

# RILEY FRIEDMAN ASSET MANAGEMENT

## Client Brochure

*This brochure provides information about the qualifications and business practices of RILEY FRIEDMAN ASSET MANAGEMENT. If you have any questions about the contents of this brochure, please contact us at 650-988-1088 or by email at: [jon@rfasset.com](mailto:jon@rfasset.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 RILEY FRIEDMAN ASSET MANAGEMENT is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). RILEY FRIEDMAN ASSET MANAGEMENT's CRD number is: 155810.*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

RILEY FRIEDMAN ASSET MANAGEMENT has not yet filed an annual updating amendment using the ADV Form 2A. Therefore there are no material changes to report.

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

This firm has been in business since November 2010, and the principal owners are Jonathan Gideon Riley and Stuart Edwin Friedman.

### B. Types of Advisory Services

RILEY FRIEDMAN ASSET MANAGEMENT (hereinafter “RFAM”) offers the following services to advisory clients:

#### *Investment Supervisory Services*

RFAM offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

RFAM evaluates the current investments of each client with respect to their risk tolerance levels and time horizon.

#### **Financial Planning**

RFAM includes basic financial planning in the management fee charged to each client. This planning includes but is not limited to analysis of income and expenses, projections of how much capital will be required in order to retire, and whether clients require life insurance or estate planning.

#### *Services Limited to Specific Types of Investments*

RFAM limits its investment advice and/or money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, real estate, hedge funds, third party money managers, REITs, private placements, government securities. RFAM may use other securities as well to help diversify a portfolio when applicable.

### **C. Client Tailored Services and Client Imposed Restrictions**

RFAM offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent RFAM from properly servicing the client account, or if the restrictions would require RFAM to deviate from its standard suite of services, RFAM reserves the right to end the relationship.

### **D. Wrap Fee Programs**

RFAM does not participate in any wrap fee programs.

### **E. Amounts Under Management**

RFAM has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$98,000,000	\$0.00	08/30/2011

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Investment Supervisory Services Fees*

Total Assets Under Management	Annual Fee
\$1 - \$500,000	1.00%
\$500,001 - \$10,000,000	0.50%
\$10,000,001 - \$20,000,000	0.40%

These fees are negotiable and the final fee schedule is attached as Exhibit I of the Investment Advisory Contract. Fees are paid quarterly in advance, and clients may terminate their contracts with written notice. Refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization.

### B. Payment of Fees

#### *Payment of Investment Supervisory Fees*

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in advance.

Clients may have the option of paying Advisory fees directly, with payments due at the anniversary date and then quarterly.

### C. Clients Are Responsible For Third Party Fees

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fee etc.). Those fees are separate and distinct from the fees and expenses charged by RFAM. Please see Item 12 of this brochure regarding broker/custodian.

#### **D. Prepayment of Fees**

RFAM collects fees in advance. Fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination and the total days during the billing period. Fees will be returned within fourteen days to the client via check.

#### **E. Outside Compensation For the Sale of Securities to Clients**

Neither RFAM nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

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

RFAM does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

### **Item 7: Types of Clients**

RFAM generally provides investment advice and/or management supervisory services to the following Types of Clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans

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

There is an account minimum, \$500,000, which may be waived by the investment advisor, based on the needs of the client and the complexity of the situation.



## **Item 8: Methods of Analysis, Investment Strategies and Risk, of Investment Loss**

### **A. Methods of Analysis and Investment Strategies**

RFAM's primary method of analysis includes fundamental analysis.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **B. Material Risks Involved**

RFAM uses Long Term Trading, Short Term Trading, Options Writing (including covered options, uncovered options, or spreading strategies).

RFAM utilizes investment strategies that are designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Options writing generally hold greater risk and clients should be aware that there is a chance of material risk of loss using any of those strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

RFAM generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business or the integrity of our management.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither RFAM nor its representatives are registered as a broker/dealer or as representatives of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither RFAM nor its representatives are registered as a FCM, CPO, or CTA.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Neither RFAM nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

### **D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections**

RFAM does not utilize nor select other advisors or third party managers. All assets are managed by RFAM management.

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

### **A. Code of Ethics**

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Clients may request a copy of our Code of Ethics from management.

## **B. Recommendations Involving Material Financial Interests**

RFAM does not recommend that clients buy or sell any security in which a related person to RFAM has a material financial interest.

## **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of RFAM may buy or sell securities for themselves that they also recommend to clients. RFAM will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

## **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of RFAM may buy or sell securities for themselves at or around the same time as clients. However, securities transactions for employees must occur after transactions for clients.

# **Item 12: Brokerage Practices**

## **A. Factors Used to Select Custodians and/or Broker/Dealers**

The Custodian was chosen based on their relatively low transaction fees and access to mutual funds and ETFs. RFAM will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

### ***1. Research and Other Soft-Dollar Benefits***

RFAM receives no research, product, or service other than execution from a broker-dealer or third-party in connection with client securities transactions ("soft dollar benefits").

### ***2. Brokerage for Client Referrals***

RFAM receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

RFAM allows clients to direct brokerage. RFAM may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost client's money because without the ability to direct brokerage RFAM may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

RFAM maintains the ability to block trade purchases across accounts. While block trading may benefit clients by purchasing larger blocks in groups, we do not feel that the clients are at a disadvantage due to the best execution practices of our custodian.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed at least quarterly by Jonathan Gideon Riley and Stuart Edwin Friedman, Managing Members. Jonathan Gideon Riley and Stuart Edwin Friedman are the chief advisors and are instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at IA are assigned to one of the reviewers.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive at least semi annually a written report detailing the clients account performance.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

RFAM does not receive any economic benefit, directly or indirectly from any third party for advice rendered to RFAM clients.

### **B. Compensation to Non -Advisory Personnel for Client Referrals**

RFAM does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

RFAM does not take custody of client accounts at any time. Clients will receive account statements from the custodian and should carefully review those statements.

## **Item 16: Investment Discretion**

For those client accounts where RFAM provides ongoing supervision, RFAM maintains limited power of authority over client accounts with respect to securities to be bought and sold and amount of securities to be bought and sold. All buying and selling of securities is explained to clients in detail before an advisory relationship has commenced.

## **Item 17: Voting Client Securities (Proxy Voting)**

RFAM will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

RFAM does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither RFAM nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

RFAM has not been the subject of a bankruptcy petition in the last ten years.