

Rice Brown  
Financial Services

3225 Templeton Gap Rd., Suite 210 Colorado Springs, CO 80907  
Tel 719-634-6400 Toll-Free 800-969-7423 Fax 719-634-6600

This brochure is part of our Form ADV and provides information regarding our advisory business. The purpose of the brochure is to protect Clients by disclosing important information concerning the services provided by RBFS Outside Inc. dba Rice Brown Financial Services (RBFS). All advisory Clients or prospective advisory Clients are to receive this brochure not less than 48 hours prior to entering into any written or oral advisory contract or they have five business days to revoke the contract without penalty. The brochure is offered annually to all existing Clients.

Additional information about our firm and /or advisory firms in general is available on the internet at [www.iard.com](http://www.iard.com) and [www.sec.gov](http://www.sec.gov).

### **ADVISORY SERVICES AND FEES:**

The fees we charge are based on a percentage of assets under management. We do not call these services, financial planning. The following represents the approximate percentage of total advisory billings from that service:

- Investment Advisory Services – 85%
- (Clients invested in our managed portfolios)
- Investment advice through consultation – 5%
- Furnishes advice about securities - 10%

### Portfolio Evaluation Management Services

The Advisor will provide portfolio management services, including an initial consultation to determine the Client's circumstances and investment objectives. Based on this consultation, the Advisor will provide the Client with the following services:

- Executing transactions in line with the Client's investment objectives
- Delivering a consolidated statement of the Client's Account through the Custodian, Pershing, LLC, showing all transactions, dividend, and other Account activities
- Delivering a quarterly portfolio evaluation
- Other financial advice as requested by the Client

### Portfolio Management Fee and Payment Schedule

In exchange for the services described, the Client will pay a quarterly fee (the "Portfolio Management Fee or PMF") no greater than .5% quarterly (2% annually) based on the value of the total Account assets under management, in advance. The minimum fee per quarter is \$25.00.

Rice Brown  
Financial Services

The Client will pay the PMF quarterly, in advance. The first payment is due when this Agreement is signed and will be based on the opening value of the Account. If this Agreement is signed on any other day other than the first day of the calendar quarter, it will be prorated.

Subsequent PMF's will be determined on the first day of each calendar quarter, based on the value of the Account assets under management (including all assets that were bought previously and deposited to the Account). The PMF will be calculated as of the close of business on the last day of the prior quarter and will be automatically deducted from the Account.

The Account will be valued using an independent pricing service where available, or otherwise in good faith. If assets are deposited and withdrawn within the same quarter, the PMF chargeable with respect to those assets may be prorated based on the number of days during the quarter that the assets were in the Account. In computing the value of the Account during the quarter, those assets will be treated as if they had not been withdrawn. All PMF's will be noted on the Client's statements.

Besides the PMF the Client pays, certain investments may also pay their own investment advisory fees and other internal expenses. The mutual funds available through the RBFS are also available directly from the Funds, and without the additional on-going management fee.

Some of the mutual funds that the Client buys may distribute payments to broker dealers in accordance with a 12b-1 distribution plan or other plan. These fees are for administrative services and are distributed from the fund's total assets. The broker dealer will receive these fees.

### Termination

This Agreement may be terminated by any party at any time upon written notice to the others. Termination will not affect the liabilities or obligations of the parties that arise from transactions begun before the terminations.

The Client has the right to terminate this Agreement without fee or penalty within 5 business days of signing it. However, the Client is responsible for any transactions begun before the cancelation. If the Account is liquidated because of a termination notice, assets in the Account will be payable to the Client within 10 days of the liquidation, subject to the normal brokerage settlement terms.

### **TYPES OF CLIENTS AND INVESTMENTS**

We generally provide investment advice to individuals, pension and profit sharing plans, trust, estates, charitable organizations, corporations and certain other business entities. We do not provide investment advice to banks or thrift institutions nor to investment companies.

Rice Brown  
Financial Services

Advice is offered on the following investments types:

- Equity securities including exchange-listed securities and securities traded over-the-counter
- Investments company securities including variable life insurance, variable annuities, and mutual funds shares
- Interests in partnerships including but not limited to real estate, oil, and gas
- Private placement investments including but not limited to preferred stock and REITS

## **METHODS OF ANALYSIS AND INVESTMENT STRATEGIES**

The analytical methods we use follow the guidelines and principles of modern portfolio theory.

We regularly review many sources of information analysis which include: financial newspapers and magazines; research materials prepared by others; conference calls with market strategists and economists; annual reports; prospectuses; filings with the Securities and Exchange Commission.

The investment strategies used to implement any investment advice given to Clients include: long-term purchases (securities held at least a year) and short-term purchases (securities sold within a year). We generally prefer to focus on long-term investment strategies.

## **EDUCATION AND BUSINESS BACKGROUND**

Rice E. Brown, MSFS      Born: 1938

Rice has been in the money management business since 1963. He founded Rice Brown Financial Services in 1964. Rice graduated from Emporia State University in Kansas with a BS in Education and Business and obtained a Master of Science Degree in Financial Services from American College in Pennsylvania.

Examinations and Professional Designations:

- Series 7, General Securities Representative Examination
- Series 24, General Securities Principal Examination
- Series 51, Municipal Fund Securities Principal Examination
- Series 63, Uniform Securities Agent State Law Examination
- Series 65, Uniform Investment Advisor Law Examination
- Chartered Financial Consultant (ChFC)
- Master of Science Financial Services (MSFS)
- Chartered Life Underwriter (CLU)

Richard D. Nilmeier, CLU      Born: 1946

Richard began his career in the financial services industry in January 1969. Richard served as President of NAIFA (National Association of Insurance and Financial Advisors) in Fresno from 1978-1979. He is also the past president of NAIFA of California having served from 1988 - 1989; prior to that he served as their Vice President of Legislation for two years and Vice President of Membership for one year. In 1989 he was awarded Life Underwriter of the Year by NAIFA - Fresno.

Rice Brown  
Financial Services

Examinations and Professional Designations:

- Series 7, General Securities Representative Examination
- Series 63, Uniform Securities Agent State Law Examination
- Series 65, Uniform Investment Advisor Law Examination
- Chartered Life Underwriter (CLU)

John P. Nilmeier      Born: 1979

John entered the financial services industry in 2005. He graduated Summa Cum Laude from CSU, Fresno in 2004 with a business degree with an emphasis in financial planning. While attending college, John was elected to the Honors Program where he wrote a thesis on Social Security Privatization, earning invitations to speak at multiple research symposiums. John is a CERTIFIED FINANCIAL PLANNER™ (CFP®) and served as Vice President of Finance for NAIFA-Fresno in 2007-2008.

Examinations and Professional Designations

- Series 7, General Securities Representative Examination
- Series 66, Uniform Combined State Law Examination
- Certified Financial Planner (CFP®)

**OTHER BUSINESS ACTIVITIES OR AFFILIATIONS**

Associated persons spend approximately 10% of their time engaging in other business activities which include the selling of annuities, life insurance, and other insurance/investment related products. Associated persons are a registered Representative with United Planners, LLC, a registered broker dealer, and member of the Financial Industry Regulatory Authority, Inc. ("FINRA"). Pershing Advisor Solutions provides custodian/clearing services for our investment accounts.

**PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

In their capacity as registered representatives, associates of the Advisor may receive commissions from securities transactions or other products and receive normal transaction commissions or other compensation so there is a potential conflict of interest regarding these types of transactions.

However, Clients are under no obligation to act upon any recommendations of the associated persons or effect any transactions through the associated persons if they decide to follow the recommendations.

Associated persons may own an interest in or buy or sell for their accounts the same securities, which may be purchased or sold in the accounts of advisory Clients. Associated persons seek to ensure that they do not personally benefit from the short-term market effects of their recommendations to Clients and their personal transactions are regularly monitored. Associated persons are aware of the rules regarding material non-public information and insider trading. Associated persons may also buy or sell specific securities for their accounts based on personal investment considerations, which the Advisor does not deem appropriate to buy or sell for Clients.

Rice Brown  
Financial Services

## **CODE OF ETHICS DISCLOSURE**

The Advisor has adopted a Code of Ethics Code) for the purpose of instructing its personnel in the ethical obligations and to provide rules for their personal securities transactions. The Advisor and its personnel owe a duty of loyalty, fairness, and good faith toward their Clients, and the obligation to adhere not only to the specific provisions of the Code but to the general principles that guide the Code.

The Code covers a range of topics that may include: general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code, review and enforcement processes, amendments to Form ADV and supervisory procedures. The Advisor will provide a copy of the Code to any Client or prospective Client upon request.

## **CONDITIONS ON MANAGING ACCOUNT**

We do not impose a minimum dollar value of assets or other conditions for starting or maintaining an account.

## **ACCOUNT REVIEWS AND REPORTS**

### Reviews

Rice Brown is primarily responsible for reviewing accounts. All accounts are reviewed on at least a quarterly basis and reallocated as needed to rebalance the account. The decision to rebalance is based on many factors including the client's portfolio objectives, risk tolerance, and cash flow needs. More frequent reviews may be triggered by material changes such as Client's individual circumstances, or the market, political or economic environment.

Rice Brown will conduct a review with each Client on at least an annual basis to review the Client's goals, objectives, holdings, and portfolio performance to ascertain the continued appropriateness of the Client's investment strategy.

### Reports

In addition to statements and confirmations generated by the broker dealer (monthly, if there is activity in the account, otherwise, they are generated on a quarterly basis), RBFS will provide quarterly reports summarizing account performance, balances, and holdings. The reports are generated using Albridge Wealth Reporting software.

Clients also receive statements either monthly or quarterly from the respective vendors.

## **INVESTMENT DISCRETION**

We reserve the authority to determine, without obtaining specific Client consent, the securities to be bought or sold, and the amount of securities to be bought or sold. We do not have the authority to change the broker dealer without obtaining specific Client's consent.

## **ADDITIONAL COMPENSATION**

Associates of the Advisor may receive commissions from securities transactions or other products and receive normal transactions commissions or other compensation so there is potential conflict of interest regarding recommending these types of transactions.

## **BALANCE SHEET**

RBFS is not required to provide a balance sheet.

## **PROXY VOTING AND CORPORATE MAILINGS**

For advisory Clients who have accounts held at Pershing Advisor Solutions, RBFS is authorized to receive and vote on proxies. A Client may opt to receive a vote (or act) on proxies and corporate mailings by providing explicit written instructions to RBFS.

RBFS will provide a copy of the Proxy Voting Policies and Procedures upon receiving a written request from the Client. A Client can also obtain information on how their securities were voted by making a written request to the RBFS.