based fee accounts.

## ***Types of Clients***

Form ADV Part 2A, Item 7

We offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate your Account if it falls below a minimum size, which, in our sole opinion, is too small to effectively manage.

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

Form ADV Part 2A, Item 8

### **Our Methods of Analysis and Investment Strategies**

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you :

- Charting Analysis – involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends.
- Fundamental Analysis – involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.
- Technical Analysis – involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.
- Cyclical Analysis – a type of technical analysis that involves evaluating recurring price patterns and trends.
- Modern Portfolio Theory (MPT) is a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully diversifying the proportions of various assets.
- Long Term Purchases – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- Short Term Purchases – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.
- Short Sales – a securities transaction in which an investor sells securities he or she borrowed in anticipation of a price decline. The investor is then required to return an equal number of shares at some point in the future. A short seller will profit if the stock goes down in price.
- Margin Transactions – a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.
- Option Writing – a securities transaction that involves selling an option. An option is the right, but not the obligation, to buy or sell a particular security at a specified price before the expiration date of the option. When an investor sells an option, he or she must deliver to the buyer a specified number of shares if the buyer exercises the option. The seller pays the buyer a premium (the market price of the option at a particular time) in exchange for writing the option.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time

horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

*Risks of methods of analysis:*

**Charting and Technical Analysis** - The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

**Fundamental Analysis** - The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Cyclical Analysis** - Economic/business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

We may use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Short-term trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk.

We may use investment strategies that involve buying and selling securities frequently in an effort to capture significant market gains and avoid significant losses during a volatile market. However, frequent trading can negatively affect investment performance, particularly through increased brokerage and other transactional costs and taxes.

**Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

**Recommendation of Particular Types of Securities**

As disclosed under the "Advisory Business" section in this Brochure, we primarily recommend Mutual Funds and Exchange Traded Funds (ETFs) however; we may recommend other types of investments as appropriate for you since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

Mutual funds and exchange traded funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Exchange traded funds differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. In addition, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end." So-called "open end" mutual funds

continue to allow in new investors indefinitely, which can dilute other investors' interests.

### ***Disciplinary Information***

Form ADV Part 2A, Item 9

RG Capital Investment Advisory Services, LLC has been registered and providing investment advisory services since 2004. Neither our firm nor any of our Associated Persons has any reportable disciplinary information.

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

Form ADV Part 2A, Item 10

#### **Registrations with Broker-Dealer**

All representatives of our firm that provide advice to you ("Advisory Representatives") are associated with Capital Investment Group, Inc. ("Capital Investment Group") as Registered Representatives. Capital Investment Group is a diversified financial services company registered with the Financial Industry Regulatory Authority ("FINRA") as a broker-dealer engaged in the offer and sale of securities products. Our Advisory Representatives may recommend the purchase of securities offered by Capital Investment Group. If you purchase these products through them, they will receive normal commissions, which may be in addition to customary advisory fees. As such, Advisory Representatives may have an incentive to sell you commissionable products in addition to providing you with advisory services when such commissionable products may not be suitable. Alternatively, they may have an incentive to forego providing you with advisory services when appropriate, and instead recommend the purchase of commissionable investments, if they deem that the payout for recommending the purchase of these investments would be higher than providing management advice on these products for an advisory fee. Therefore, a conflict of interest may exist between their interests and your best interests.

While our security sales are reviewed for suitability by an appointed supervisor, you should be aware of the incentives we have to sell certain securities products and are encouraged to ask us about any conflict presented.

Please be aware that you are under no obligation to purchase products or services recommended by us or members of our Firm in connection with providing you with any advisory service that we offer.

#### **Arrangements with Affiliated Entities**

We are affiliated with RG Capital Insurance Group, LLC, a licensed insurance agency through common control and ownership. Therefore, persons providing investment advice on behalf of our firm are licensed as insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. Please see the "Fees and Compensation" section in this brochure for more information on the compensation received by insurance agents who are affiliated with our firm.

Robert Graham is a 38% owner in PreSettlement Solutions that offers pre-settlement cash advances for those in need of monetary assistance while waiting for a suit to settle. Clients of our firm may also be clients of PreSettlement Solutions; however, you are under no obligation to use the services of this company.

#### **Recommendation of Other Advisers**

We may recommend that you use a third party adviser ("TPA") based on your needs and suitability. We will

receive compensation from the TPA for recommending that you use their services. These compensation arrangements present a conflict of interest because we have a financial incentive to recommend the services of the third party adviser. You are not obligated, contractually or otherwise, to use the services of any TPA we recommend.

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

Form ADV Part 2A, Item 11

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

### **Participation or Interest in Client Transactions**

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Please refer to the "Brokerage Practices" section in this brochure for information on our block trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.

## ***Brokerage Practices***

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We recommend the brokerage and custodial services of Capital Investment, a securities broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. We believe that Capital Investment provides quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by Capital Investment, including the value of research provided the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of

research services and additional brokerage products and services Capital Investment provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

#### **Research and Other Soft Dollar Benefits**

We do not receive any soft dollar benefits from any broker-dealer.

#### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

#### **Directed Brokerage**

Persons providing investment advice on behalf of our firm who are registered representatives of Capital Investment will recommend Capital Investment to you for brokerage services. These individuals are subject to applicable rules that restrict them from conducting securities transactions away from Capital Investment unless Capital Investment provides the representative with written authorization to do so. Therefore, these individuals are generally limited to conducting securities transactions through Capital Investment. It may be the case that Capital Investment charges higher transactions costs and/or custodial fees than another broker charges for the same types of services. If transactions are executed through Capital Investment, these individuals (in their separate capacities as registered representatives of Capital Investment) may earn commission-based compensation as result of placing the recommended securities transactions through Capital Investment. This practice presents a conflict of interest because these registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. You may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through such broker as we recommend. However, if you do not use Capital Investment, we may not be able to accept your account. Please see the "Fees and Compensation" section in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

#### **Block Trades**

We combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

### ***Review of Accounts***

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Robert Graham, President of RG Capital Investment Advisory Services, LLC, will monitor your accounts on a continuous basis, with an internal review conducted at least quarterly. We recommend a formal review with you at least annually. Additional reviews may be provided based on a significant change in your circumstances or variant change in your portfolio.

Financial plans will be reviewed and updated at your request or as required based on the final agreement for services. Reviews that are not part of overall plan implementation and ongoing consulting services will be subject to our then current hourly rate, or fixed fee negotiated in advance with you.

For the Retirement Consulting Plan Services Program we will conduct a periodic review of fund expenses, investment performance, and style drift for mutual funds offered by the Plan to participants, comparing them

with other funds in the same asset category using Morningstar data from Principia and MPI Stylus; provide suggestions to the Named Fiduciary from time to time as deemed warranted by the investment adviser representative for alternative mutual fund options for the Plan to make available to its participants (which decision shall remain the sole and exclusive decision of the Named Fiduciary and/or their fiduciary delegate).

Generally, you will receive reports, at least quarterly, as set forth in their advisory agreements and other disclosure materials. You will also receive from your custodian on either a monthly or quarterly basis statements showing the current market value as well as interest and dividends for the reporting period.

## ***Client Referrals and Other Compensation***

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As disclosed under the "Fees and Compensation" section in this brochure, persons providing investment advice on behalf of our firm are licensed insurance agents, and are registered representatives with Capital Investment, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the "Fees and Compensation" section.

We directly compensate non-employee (outside) consultants, individuals, and/or entities (Solicitors) for client referrals. In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a Solicitor, you should have received a copy of this brochure along with the Solicitor's disclosure statement at the time of the referral. If you become a client, the Solicitor that referred you to our firm will receive a percentage of the advisory fee you pay our firm for as long as you are a client with our firm, or until such time as our agreement with the Solicitor expires or a one-time, flat referral fee upon your signing an advisory agreement with our firm. You will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

Solicitors that refer business to more than one investment adviser may have a financial incentive to recommend advisers with more favorable compensation arrangements. We request that our Solicitors disclose to you whether multiple referral relationships exist and that comparable services may be available from other advisers for lower fees and/or where the Solicitor's compensation is less favorable.

## ***Custody***

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As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

## ***Investment Discretion***

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Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a power of attorney, and/or trading authorization forms.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the "Advisory Business" section in this brochure for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

## ***Voting Client Securities***

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### **Proxy Voting**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

## ***Financial Information***

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We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

## ***Additional Information***

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, you will keep the profit.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.