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B Riley Wealth Advisors - Wrap Fee Brochure

This wrap fee brochure (Wrap Fee Brochure) provides information about the qualifications and business practices of B Riley Wealth Management, Inc. (B Riley Wealth Management) or (the Firm) with respect to the wrap fee investment advisory services offered by B Riley Wealth Advisors, a division of the Firm, and by Michael Kramer, investment adviser representative of the Firm. These services are referred to throughout this Brochure as the B Riley Wealth Advisors Wrap Fee Services or the Services. For all wrap fee investment advisory services provided by the Firm other than the B Riley Wealth Advisors Wrap Fee Services, please refer to the Firm's separate wrap fee program brochure for such advisory services.

If you have any questions about the contents of this Wrap Fee Brochure, please contact our Chief Compliance Officer – Investment Advisory Services, Nolan Hughes, at (901) 251-1367 or nhughes@brileywealth.com. The information in this Wrap Fee Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about B Riley Wealth Management, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with the Firm who are registered, or are required to be registered, as investment adviser representatives. You can search this site for information about the Firm by searching for a unique identifying number, known as a CRD number. The CRD number for B Riley Wealth Management, Inc. is 2543. Registration with the SEC does not imply a certain level of skill or expertise.

Item 2 – Material Changes

This Wrap Fee Brochure has been prepared for prospective clients and clients of the Firm who desire to obtain B Riley Wealth Advisors Wrap Fee Services from the Firm (Clients).

In the future, when we make material changes to this Wrap Fee Brochure, this Item 2 will explain material changes that you should be aware of as a current or prospective Client of our advisory services. Each year you will receive either a summary of material changes that were made to the Wrap Fee Brochure over the previous year or an updated Wrap Fee Brochure. You can always request a full copy of any of our current disclosure brochures by contacting Nolan Hughes, Chief Compliance Officer – Investment Advisory Services, at (901) 251-1367 or nhughes@brileywealth.com.

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Item 4 – Services, Fees & Compensation

B Riley Wealth Advisors Wrap Fee Services

After considering your objectives and tolerance for risk, your financial resources and your time horizon (Suitability Information), your investment adviser representative (Representative) will create a customized portfolio recommendation designed to achieve your stated objectives using strategies consistent with your financial circumstances.

Representative will consider your specific desires and restrictions when forming your portfolio; consequently, your investment strategy can and often will differ significantly from other Firm clients. The Firm will supervise and Representative will manage your advisory assets on a continuous basis. Representative will exercise full investment discretion. You and Representative will review your objectives and the performance of your account at least annually.

If any material changes occur in your personal or financial situation, investment objectives, tolerance for risk or volatility, liquidity needs, or investment time horizon, then you should contact Representative or the Firm right away. Your Representative will evaluate the potential impact such changes may have on your account, and identify other means to achieve your goals.

Your Representative can provide you with recommendations about any or all the following securities:

- domestic stock (exchange listed & OTC)
- foreign stock (exchange listed & OTC)
- corporate bonds
- municipal bonds
- US government bonds
- certificates of deposit
- money market funds
- mutual funds (no-load or load waived)
- certain exchange traded funds (ETFs)
- closed-end funds (UIT, REIT)
- limited partnerships
- options on securities

The Firm does not provide advice about commodities, futures contracts, or options on commodities or futures contracts.

The Firm will only provide continuous and regular supervision of certain assets defined by

the advisory agreement as “Managed Assets.” The securities that qualify as Managed Assets vary so you should consult the account agreement to determine the specific list of Managed Assets. Your brokerage account may hold both Managed Assets and Non-Managed Assets. The Firm will only provide advisory services for Managed Assets and is not responsible for managing Non-Managed Assets. The Firm will only charge a management fee for Managed Assets.

Wrap Fee

In a wrap fee arrangement, you pay a combined fee for investment advice, brokerage, clearance, settlement, and custodial services. You may also be charged for expenses or services that are not covered by the wrap fee. Your specific fee arrangement and payment terms will be listed in the advisory agreement you sign before receiving the B Riley Wealth Advisors Wrap Fee Services.

The Firm charges a wrap fee on all Managed Assets. The wrap fee covers all expenses for brokerage, clearance, settlement, and custodial services as well as all investment advice.

The Firm will receive some or all of the wrap fee for its advisory services. It will share this compensation with Representative according to the Firm’s separate agreement with Representative.

Your total, combined wrap fee will not exceed 2.0%. The Firm will pay all custodial and transaction charges to National Financial Services (NFS or Custodian) and no commissions will be paid or collected by any party.

Payment Method

The fee for asset management services will typically be charged and collected either every month or every quarter in advance on all Managed Assets in each account.

The following is an example of how to calculate quarterly fees for a \$1,000,000 account with an annual fee of 1.20%:

Valuation Date	Total Account Value	1.20% Fee	Quarterly Fee - \$
December 31	\$1,000,000	0.3%	\$3,000
March 1	\$980,000	0.3%	\$2,940
June 30	\$995,000	0.3%	\$2,985
September 30	\$1,075,000	0.3%	\$3,225

The Firm may offer significantly lower fee arrangements for friends, relatives, or others with whom the Firm or Representative has established personal or family relationships.

The actual amount of the fee and the method for calculating the fee for each account is described in the account agreement.

Other Fees and Expenses

The wrap fee for the B Riley Wealth Advisors Wrap Fee Services does not cover amounts charged for any of the following (Excluded Items): internal fees or expenses which may be associated with the account's investments (including without limitation, internal operating or investment expenses of mutual funds, unit investment trusts, or electronically traded funds); fees imposed by mutual funds for short-term trading (typically 1% - 2% of the amount originally invested) for redemptions made within short periods of time; any mark-up, mark-down, or dealer spread (whether to the Firm, custodian or other broker-dealers) related to any account investment; offering discounts and related fees in connection with underwritten public offerings of securities (of which the Firm, our affiliates or custodian may be underwriters); costs to third parties for transactions not executed through NFS; floor brokerage or exchange fees; fees for wire transfers; costs for exchanging currencies; margin interest; interest for non-purpose loans with the account(s) used as collateral; taxes; postage and handling fees; or other expenses incurred with respect to any investments made for the account. All the Excluded Expenses will be direct or indirect expenses borne by the account and will be in addition to the fees paid for the B Riley Wealth advisors Wrap Fee Services.

You will also be responsible for any other fees and charges described in the advisory agreement, as well as any fees charged pursuant to the agreement with a sub-adviser, if any, and any other applicable fees or charges described in this Wrap Fee Brochure or in any agreement with the custodian or other third parties.

The Firm will utilize mutual fund share classes not containing 12b-1 distribution fees for its portfolio allocations. If the Client elects to hold such positions moved to the Firm and placed into the custodial account, such positions will be maintained only as non-managed assets and will not be assessed a management fee. This excludes certain money market funds utilized by the Custodian. These funds may pay distribution fees; however, these fees are not included as compensation to the Representative.

You should consider all fees and expenses to fully understand the total amount of fees and expenses to be paid by the account and to evaluate the advisory services being provided. The fees and expenses related to Money Market Funds or Mutual Funds or ETFs are disclosed in their respective prospectuses. When you choose to receive advisory services from us, you acknowledge that you could purchase Money Market Funds or Mutual Funds or ETF's directly without paying the advisory fee.

Conflicts Relating to Additional Fees

The Firm or its affiliates, such as B. Riley FBR, may receive distribution or service fees from the sale of certain mutual funds (including money market funds) pursuant to a Rule 12b-1 distribution plan or other such plan, as compensation for distribution or administrative services and are distributed from the fund's total assets. In addition, the Firm and its affiliates may receive compensation in connection with cash held in the brokerage account. For example, the Firm receives compensation from the custodian based on the value of credit balances in the accounts. In addition, if cash is swept into a money market fund or bank deposit sweep program, the Firm receives compensation based on the value of assets in these funds/programs as a broker-dealer. The Firm may receive some or all of these revenues. Thus, Representatives have an incentive to recommend that the Client selects a money market fund or bank deposit sweep program that

pays more compensation to the Firm than other funds.

In addition, Clients may purchase securities through broker-dealers in initial public offerings (“IPO”) and/or secondary offering (“new issue”) transactions. If the Firm or an affiliate acts as an underwriter or manager or as a member of the selling group for such offerings, it will receive compensation equal to either all or a portion of the “gross spread” (i.e., the difference between the price the Client pays for the security and the price at which the Firm or its affiliate purchased the securities). The wrap fee is not reduced to offset this compensation. The amount of the gross spread is described in the relevant prospectus, offering circular or official statement related to each IPO.

Representatives generally manage multiple portfolios for various Clients. When a Representative manages more than one Client account, a potential conflict exists for the Representative to intentionally or unintentionally treat one account more favorably than another. This potential conflict can be most apparent when one portfolio has a higher fee or a different fee structure than another portfolio. Another potential conflict may arise if the Firm manages accounts of its principals and employees on a side-by-side basis with third-party Client accounts. The Firm has internal review policies and oversight to ensure that no one Client is intentionally or unintentionally favored at the expense of another.

Compensation to the Firm and Representatives

B Riley Wealth Management will receive the fees paid by the Client for advisory services. It will share this compensation with Representative according to the Firm separate agreement with Representative. It is possible that the amount of compensation received, directly or indirectly, by the Firm or Representative for its services and recommendations may be more than the amount of compensation the Firm or Representative would receive if they made alternative recommendations.

Unless specifically excluded by the terms of the agreement with a Client, account balances in the Money Market Funds are included as part of the value of the account. Consequently, any asset-

based fees owed under the advisory agreement will be based, in part, on the balances in these investments. In addition, Custodian may serve as adviser, sub-adviser, distributor, or administrator to the Money Market Funds and receive compensation for those services. The Money Market Funds may also pay shareholder servicing, shareholder communication, sub-accounting, and 12b-1 fees and charges to Custodian, as well as fees for the execution of purchases of fund shares, or for trade clearance, settlement, custodial or other functions ancillary thereto. These fees and charges are expenses of the Money Market Funds, which you will bear, indirectly, as a fund shareholder.

The Firm proportionate share of this compensation will increase as the aggregate balances in the Money Market Funds or other depository products increase. Consequently, the possibility of this compensation creates an incentive for the Firm to make decisions for the account which would have the effect of increasing this compensation.

If an account is used as collateral for a non-purpose loan (securities based lending), the Firm and Representative may receive a portion of the interest paid on outstanding loan balances as a referral fee from the participating lender. This fee can range up to 1.00% of the interest stated on the lender’s agreement. The possibility of compensation creates an incentive for the Firm to refer these services for the account which would have the effect of increasing this compensation.

The Firm and Custodian are permitted to route client orders for over-the-counter and listed equity securities to selected market makers or centers for execution. Both may receive compensation in the form of a per-share cash payment for directing order flow to these market makers or centers.

General Fee Practices

Transactions that have not settled prior to the last trading day of a calendar quarter may be included in either the current or the following calendar quarter, as determined by the Firm on a consistent basis. Fees are not charged based on a share of capital gains or capital appreciation of the funds or any portion of the funds of an advisory client.

Unless otherwise provided in the advisory agreement, the Firm will calculate the advisory fee on a 365-day year so that the amount payable each quarter will be based on the actual number of calendar days in that quarter. If you terminate your account prior to the end of any quarter, you will receive a pro-rated refund, if any, of advisory fees paid in advance.

Unless otherwise limited by the custodian or an agreement with a sub-adviser, and subject to usual and customary securities settlement procedures, you may make additions or withdrawals from your account at any time. No fee adjustment will be made for appreciation or depreciation in the value of any account during any fee calculation period. Unless expressly provided in the advisory agreement, no refund or other adjustment of a fee already paid will be made because of a decline in the value of the account (whether due to market losses or withdrawals); provided, in the event the advisory agreement is terminated within 5 days after execution, all advisory fees will be refunded, as provided in the advisory agreement.

The advisory agreement will direct the Custodian to pay the advisory fees as instructed by the Firm or a sub-adviser without prior notice to you and without your consent. All account assets, transactions, and advisory fees will be shown on the monthly or quarterly account statements provided by the Custodian.

Conflicts of Interest

Wrap fee programs may not be suitable for all investment needs, and any decision to participate in a wrap fee program should be based on your financial situation, investment objectives, tolerance for risk, and investment time horizon, among other considerations. The benefits under a wrap fee program depend, in part, upon the size of the account and the number of transactions likely to be generated.

For example, a wrap fee program may not be suitable for accounts with little trading activity. In order to evaluate whether a wrap fee program is suitable, you should compare the wrap fee and any other costs of the B Riley Wealth Advisors Wrap Fee Services with the amounts that would be charged by other advisers, broker-dealers, and custodians, for services comparable to those provided under the Services.

The Firm and Representative receive a portion of the wrap fee as compensation. This compensation may exceed the amount earned if you paid separately for investment advice, brokerage and other services. Accordingly, a conflict of interest exists because the Firm and Representative have a financial incentive to recommend the B Riley Wealth Advisors Wrap Fee Services over other programs or services for which the compensation arrangements are not as beneficial.

You should bear in mind that asset-based fee arrangements, when compared with the traditional commission option, generally result in lower costs during periods when trading activity is heavier, such as the year an account is established. During periods when trading activity is lower, such arrangements may result in higher annual costs. Some clients favor the asset-based fee because it fixes their brokerage cost at a predetermined level; whereas other clients may not find such an arrangement suits their needs because they anticipate their accounts will have low turnover.

Depending on the amount of the wrap fee, the frequency (low or high) of transactions, and the nature and value of the services provided under the Services, the wrap fee may or may not exceed the aggregate cost of obtaining these services separately. The fees for a wrap fee services may result in higher costs than you might otherwise incur by paying a management fee and negotiating separate arrangements for brokerage and trade execution, custodial services, and performance reporting.

Please note the amounts to be charged to your account for services, fees, expenses, or costs the Firm has performed, incurred, advanced, or paid on the account's behalf (whether or not billed to you, the account, or the Firm) will include a reasonable profit, unless prohibited under the advisory agreement or applicable laws, regulations, or rules.

If an account is used as collateral for a non-purpose loan (securities based lending), the Firm and your Financial Advisor may receive a portion of the interest paid on outstanding loan balances as a referral fee from the participating lender. This fee can range up to 1.00% of the interest stated on the lender's agreement. The possibility of compensation creates an incentive for the Firm to refer these services for the

account which would have the effect of increasing this compensation. The existence of this profit creates a conflict of interest that could influence the Firm to recommend opening or maintaining accounts that may have higher costs or less favorable services than other suitable alternatives which do not provide equivalent compensation to the Firm or the Representative.

The Firm does not create or promote proprietary products. The Firm does not own or manage mutual funds, exchange traded funds (ETFs), annuities or insurance products. However, through common ownership by B. Riley Financial, Inc., the Firm will have access to proprietary products offered by an affiliate, including the B Riley Diversified Equity Fund and the MKCO Opportunity Fund of Funds. This affiliate, B Riley Asset Management, as the fund adviser to these funds, receives the full investment management fees on these funds, as well as trading revenues. For these products, the Firm will not impose quotas to sell these products or offer any differential compensation to its Representatives which may influence a recommendation in favor of these proprietary

products. However, Representative Michael Kramer is a portfolio manager of the MKCO Opportunity Fund of Funds. This Representative is responsible for picking the investments in this fund and with the overall operations of this fund. As a result, Representative has an inherent conflict in recommending that an investor invest in this fund.

Please note that the amounts charged to your account for services, fees, expenses, or costs that the Firm has performed, incurred, advanced, or paid on the account's behalf (whether billed to you, the account, or the Firm) will include a reasonable profit, unless prohibited under the advisory agreement or applicable laws, regulations, or rules.

The existence of this profit creates a conflict of interest that could influence the Firm to recommend opening or maintaining accounts that may have higher costs or less favorable services than other suitable alternatives which do not provide equivalent compensation to the Firm or the Representative.

Item 5 – Account Requirements and Types of Clients

Account Requirements

To receive the B Riley Wealth Advisors Wrap Fee Services, you must have at least \$50,000 of assets under management in the account.

Types of Clients

The Firm provides investment advisory services to individuals, high net worth individuals, pension plans, wrap programs, trusts, estates, charitable organizations, corporations, and other business entities.

Item 6 – Portfolio Manager Selection and Evaluation

Representative will act as the portfolio manager and will create a customized portfolio recommendation designed to achieve your stated objectives using strategies consistent with your financial circumstances. Representative will consider your specific desires and restrictions

when forming your portfolio; consequently, your investment strategy can and often will differ significantly from other Firm clients. The Firm will supervise and Representative will manage your advisory assets on a continuous basis.

Item 7 – Client Information Provided to Portfolio Managers

First, Representative will collect all personal information required to open the brokerage account. Next, they will work with the Client to identify the financial situation, stated investment objectives, tolerance for risk, and investment time horizon (Suitability Information). Finally, they will accept any reasonable restrictions the Client desires to impose on investments for the Account.

The Client must promptly notify the Firm and/or the Representative of any change in their Suitability Information, including without limitation any change in the investment

objective, risk tolerance, investment time horizon, investment policies or guidelines, or reasonable restrictions of the Account. The Client agrees to provide the Firm and the Representative with additional information as the Firm or the Representative may request from time to time to assist in servicing and managing the Account. None of the Firm, NFS, nor Representative will have any liability for failure of the Client to provide accurate or complete information.

Item 8 - Client Contact with Portfolio Managers

Representative will be the portfolio manager and will interact directly with Clients.

Item 9 – Additional Information

Advisory Related Actions

On May 27, 2011, in accordance with an offer of settlement made by the Firm, the SEC entered an order finding that, since at least 2007 through 2009, the Firm collected undisclosed commissions, transaction charges and expenses from its wrap fee clients; failed to provide the required written disclosure and obtain the required consent on at least 3,000 principal trades; and failed to adopt, maintain and enforce a written compliance manual and code of ethics. The Firm voluntarily reimbursed its wrap fee clients all the excess commissions and charges - \$120,835. The Firm also voluntarily reimbursed the asset management fees associated with those overcharged transactions - \$47,418. In addition, pursuant to the order, the Firm agreed to disgorge the mark-up, mark-down and commission amounts associated with the improperly managed principal transactions to the affected parties - \$369,336.15. The Firm has also updated its compliance manual and code of ethics. For these violations, the Firm, the Firm's CEO, Gary Wunderlich, and the Firm's CCO, Tracy Wiswall, agreed to cease and desist orders, censures, undertakings and fines of \$125,000, \$45,000, and \$50,000, respectively.

Broker-Dealer Related Actions

In our capacity as a broker-dealer, and regarding matters unrelated to our investment advisory business:

- On October 26, 2015, the Firm consented to a censure and fine of \$50,000 by FINRA. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain and enforce an adequate supervisory system and written procedures regarding the preparation and dissemination of consolidated reports. Findings stated that although the firm's written supervisory procedures expressly permitted the preparation and dissemination of consolidated reports, they did not adequately address how the firm would supervise the use of nor how to ensure the accuracy of valuation information provided by the registered representative or mandate the inclusion of specific disclosures regarding the source and accuracy of such valuation information. Findings further stated the firm failed to ensure supervisory review of reports were performed and documented by the applicable supervisor and readily available for review by the Firm or regulatory authorities. The findings also stated the Firm failed to establish, maintain and enforce an adequate supervisory system and written procedures for the supervision and sale of nontraditional exchange-traded funds (ETFs). Although the Firm permitted

its Representatives to recommend the ETFs, the Firm's WSPs did not adequately address the characteristics and risks associated with them. In addition, the Firm did not utilize an effective system or report to enable its supervisors to identify instances where a customer might be holding an ETF position for an extended period. The Firm also failed to provide formal training to its Representatives and supervisors regarding the unique characteristics and risks of such ETFs.

- On June 24, 2014, the Firm consented to a censure and fine of \$108,343 by FINRA. Without admitting or denying the allegations, the Firm consented to the sanction and entry of findings that the Firm facilitated the sale of unregistered shares in the equity securities of two issuers, implemented inadequate supervisory systems to identify such activity and deficient supervisory and compliance procedures regarding the issue. The Firm failed to provide adequate training to the designated supervisors on how to assess the availability of an exemption from registration. Additionally, Stephen J. Bonnema, as the Firm's AML Compliance Officer, violated NASD and FINRA Conduct Rules related to the condition of the AML Compliance program. As a result, Mr. Bonnema was suspended from association with any FINRA firm in a principal capacity for ten (10) days and assessed a fine of \$5000.
- On April 16, 2013, the Firm agreed to the imposition of a penalty of \$10,000 by the New York State Department of Financial Services. the Firm waived its right to notice and a hearing on the charges that the Firm failed to disclose that it was under an SEC order as described in the Advisory Related Actions section above, provided incorrect and untrue information in a renewal application for an insurance agent's license, and failed to report that the Firm was censured and ordered to pay a fine to the Illinois Secretary of State and the District of Columbia Department of Insurance.
- On November 13, 2012, the Firm consented to a censure and fine of \$7,500 by FINRA. Without admitting or denying the allegations, the Firm consented to the sanction and the entry of findings that the Firm failed to report to TRACE the correct contra-party's identifier for transactions in

trace eligible securities and failed to report to TRACE transactions in trace-eligible securities that it was required to report.

- On October 19, 2012, the Firm consented to a censure and fine of \$36,500 by FINRA. Without admitting or denying the allegations, the Firm consented to the sanction and the entry of findings that the Firm failed to accurately disclose information regarding purchase and sale transactions effected in municipal securities to the RTRS, failed to accurately disclose the yield-to-worst to customers on trade confirmations, failed to report the correct yield to the RTRS. In addition, the Firm consented to the entry of findings that the Firm's supervisory systems did not provide for supervision reasonably designed to achieve compliance with MSRB rules concerning MSRB Rule G-15, failed to report to TRACE transactions in trace-eligible securities within 15 minutes of the execution time, failed to accurately report to TRACE the date of execution and the accurate execution time in some trades, and failed to report to TRACE the accurate market identifier for one transaction.
- On October 25, 2011, the Firm consented to a censure and fine of \$50,000 by FINRA. Without admitting or denying the allegations, the Firm consented to the sanction and the entry of findings that the Firm failed to supervise the personal trading of research analysts who maintained accounts at other securities firms, where discretionary trading authority had been given to a third-party manager or advisor over the account. In addition, the Firm consented to the entry of findings that it issued research reports, conducted two public appearances and posted rating on the Firm website that failed to comply with FINRA disclosure requirements.

Other Activities

B Riley Wealth Management, Inc. (the Firm) is a broker-dealer as well as a Registered Investment Adviser. Its principal executive officers and most of its Representatives are registered as both registered representatives and investment adviser representatives. You are under no obligation to engage the Firm as a broker-dealer or an investment adviser, to effect securities transactions, or to purchase any other products from or through the Firm or any of the Representatives acting on its behalf.

Subject always to the Firm's duty and policy to obtain the best execution of its Clients' transactions, the Firm intends to act as the Introducing Broker for most transactions. Further, the Firm may make a market in the securities in which the Firm recommends one or more of its Clients should invest. In executing trades for a Client, unless the account agreement provides otherwise, the Firm may charge the Client customary brokerage commissions or markups, fees and expenses in connection with the transaction. Consequently, the Firm will share in a portion of the revenues normally and customarily generated by a broker-dealer from the securities transactions of the Clients. In relation to these activities, certain employees of the Firm are registered representatives of the Firm. These registered representatives may receive payment related to the execution of those trades.

Certain Firm employees provide accounting services and insurance products. In these cases, the services are provided through independent accounting firms or insurance agencies that have been established by the employee and are independent of the Firm. You have no obligation to accept such services.

The Firm or its Representative may also be engaged to provide third-party fiduciary or related advisory services outside a traditional wrap fee arrangement. In this case, additional fees for these related services will be detailed under a separate agreement and shared between the Firm and the Representative providing such services. You have no obligation to accept such services.

Please refer to the *Conflicts of Interest* sections in Item 5 for further information with respect to compensation and conflicts of interest involving the Firm and Representative. Although the Firm and Representative will endeavor to place your interests first, the conflicts of interest described in this Wrap Fee Brochure can influence the recommendations made or actions taken regarding your account.

The Firm and Representative will devote as much time as they believe necessary to help you achieve your investment objectives. They will not devote all or any specific portion of their working time to your affairs, and they may devote a portion of their time to other matters. Further, the Firm and its affiliates as well as

Representative may organize or become involved with other clients or in other business ventures,

including other investment-related businesses. Such other businesses and the clients of such businesses may compete for the time and attention of the Firm principal executive officers and Representatives, and possibly, for limited investment opportunities, all of which can create conflicts of interest.

Other Affiliations

The advisory service of asset management almost always involves the use of a brokerage account. Being dually registered, B Riley Wealth Management (the Firm) can offer both the services of an adviser and the order entry capabilities of a broker.

As discussed in Item 4 above, you will need a brokerage account and an advisory agreement to obtain asset management advisory services offered by the Firm. While the Firm is a broker-dealer, it uses various other broker-dealers to execute its trade requests. This makes the Firm an "Introducing Broker" and the other broker-dealer a "Clearing Broker" or "Custodian."

For the B Riley Wealth Advisors division, National Financial Services (NFS) processes the majority of broker-dealer transactions as the Clearing Broker and provides discounted rates as well as other benefits based on the volume of trading the Firm directs through the NFS platform. Outside the B Riley Wealth Advisors division, First Clearing processes the majority of broker-dealer transactions as the Clearing Broker and provides discounted rates as well as other benefits based on the volume of trading the First directs through the First Clearing Platform. This could influence the Firm to recommend NFS or First Clearing as the custodian and Clearing Broker when other broker-dealers might offer you better execution. To insure you are receiving best execution, the Firm compares each trade executed at NFS and First Clearing to the national average for price and execution speed.

First Clearing is a subsidiary of Wells Fargo & Firm, a banking and financial services organization. Wells Fargo Advisors, LLC, a non-bank affiliate of Wells Fargo & Firm, is a registered broker-dealer and a Registered Investment Adviser that sponsors certain wrap fee programs offered by the Firm. Wells Fargo & Firm and its bank and non-bank affiliates (other than First Clearing) are referred to in this Wrap Fee Brochure collectively as "Wells Fargo."

The Firm also sponsors the following wrap fee programs - the Wunderlich Securities Inc. Wrap Fee Program (WSI), Wunderlich Asset Management (WAM), and Alpha Research Portfolio (ARP). Under each of these programs, the Firm provides ongoing supervision of assets and the Representatives provide continuous and ongoing investment management.

Representatives may, upon authorization by you, exercise full investment discretion and choose the investments in WAM or can delegate that authority and responsibility to a third-party money manager (Sub-adviser) in WSI. ARP is a discretionary program in which the Firm relies upon the recommendations of its affiliate, B. Riley/FBR Research Department.

The Firm often engages Wunderlich Capital Management (WCM) to manage clients' portfolio assets in the WSI Wrap Program. WCM is an SEC registered investment adviser owned and operated by Phillip Wunderlich – brother to the Firm's former CEO, Gary Wunderlich. The Firm's parent Firm, Wunderlich Investment Firm, Inc. (WIC), also owns a 20% interest in WCM. Phillip is registered individually as an investment adviser representative with the Firm and WCM. The close family relationship could produce a conflict of interest in the operation of both businesses of which we are addressing by making full disclosure in this Wrap Fee Brochure. The WCM performance results are not reviewed by the Firm or any other third-party.

The choice of using a wrap fee program versus using a non-wrap fee program does not increase or decrease the Firm's compensation. In either case the Firm is entitled to its portion of the advisory fee and does not receive a separate amount for per trade commissions. For additional information relating to the Firm's wrap fee programs, please refer to the Firm's separate brochure describing such programs.

Your Representative will help you evaluate the different cost structure of these programs and various other alternatives before helping you choose the solution that suits your needs.

The Firm and its affiliates use or will use proprietary research, asset allocation and manager search information provided by the Firm or affiliates of the Firm. Research products or services provided to the Firm and/or its Clients may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities and other products or services (e.g., quotation equipment and computer-

related costs and expenses) providing information to the Firm which enhances its investment decision-making performance. All investment advisory arrangements with related parties are conducted on an arm's length basis so as to neither advantage nor disadvantage other Clients or the Firm's related parties. In addition, the Firm and/or its Clients will receive copies of research products and/or services from its affiliates at the same time as its affiliates provide copies of such research products and/or services to other Clients. The Firm and/or its Clients will not be given preferential access to such research products and/or services by its affiliates.

The Firm may recommend that certain Clients invest in securities of issuers with which the Firm or B. Riley FBR has an investment banking relationship or seeks to do business.

Accordingly, the Firm and/or its affiliates may receive compensation for investment banking services or other similar services from the issuers of securities in which the Firm recommends that one or more its Clients should invest. Therefore, the Firm could also have an incentive to recommend Clients invest in securities of issuers based on the Firm's or B. Riley FBR's investment banking relationship with such issuers. The Firm will not recommend that a Client invest in the securities of an issuer with which the Firm or B. Riley FBR has an investment banking relationship or seeks to do business unless the Firm has determined that such recommendation is in the best interests of the Client.

Neither the Firm nor its related persons are obligated to allocate any specific amount of time or investment opportunities to a particular Client. The Firm and its related persons intend to devote as much time as they deem necessary for the conduct of each Client's operation and portfolio management, and will allocate investment opportunities in accordance with the Firm's trade allocation policy. Since the Firm and/or its related persons may serve as advisers, directors, members, investors, partners, officers, investment adviser representatives, or provide other services to clients of the Firm and/or its affiliates, the Firm and/or its related persons may be given access to confidential information relating to portfolio funds or companies in which a Client may invest. As a result, the Client may be prohibited from engaging in transactions with certain entities, portfolio companies, or affiliates or purchasing or selling certain investments held

in an account which may have an adverse effect on the Client.

Certain Clients may maintain brokerage accounts at the Firm or B. Riley FBR for which a Representative, in his/her dual capacity as a registered representative for the Firm or B. Riley FBR, may serve as broker. The Firm does not act in an advisory capacity with respect to these accounts.

Code of Ethics

The Firm has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. The B Riley Wealth Management Code of Ethics describes the firm's fiduciary duties and responsibilities to Clients. To supervise compliance with its Code of Ethics, the Firm requires that anyone associated with the firm who has access to information regarding client investment recommendations or transactions must provide an initial and annual securities holding report and quarterly transaction reports to the firm's Chief Compliance Officer.

The Firm requires that each associated person must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.

The Firm's Code of Ethics also includes the Firm's policy prohibiting the use of material non-public information. Any individual who fails to abide by the Firm's Code of Ethics may be subject to discipline. The Firm will provide a copy of its Code of Ethics to any Client or prospective Client upon request to the Chief Compliance Officer at the Firm's principal address.

Nothing in this Wrap Fee Brochure or otherwise shall impose upon the Firm or any Representative any obligation to purchase or sell, or to recommend for purchase or sale, for any accounts any security which the Firm or any of its principals, officers, affiliates, employees or Representatives purchase or sell for their own accounts or for the accounts of other clients, unless not to engage in such activity would violate the fiduciary duty of the Firm.

Participation or Interest in Client Transactions

Individuals associated with the Firm may buy or sell securities for their personal accounts identical to or different than those recommended to Clients. It is the expressed

policy of the Firm that no Representative shall prefer their own interest to that of their advisory client(s) or make personal investment decisions based on the investment decisions of clients. Subject to the Code of Ethics, the Firm employees are permitted to trade for their own accounts side-by-side with the firm's clients in the same securities. When trading side-by-side with firm clients, the Representative is required to always place client orders first.

A client trade will be aggregated with an employee trade or trade by an affiliated account only if: 1) client trades are treated equally with employee and affiliated account trades; 2) each affiliated and non-affiliated participant in the trade will receive average execution and average commissions; and 3) securities purchased or sold will be allocated pro rata.

Personal Trading

The Firm or any of its licensed professionals may act as an investment adviser for others, may manage assets for others, may own investments in its or their own names, and/or may serve as an officer, consultant, partner or stockholder of one or more investment partnerships or other businesses. All such activity is subject to compliance with the Firm's Code of Ethics and other written procedures. In doing so, the Firm or such persons may give advice, take actions, or refrain from taking actions differing from advice given, actions taken or actions not taken for any client.

Some of the Representatives are licensed to sell insurance products, in some cases through separate insurance businesses. These Representatives may receive commissions, deferred sales charges, on-going servicing fees, and other compensation because of a Client's purchase of insurance products. Consequently, these Representatives have a conflict of interest in recommending their Client purchase insurance products. Clients are under no obligation, contractual or otherwise, to purchase any insurance or security product or service from the Firm or any Representative.

Reviews and Reviewers

The Firm considers account reviews a continuous process, with the frequency and nature of the review dependent on several factors and situations, such as: whether the account is managed on a discretionary basis, the buying or selling of a security, balancing

gains/losses for tax planning, raising or lowering cash based on market conditions, investing new capital contributions, and adjusting overall portfolio composition to maximize returns given current market conditions.

At various times, depending on the nature and reason for the review, the Firm may review the suitability of the investment strategies in which the account participates, the securities held within the account and your financial resources and time horizon (Suitability Information). The Firm employs branch office managers who are responsible for performing reviews quarterly and the number of accounts assigned to each manager depends upon the size of the branch. The Firm additionally has established a centralized review group to assist the branch office managers in these duties. The Firm uses an electronic review system that records all daily transactions and searches for trades that violate certain of its procedures. The Firm's Compliance Department will periodically review this system and a sampling of the transactions it records to make certain it continues to alert the managers to possible procedural violations.

Reports

All Clients will receive the following reports from the Custodian:

- confirmation of each securities transaction,
- all other documents required by law to be provided to security holders; and
- a quarterly statement reflecting all activity in the account during the preceding period, including all transactions made on behalf of the account, all contributions and withdrawals, all fees and expenses, and the value of the account at the beginning and end of the period.

The advisory agreement may provide for additional reports. Accounts will receive performance or other reports only as specifically provided in the advisory agreement.

Other Client Communication

For each account, Representative will provide investment advice. Your Representative, chosen sub-adviser, or other investment manager will manage the account based on your Suitability Information. At least annually, Representative will contact you to determine whether there have been changes in the Suitability Information, including whether you wish to impose new investment restrictions or modify existing

restrictions to the extent allowable under the terms of a particular investment strategy. Representative and the Firm will make themselves reasonably available for consultation.

You will retain, with respect to all securities and funds in the account, to the same extent as if you held the securities and funds outside of the advisory account, the right to:

- withdraw securities or cash;
- vote securities or delegate the authority to vote securities to another person;
- proceed directly as a security holder against the issuer of any security in the account and not be obligated to join any other client, as a condition precedent to initiating such proceeding.

Client Referrals

If your Representative refers you to another Representative for investment advisory services, both the Representatives will share in the advisory fees paid by the account, in such proportions as they shall agree.

The Firm accepts referrals of prospective clients from third-parties (Solicitors). Assuming the Solicitor has executed a Solicitor's agreement with the Firm and abides by all applicable laws and regulations, the Firm will share a portion of the fees generated by each referred client with the Solicitor. Each prospective client receives a Solicitor's Disclosure Document and signs a consent form before entering any agreements with the Firm.

The Firm may also receive compensation for referring you to a third-party adviser. The amount of compensation will be determined by the agreement between the Firm and the third-party adviser. The Firm will act as the Solicitor and deliver to you its Solicitor's Disclosure Document at the time of the referral.

Please note that payment of compensation to the Firm and Representative for recommending a third-party adviser creates a conflict of interest. Although the Representatives commit to acting in your best interests, the existence of such compensation could encourage them to make an unnecessary referral or cause them to withhold information about an alternative investment option that doesn't provide equivalent compensation.

Other Compensation for the Firm

The Firm and Representative have a conflict of interest when recommending the Firm and NFS as introducing and clearing brokers. An increase in the number of accounts, amount of assets, or number of transactions processed through NFS will at certain levels, help the Firm meet its minimum monthly clearing fees. This is an economic benefit to the Firm, even if no additional commissions are charged. In addition, the Firm receives other fees from NFS such as rebates on money market or margin account balances, which are based on the number and size of the accounts and balances carried with NFS.

The Firm will retain the amount of these fees it receives as additional compensation and will not credit or rebate these fees against the advisory fees.

In certain cases, clearing brokers, custodians, or other firms who hold account assets (each a "Sponsor") may agree to invest a portion of the revenues from accounts through allowances to the Firm, the Representatives, and other advisers, broker-dealers, or representatives whose Clients have accounts.

The Firm may agree to provide the Sponsors with introductions to and information concerning itself or the Representatives, and allow the Sponsors to participate in meetings and workshops. In addition, the Sponsors may agree to provide the Firm or the Representatives with organizational consulting, education, training and marketing support.

A Sponsor may pay for annual conferences designed to facilitate and promote the success of the advisory services. It may offer portfolio strategists, investment managers, or investment management firms (who may also be sub-advisers for mutual funds recommended by the Firm or Representatives) the opportunity to contribute to the costs of the Firm annual conference and be identified as a sponsor of a portion of the conference. A Sponsor may agree to bear the cost of airfare for certain Representatives to attend the Sponsor's annual conference or to conduct due diligence visits to the Sponsor's offices. In addition, a Sponsor may, from time to time, contribute to the costs incurred by the Firm regarding conferences or other client events conducted by the Firm or a Representative.

The Brokers may provide other products and services that help the Firm or the Representative

manage and administer their accounts, but which may or may not benefit accounts held with other custodians. These products and services may include software and other technology that provide access to account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of the Firm fees from its accounts; and assist with back-office support, recordkeeping and Client reporting. These products and services may be used to service all or a substantial number of the Firm accounts, including accounts not maintained with the Broker.

These payments and other economic benefits represent additional compensation to the Firm, over and above the advisory fees. Be aware that these various forms of compensation and economic benefits are strong incentives for the Firm to recommend (and to continue recommending) NFS over other brokers, investment advisers and custodians. Furthermore, the Firm has the same strong incentive to recommend (and to continue recommending) their investment products and services over other products and services which might provide better returns or better prices but which do not provide equivalent compensation or economic benefits to the Firm. B Riley Wealth Management intends to fulfill its fiduciary duty to act in the best interests of its Clients; however, these strong economic incentives could, consciously or unconsciously, influence its decision-making. You should consider the risk from these influences on the Firm's recommendations when deciding to begin or continue a relationship with the Firm.

Other advisers may be able to provide the same or similar services without the presence of these conflicts of interest. Other advisers or custodians may be able to provide the same or similar services for a lower cost or obtain better prices or performance.

Additionally, the Firm depends, in part, on business referred to it by its Representatives. As such, it has a strong financial incentive to maintain or improve its relationships with the Representatives so that they continue to make referrals.

Other Compensation for the Brokers

For its brokerage and related services, NFS may charge commissions, markups, markdowns, and other transaction-related charges, and may also charge a fee for its services as Custodian. The amount of such fees and expenses will be charged and collected separately from the advisory fee and will be listed in the account opening documentation.

The other Brokers will charge and collect their own separate transaction-related brokerage and custody fees. Such expenses will be detailed in the brokerage account agreement you sign with each Broker. These fees and expenses are separate from the Firm's advisory fee which is detailed in the Agreement you sign with the Firm.

The Brokers may receive Rule 12b-1 distribution fees, shareholder servicing, or administrative fees with respect to mutual funds or money market funds held in the account. Cash awaiting investment or reinvestment at a Broker may be invested in cash management or money market funds at the Broker or another Custodian (or an affiliate), pursuant to an automatic cash sweep program. The adviser to these funds may be an affiliate of the Broker or other Custodian (or its affiliate). Thus, the Brokers have an incentive to purchase mutual funds or money market funds which pay 12b-1 Fees. 12b-1 fees received by the Firm for money market funds are not provided to Representatives as compensation. Any mutual funds (to exclude money market funds) maintained in custodial accounts for Clients which provide 12b-1 fees will not additionally be included as Managed Assets and will not be included as assets for calculations of Representative management fees.

The Brokers also receive non-brokerage related fees such as margin interest, IRA fees and money market fund fees, and a money market administrative fee. The Brokers may also receive compensation from funds available through the Brokers for the execution of purchases of Fund shares or the performance of clearance, settlement, custodial or other functions ancillary thereto (including, without limitation, recordkeeping, sub-accounting, shareholder communications, administrative and similar services provided to such funds).

Financial Information

This item is not applicable to B Riley Wealth Management. The Firm does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. We are not subject to a financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients. We have not been the subject of a bankruptcy petition at any time.