

**Part 2A Appendix 1 of Form ADV: *Wrap Fee Program Brochure***

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**RAM WRAP FEE ADVISORY PROGRAM**

03/30/2011

This wrap fee program brochure provides information about the qualifications and business practices of Riazzi Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at 937-643-1000 or [jcr@riazzimgmt.com](mailto:jcr@riazzimgmt.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Riazzi Asset Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 143745.

## **ITEM 2 MATERIAL CHANGES**

The SEC adopted "Amendments to Form ADV" in July, 2010. This Wrap Fee Program Brochure ("Wrap Brochure"), dated 03/30/2011, is our new disclosure document prepared according to the SEC's new requirements and rules. Although the format of this document is similar in many respects to prior Schedule H wrap fee program brochures, it does contain additional new information that was not previously required.

After our initial filing of this Wrap Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Wrap Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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## **ITEM 4 SERVICES FEES AND COMPENSATION**

### **Services**

Riazzi Asset Management, LLC (hereinafter "Riazzi," "us," or "we") is an SEC-registered investment adviser with our principal place of business located in Dayton Ohio. Riazzi began conducting business in 2007.

We sponsor the Riazzi Wrap Fee Advisory Program (the "Program"), a wrap fee program. A wrap fee program is an advisory program under which a specified fee or fees not based directly on transactions in the client's account is charged for advisory services, which includes portfolio management and the execution of client transactions.

This Wrap Fee Program Brochure is limited to describing the services, fees, and other necessary information clients should consider prior to becoming a client within the Program. For a complete description of the other services offered by our firm and the fees charged for those services, clients should refer to our Form ADV Part 2: Firm Brochure.

You may obtain a copy of our Firm Brochure by contacting us at 937-643-1000 or [jcr@riazzimgmt.com](mailto:jcr@riazzimgmt.com).

### **Program Description**

Riazzi sponsors and acts as the sole investment manager to the Riazzi Wrap Fee Advisory Program (the Program). We manage Program client accounts using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal. We will manage these advisory accounts on a discretionary basis only.

Through personal discussions with the client in which the client's goals and objectives are established, we will determine which model portfolio is suitable to the client's circumstances. Once the appropriate portfolio has been determined, the portfolio will be managed based on the portfolio's goal, rather than on each client's individual needs. Clients, nevertheless, will have the opportunity to place reasonable restrictions on the types of investments to be held in the client's account and account supervision will be guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, or growth and income). Clients will retain individual ownership of all securities.

Program accounts most typically will consist of individual equities (including exchange-listed securities, securities traded over-the-counter or foreign issuers), bonds (including warrants, corporate debt securities, commercial paper, certificates of deposit, and United States governmental securities) and no load or load-waived mutual funds and exchange traded funds (ETFs). However, we may provide advice with respect to options contracts on securities held in client accounts. Mutual funds and ETFs will be selected on the basis of any or all of the following criteria as they relate to the security or its underlying index: performance history; industry sector; the investment manager, management style and philosophy; track record; investment objectives; composition and focus, and; fee structure and expenses.

We will review Program accounts at least monthly and will rebalance accounts as appropriate. If we believe that a particular investment is performing inadequately, or if we believe that a different investment is more suitable for the portfolio's goal, then we will reinvest the client's assets accordingly pursuant to the discretionary authority granted by the client.

Riazzi's clients are advised to promptly notify us if there are ever any changes in their financial situation or investment objectives which may impact how his/her account should be managed or if they wish to impose any reasonable restrictions upon our management services.

**Directed Brokerage.** Riazzi does not have the discretionary authority to determine the broker dealer/custodian to be used for Program client accounts. We have negotiated an arrangement with Charles Schwab & Company, Inc. (hereafter "Schwab"), an unrelated FINRA registered broker dealer, to provide custodial and brokerage services. Riazzi has evaluated Schwab and believes that it will provide Riazzi clients with a blend of execution services, costs and professionalism that will assist Riazzi in meeting its fiduciary obligations to clients. The designation of a broker other than Schwab would generally be inconsistent with the Program platform. As such, Program clients are required to direct Riazzi, in writing, to custody the client's Program assets with and to place trades in the client's Program account through Schwab. Riazzi reserves the right to decline acceptance of any client account for which the client directs the use of a broker dealer/custodian other than Schwab. Clients should note that Riazzi receives certain benefits from Schwab that it would not receive if it did not provide advisory services to clients. (Refer to the "Benefits Received" Section of Item 9 below for additional information).

In evaluating Riazzi's arrangement with Schwab, the client should recognize that brokerage commissions for the execution of transactions in the client's Program account are not negotiated by Riazzi on a trade-by-trade basis, and best execution may not be achieved. In fact, transactions in the client's account are effected 'net,' i.e., without separate commission charge to the client, and a portion of the wrap fee is generally considered as being in lieu of commissions.

Not all advisers require clients to direct it use a particular broker dealer, though the sponsors of wrap fee programs typically do.

### **Program Fees and Costs**

Riazzi charges clients an annual "wrap-fee" for participation in the Program. Clients will be invoiced or their accounts directly debited, as authorized, in advance at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous quarter.

An annual wrap fee will be charged according to the following fee schedule:

<b><u>Assets Under Management</u></b>	<b><u>Annual Fee (%)</u></b>
\$100,000 - \$3,000,000	1.95%
\$3,000,001 - \$5,000,000	1.75%
Next \$5,000,000	1.60%
Next \$10,000,000	1.45 %

Generally 1.00% of the above fee schedule, at each tier, will be paid to the third-party solicitor that has referred the client to the Program. This portion of the fee may be negotiable as between the client and the solicitor. We generally require a minimum account size of \$100,000 for participation in the Program. This account size may be negotiable under certain circumstances. We may group certain related client accounts for the purpose of achieving the minimum account size.

As sponsor and sole portfolio manager to the Program, Riazzi generally retains the portion of the fee paid by the client that is not attributable to commissions and other transaction costs, as applicable.

Advisory fees may vary among Riazzi's clients based upon a number of factors, including the size of the client's account, the types of investments, the nature of related services provided and the length of the advisory relationship with a client among other things.

**What services are covered by the Program fees?** The Program fees pay for our firm's advisory services to clients under the Program, administrative expenses of the Program, quarterly performance reporting, custody charges for clients' assets custodied at Schwab and brokerage services for Program accounts to the extent trades are conducted through Schwab.

**What services are not covered by the Program fees?** The Program fees do not include expenses of mutual funds and exchange traded funds such as fund management fees charged to each fund's investors, exchange fees, transfer taxes, odd-lot differentials, or certain administrative fees for wire transfers or certificate issues as well as applicable administrative fees charged by Riazzi as described above. Clients may incur charges for other account services provided not directly related to the execution and clearing of transactions, including, but not limited to, IRA custodial fees, safekeeping fees, wire transfer fees, interest charges on margin loans, exchange fees, and fees for transfers of securities.

**Additional Information about Program fees.** In considering the investment program described in this Brochure, clients are cautioned that depending on the level of fees charged by the executing broker-dealer, and the amount of portfolio activity in the clients' account, the value of the services provided under this Program may exceed the total cost of such services had they been provided separately. In addition, the Program Fee may be higher or lower than that charged by other sponsors of comparable wrap fee programs. The factors that should be considered by a prospective client include the size of a client's portfolio, the nature of the investments to be managed, commission costs, custodial expenses, if any, the anticipated level of trading activity and the amount of advisory fees only for managing the client portfolio.

Similar advisory services may be available from other registered investment advisers for lower fees.

## **General Information**

***Negotiability of Fees.*** In certain circumstances, all fees may be negotiable. In addition, certain family members and personal acquaintances of Riazzi's affiliated persons may receive advisory services at a discounted rate which is not available to advisory clients generally.

***Termination.*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

***Other Fees and Expenses.*** All fees paid to Riazzi for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds, ETFs to their shareholders. In the case of mutual funds, these fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a fund directly, without the services of Riazzi. In that case, the client would not receive the services provided by Riazzi which are designed, among other things, to assist the client in determining which fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by Riazzi to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**Exchange-Traded Funds.** Shares of ETFs held in client accounts are bought and sold on an exchange and not, like mutual funds, directly from the fund itself. The price of ETF shares fluctuates in accordance with changes in the net asset value (NAV) per share, as well as in response to market supply and demand. Accordingly, ETF shares may trade at a price which differs from NAV per share of the ETF.

**Direct Debiting of Fees.** Riazzi requests authority from the client to debit the Program Fee from the Client's Account and for the Custodian to remit the fee directly to Riazzi in accordance with applicable custody rules. As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a quarterly basis. ***We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.***

**Additional Considerations.** Advisory fees may vary among Riazzi's clients based upon a number of factors, including the size of the client's account, the types of investments, the nature of related services provided and the length of the advisory relationship with a client among other things.

The amount of compensation received by Riazzi, as a result of the client's participation in the Program may or may not be more than what Riazzi would receive if the client paid separately for investment advice, brokerage and other services. Inasmuch as Riazzi will pay the execution costs of securities transactions executed in Program client accounts, it may also have a disincentive to enter trades on behalf of Program participants.

**Trade Aggregation and Broker Rotation:** It is Riazzi's policy and practice to block trades where possible and when advantageous to clients. Blocking trades permits Riazzi to trade an aggregate block of securities composed of assets from multiple client accounts. Block trading may permit equity trades to be executed in a timelier and more equitable manner while allowing Riazzi to obtain an average share price for clients participating in the block.

Partial fills of blocked trades will generally be allocated on a pro rata basis. However, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account or to avoid deviations from pre-determined minimum/maximum holdings limits established for any account among other acceptable allocation considerations.

Trades placed in Program accounts will typically not be aggregated with trades placed in the accounts of our other non-Program investment management clients that grant brokerage discretion. As a result, Riazzi will generally seek to rotate the order of execution at various brokers, i.e., trades placed in Program accounts are rotated with transactions placed in accounts of other clients directing the use of a different broker dealer as well as those granting brokerage discretion. By these means, we seek to ensure that, over time, no client is systematically disadvantaged as a result of the order in which their account is traded.

**Trade Error Correction:** It is Riazzi's practice to seek to identify and correct trade errors in client accounts without disadvantaging the client in any way. Should Riazzi discover a trade error in a client account, it is the firm's policy to correct the error (or seek to have the error corrected if attributable to

the executing broker) so as to place the client in as good a position as the client would have been in had the error not occurred. If the correction of a trade error results in a gain, an amount equal to the gain shall be either: 1) given to the client if and when possible given the circumstances of the trade and the policies of the particular executing broker; or 2) retained by the broker dealer pursuant to its internal policies and practices. Clients should note that, in practice, gains resulting from trade error corrections are typically retained by the executing broker dealers pursuant to those firms' internal policies and practices.

**Limited Prepayment of Fees.** Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

### **Program Marketing and Compensation**

We enter into marketing arrangements with independent investment adviser and/or broker-dealer firms pursuant to which representatives of those firms (each a "Solicitor") offer our Program services to the public. Through these arrangements, we pay a cash referral fee to the Solicitor and/or to their firm based upon a percentage of our advisory fee. The payment of referrals fees will not increase the amount of the fees paid by Program participants. However, clients should be aware that the receipt of this compensation may create an incentive for the individual to recommend participation in this Program over others for which no such compensation may be received. In addition, the amount of compensation earned for these referrals may be greater than the compensation that would otherwise be received if the advisory and brokerage elements of the Program were provided separately. Accordingly, there may be a greater incentive for these individuals to recommend participation in this program than other types of investment programs.

As required by applicable law, the details of the solicitation arrangement, including the compensation payable to the solicitor, will be described to the client in a separate document provided to the client at the time of the referral.

## **ITEM 5 ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

### **Minimum Account Requirements**

As a condition for participating in the Program, Riazzi generally imposes a minimum account size of \$100,000. We may, in our sole discretion, waive this minimum account requirement based upon certain criteria including anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention, and *pro bono* activities among other considerations. See Item 4 of this Wrap Fee Brochure for additional information.

### **Types of Clients**

Riazzi provides advisory services through the Riazzi Wrap Fee Advisory Program, where appropriate, to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and corporations or other business entities.



## ITEM 6 PORTFOLIO MANAGER SELECTION AND EVALUATION

### Portfolio Manager Selection

As previously disclosed, Riazzi is the sole investment manager to Program accounts. As such, all participating clients' assets are managed directly by advisory personnel of our firm. Riazzi's executive management and all individuals that render investment advisory services on behalf of Riazzi must have earned a college degree and/or have substantive investment-related experience. In addition, all such individuals shall have attained all required investment-related licenses and/or designations.

### Portfolio Performance Reporting

Riazzi has adopted a policy and procedures designed to ensure that account reporting of client portfolios and investments reflect current, fair and accurate market valuations. As noted above under Services, Fees and Compensation (Item 4), Riazzi has partnered with Schwab to provide brokerage, custodial and other services for Program accounts. In general, we rely on Schwab for timely valuation information of advisory client securities. Whenever valuation information for illiquid, foreign, private or other investments is not available through Schwab other custodians or pricing services, Riazzi will obtain and document price information from at least one independent source, whether a broker-dealer, bank, pricing service or other reputable source. We also require periodic, random, internal reviews of account reports to identify any incorrect, stale or mispriced securities. Although we consistently apply our methodology, we do not engage a third party to conduct reviews of performance information nor do we seek to comply with any particular industry standard when calculating portfolio performance.

### Affiliated Portfolio Managers

As previously disclosed, all client assets in the Program are either directly or indirectly managed by our portfolio managers. Please refer to Item 4 for a detailed description of Riazzi Wrap Fee Advisory Program's services and fees.

### Performance-Based Fees

RAM does not charge performance-based fees to any client.

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

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

#### ***Methods of Analysis and Associated Risks***

***Fundamental Analysis.*** Through fundamental analysis we attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is under-priced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

***Mutual fund and/or ETF Analysis.*** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest

over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in other fund in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the fund or ETF less suitable of the client's portfolio.

**Asset Allocation:** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Risks for All Forms of Securities Analysis:** Our securities analysis method relies on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### ***Investment Strategies and Associated Risks***

The following investment strategies may be used when managing Fund portfolios.

**Long-Term Purchases:** We purchase securities with the idea of holding them in the clients account for a year or longer. We may do this because we believe the securities to be currently undervalued. We may do this because we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that, by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Short Sales:** Short sales involve borrowing shares of a stock for the client from someone who owns the stock on a promise to replace the shares on a future date at a certain price. We then sell the shares we have borrowed. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. In evaluating short positions, Riazzi considers securities that in its view exhibit, among other things, deteriorating fundamentals, poor balance sheets and/or questionable accounting practices, which have yet to be recognized in valuations. We engage in short selling on based on our determination that the stock will go down in price after we have borrowed the shares. If the stock has gone down since we purchased the shares from the original owner, we keep the difference.

A primary risk of selling securities short is that losses are theoretically unlimited; we are obligated to repurchase the stock no matter how much the price has climbed. In addition, even if we are correct in determining that the price of a stock will decline, we run the risk of incorrectly determining when the decline will take place. Short selling may not be appropriate in times of inflation, as prices may adjust upwards regardless of the value of the stock.

**Margin Transactions:** We may purchase stocks for the clients with money borrowed from a brokerage account. This allows us to purchase more stock than we would otherwise be able to with clients' available cash, and allows us to purchase stock without selling other holdings.

A risk in margin trading is that, in volatile markets, securities prices can fall very quickly. If the value of the securities in your account minus what you owe the broker falls below a certain level, the broker will issue a "margin call", and you will be required to sell your position in the security purchased on margin or add more cash to the account. In some circumstances, you may lose more money than you originally invested.

In addition, to the extent that a client authorizes the use of margin, and margin is thereafter employed by Riazzi in the management of the Clients investment portfolio, the market value of the client's account will be adjusted accordingly. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the client's decision to employ margin shall correspondingly increase the management fee payable to Riazzi. To address this potential conflict of interest, the decision as to whether to employ margin in a Wrap Fee Program account is left totally to the discretion of client.

**Option Writing:** From time to time as we deem appropriate, and in accordance with the investment mandate for clients, we may also use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset. The two types of options are calls and puts:

A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.

A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We may use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

A risk of covered calls is that the option buyer does not have to exercise the option, so that if we want to sell the stock prior to the end of the option agreement, we have to buy the option back from the option buyer, for a possible loss.

We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

A risk of spreading strategies is that the ability to fully profit from a price swing is limited.

**Risks in General:** Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

Investors or prospective investors should carefully review the Private Placement Memorandum for any Riazzi Fund under consideration for investment for a detailed explanation of many of the risks associated with investment.

### **Voting Client Securities**

Advisory clients may elect to delegate their proxy voting authority to RAM. Alternatively, clients may, at their election, choose to receive proxies related to their own accounts, in which case RAM may consult with clients as requested. When RAM has discretion to vote proxies of its clients, it will vote those proxies in the best interests of its clients and in accordance with Riazzi's established policies and procedures. (With respect to ERISA accounts, RAM will vote proxies unless the plan documents specifically reserve the plan sponsors right to vote proxies).

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting John Riazzi directly at the address provided on the cover page to this Brochure, by email sent to [jcr@riazzimgmt.com](mailto:jcr@riazzimgmt.com), or by calling us at 937-643-1000. Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our complete proxy policies and procedures or how RAM voted proxies for his/her account(s), RAM will promptly provide such information to the client.

## **ITEM 7 CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

Typically, individuals affiliated with our firm are responsible for developing an initial financial profile of the prospective client. Prior to opening an account, we assist in determining a participant's profile for the Program by obtaining from the participant appropriate information (i.e., investment objectives, risk tolerance, time horizon, and any reasonable restrictions the client wishes to impose upon the management of the account). In certain circumstances, this information may be obtained and documented by a third party professional that has referred to the client to the Program and provided this information to Riazzi. Under these circumstances, the client's initial investment strategy may be jointly determined based on an assessment of the information provided by the client.

While we provide the client with periodic reminders, it remains the client's responsibility to advise us of any changes to the information previously provided that might impact the ongoing suitability of any prior determined investment strategy(ies) and/or objectives. We will promptly communicate any reported changes to the client's portfolio manager.

Riazzi's investment adviser representative or the client's relationship manager will seek to directly contact each wrap fee program client at least annually to verify that there has been no change in the client's financial circumstances and/or investment objectives, and determine whether the client wishes to impose any reasonable restrictions on the management of the account(s). Any such changes or requests are communicated in writing to the client's portfolio manager, who is responsible for implementing appropriate adjustments to the client's portfolio.

## **ITEM 8 CLIENT CONTACT WITH PORTFOLIO MANAGERS**

Although the client's account representative is the client's primary contact and account liaison to discuss the management and performance of the client's account and changes in the client's financial situation which may have an impact on the management of the client's account, Riazzi promotes open lines of communication between the portfolio manager and our clients, encouraging the manager's accessibility to remain available to our clients to discuss investment philosophy, objectives and to answer client questions.

## **ITEM 9 ADDITIONAL INFORMATION**

### **Disciplinary Information**

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

Neither our firm nor our management personnel have reportable disciplinary events to disclose.

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

Riazzi is the investment adviser to the RAM Small/Mid Cap Fund, an open-end investment company registered under the Investment Company Act of 1940 (the "Fund"). Riazzi is related to the Fund through common control. Clients are not directly solicited to invest in the Fund by Riazzi and Riazzi will not recommend and/or use its discretion to purchase shares of the Fund for Program client accounts. The prospectus for the Fund is available on-line at: [www.theramfunds.com](http://www.theramfunds.com).

Prospective investors should review the prospectus carefully before making any investment in the Fund.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

RAM and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Our Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [jcr@riazzimgmt.com](mailto:jcr@riazzimgmt.com), or by calling us at 937-643-1000.

RAM and individuals associated with our firm are prohibited from engaging in principal transactions. RAM and individuals associated with our firm are also prohibited from engaging in agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm to prevent employees from benefiting from transactions placed on behalf of advisory accounts.

### **Review of Accounts**

While the underlying securities within Program accounts are continuously monitored, these accounts are reviewed at least monthly by John Riazzi and/or Elizabeth Schaefer, both of whom are members of Riazzi's Portfolio Management Service Group. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

In addition to the monthly statements and confirmations of transactions that Portfolio Management Services clients receive from their broker dealer, Riazzi will provide quarterly reports summarizing account performance, balances and holdings.

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

As disclosed at the "Program Marketing and Compensation" section of Item 4 above, Riazzi receives client referrals for participation in the Program through representatives of unaffiliated investment adviser firms (each a "Solicitor"). Payment of referral fees for client referrals creates a potential conflict of interest to the extent that such a referral is not unbiased and the solicitor is, at least partially, motivated by financial gain. Therefore, RAM may be referred to a prospective client even though our advisory services may not be the best suited to the prospective client's circumstances or when entering into an advisory relationship with us is not, overall, in the best interest of the client. As these situations present a conflict of interest, we have established the following restrictions in order to ensure our fiduciary responsibilities:

- All such referral fees are paid in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any applicable state securities law requirements;
- Any such referral fee will be paid solely from our investment management fee, and will not result in any additional charge to the client;

- We will confirm that at the time of the solicitation, the third party solicitor provided each prospective client with a copy of our Form ADV Part 2 Brochure, together with a copy of the written disclosure statement disclosing the terms of the solicitation arrangement between our firm and the solicitor, including the compensation to be received by the solicitor from us; and
- All referred clients will be carefully screened to ensure that our fees, services, and investment strategies are suitable to their investment needs and objectives.

### **Benefits Received by Riazzi Asset Management, LLC**

As disclosed at Item 4 of this Wrap Fee Brochure, we request that Program clients direct the use of Charles Schwab & Company, Inc. (hereafter “Schwab”), an unrelated FINRA registered broker dealer, to provide custodial and brokerage services for the client’s Program account. Clients should note that Riazzi participates in the platform services offered to independent investment advisers by Schwab. Through these services Schwab provides us with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor’s clients’ assets are maintained in accounts at Schwab Institutional. These services are not contingent upon Riazzi committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab’s brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to Riazzi other products and services that benefit Riazzi but may not directly benefit its clients’ accounts. Many of these products and services may be used to service all or some substantial number of Riazzi’s accounts, including accounts not maintained at Schwab.

Schwab’s products and services that assist Riazzi in managing and administering clients’ accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of Riazzi’s fees from its clients’ accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help Riazzi manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Riazzi. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Riazzi. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of Riazzi personnel.

In evaluating Riazzi’s arrangement with Schwab, the client should recognize that

brokerage commissions for the execution of transactions in the client's Program account are not negotiated by Riazzi on a trade-by-trade basis, and best execution may not be achieved. In fact, transactions in the clients account are effected 'net,' i.e., without separate commission charge to the client, and a portion of the wrap fee is generally considered as being in lieu of commissions. The client should consider therefore that, depending upon the level of the wrap fee charged, the amount of portfolio activity in the client's account, the value of custodial and other services which are provided under the arrangement, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately and if Riazzi were to negotiate commissions and seek best price and execution of transactions for the client's account.

Not all advisers require clients to direct it use a particular broker dealer, though the sponsors of wrap fee programs often do.

### **Financial Information**

Under no circumstances will we earn fees in excess of \$1,200 more than six months in advance of services rendered.

As an advisory firm that both has investment discretion and is deemed to have custody of certain client accounts, we are required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. We have no adverse financial circumstances to report.

Riazzi has not been the subject of a bankruptcy petition at any time during the past ten years.