

**Item 1: Cover Sheet**

**FORM ADV PART 2A  
INFORMATIONAL BROCHURE**

**COMMONWEALTH RETIREMENT INVESTMENTS LLC**  
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**January 19, 2017**

**This brochure provides information about the qualifications and business practices of Commonwealth Retirement Investments LLC. If you have any questions about the contents of this brochure, please contact us at 804-282-1238. 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. Our registration does not imply a certain level of skill or training.**

**Additional information about Commonwealth Retirement Investments LLC (CRD# 285998) is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2:        Statement of Material Changes**

Commonwealth Retirement Investments LLC is applying for registration as an investment advisor with the United States Securities and Exchange Commission.

**Item 3: Table of Contents**

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## INFORMATIONAL BROCHURE

### COMMONWEALTH RETIREMENT INVESTMENTS LLC

#### **Item 4: Advisory Business**

Commonwealth Retirement Investments LLC (“CRI”) has been in business since January 2017. Ryan Drake is the firm’s principal. Mr. Drake has been advising clients for over 15 years and was formerly an independent financial advisor with Lincoln Financial Advisors.

CRI provides personalized financial planning and/or investment management services to individuals and families. Specifically, CRI focuses on the big picture of retirement, and creating an effective pathway to reach your retirement goals. Commonwealth focuses its efforts on clients that are in and near retirement along with their families.

CRI’s comprehensive planning process starts with a discovery meeting which is spent getting to know you and developing an understanding of your priorities both financial and non-financial. During this session, we will review your statements and other important documents. From there we will go to work and form a plan to address how you can best meet your retirement objectives while effectively managing risks. Once we have developed a set of observations and reviewed our findings with you, we will focus on specific long-term investment strategies which could be effective in helping you to reach your retirement goals. At this point we should both (CRI and You) decide as to whether we should engage in a longer term relationship whereby you would have us manage all or part of your investments. We can also continue to provide you with ongoing financial planning advice. We generally provide ongoing financial planning advice only to our asset management clients.

We perform asset management services on a discretionary basis. This means that while we will continue an ongoing relationship with each client, being involved in various stages of their lives and decisions to be made, but we do not seek specific approval of changes to client investment accounts. Because we take discretion when managing accounts, clients engaging us will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Management Agreement that outlines the responsibilities of both the client and CRI. We believe that most clients are best served through this type of arrangement.

In limited circumstances, we may provide asset management services on a non-discretionary basis, which means we will manage the clients’ accounts as we do for our discretionary clients, except we will consult with the client prior to implementing any investment recommendation. Clients should be aware that some recommendations may be time-sensitive, in which case recommendations not implemented because we are unable to reach a non-discretionary client may not be made on a timely basis and therefore client’s account may not perform as well as it would have had CRI been able to reach the client for a consultation on the recommendation.

#### Assets Under Management

As of this date, CRI is a newly formed business, and as such, CRI does not yet have any clients or assets under management.

## **Item 5: Fees and Compensation**

### **A. Fees Charged**

All investment management clients are required to execute an Investment Management Agreement that will describe the type of management services to be provided and the fees, among other items. Clients are advised that they may pay fees that are higher or lower than fees they may pay another advisor for the same services, and may in fact pay lower fees for comparable services from other sources. Clients are under no obligation at any time to engage or to continue to engage, CRI for investment management services. If you do not receive a copy of this brochure at least 48 hours prior to the execution of an Agreement, you may terminate the agreement within the first five (5) business days without penalty.

#### Asset Management

Our fee schedule is listed below. In limited circumstances, and for accounts that are over \$5,000,000 in value, our fees are negotiable.

<i>Assets Under Management</i>	<i>Annual Rate</i>
First \$1,000,000	1.00%
Next \$1,000,000	0.85%
Over \$2,000,000	0.55%
Over \$5,000,000	Negotiable

In determining your asset management fees, we combine the value of all assets we manage on a discretionary basis as part of your household.

#### Financial Planning

In circumstances when financial planning is done on a stand-alone basis, the fees charged are based on the fee agreed upon by CRI and the client. The arrangement is provided on a fixed fee basis, and the fixed fees will range from \$1,000 to \$2500. Financial planning fees are negotiable and may be waived at the discretion of CRI. These fees are dependent on the nature of the engagement, and are set on a case-by-case basis. Financial Planning fees are refundable within 30 days of payment in the event you are dissatisfied with the work we do on your behalf.

Ongoing financial planning services provided to asset management clients may be provided without a separate fee for financial planning.

### **B. Fee Payment**

#### Asset Management:

For clients whose assets are managed by the firm, investment advisory fees will be debited directly from each client's account. The advisory fee is paid quarterly, in advance, and the value used for the fee calculation is the net value as of the last market day of the previous quarter. For example, if your annual fee is 1.00%, each quarter we will multiply the value of your account by 1.00%, then divide by the number by four to calculate our fee. If a client adds assets to the account during the quarter those assets, based on the deposited amount, will be billed at the beginning of the next period and

prorated to reflect the time invested. We do not refund fees based on withdrawals unless the account relationship is terminated. To the extent there is cash in your account, it will be included in the value for the purpose of calculating fees only if the cash is part of an investment strategy. Once the calculation is made, we will instruct your account custodian to deduct the fee from your account and remit it to CRI. While almost all of our clients choose to have their fee debited from their account, we will invoice clients upon request.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian. Each quarter, the client will receive a statement from their account custodian showing all transactions in their account, including the fee.

Financial Planning: Financial planning fees will be due upon receipt of invoice from CRI.

#### C. Other Fees

There are a number of other fees that can be associated with holding and investing in securities. You will be responsible for fees including transaction fees for the purchase or sale of a mutual fund or Exchange Traded Fund, or commissions for the purchase or sale of a stock, bond or similar securities. CRI does not receive any part of these fees charged by the custodian. Expenses of a fund will not be included in management fees, as they are deducted from the value of the shares by the mutual fund manager. For complete discussion of expenses related to each mutual fund, you should read a copy of the prospectus issued by that fund. CRI can provide or direct you to a copy of the prospectus for any fund that we recommend to you.

Please make sure to read Item 12 of this informational brochure, where we discuss broker-dealer and custodial issues.

#### D. *Pro-rata* Fees

If you become a client during a quarter, you will pay a management fee for the number of days left in that quarter. If you terminate our relationship during a quarter, you will be entitled to a refund of any management fees for the remainder of the quarter. Once your notice of termination is received, we will assess pro-rated fees for the number of days between the end of the prior billing period and the date of termination to be paid in whatever way you direct (check, wire).

#### E. Compensation for the Sale of Securities.

To permit CRI clients to have access to as many investment solutions as possible, certain professionals of CRI are registered representatives of Purshe Kaplan Sterling Investments, Inc. ("PKS"), a FINRA member broker-dealer. The relationship with PKS allows these professionals to provide additional products to clients' portfolios that would not otherwise be available. Because PKS supervises the activities of these professionals as registered representatives of PKS, the relationship may be deemed material. However, PKS is not affiliated with CRI or considered a related party. PKS does not make investment decisions for client accounts. Registered representative status enables these professionals to receive customary commissions for the sales of various securities, including those recommended to clients. Commissions charged for these products will not offset management fees owed to CRI.

Receipt of commissions for investment products that are recommended to clients gives rise to a conflict of interest for the representative, in that the individual who will receive the commissions is also the individual that is recommending that the client purchase a given product. This conflict is

disclosed to clients verbally and in this brochure. Clients are advised that they may choose to implement any investment recommendation through another broker-dealer that is not affiliated with CRI. CRI attempts to mitigate this conflict by requiring that all investment recommendations have a sound basis for the recommendation, and by requiring employees to acknowledge their fiduciary responsibility toward each client.

**Item 6: Performance-Based Fees**

CRI does not charge performance based fees.

**Item 7: Types of Clients**

Clients advised may include individuals, families, trusts, and charitable organizations and foundations. CRI does not require any particular minimum amount of assets to be placed with CRI.

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

It is important for you to know and remember that all investments carry risks. **Investing in securities involves risk of loss that clients should be prepared to bear.**

Each client's portfolio will be invested according to that client's investment objectives, which are ascertained through the financial planning process. Once we ascertain your objectives, we will develop a set of asset allocation guidelines, and then in most cases place the assets in one or more of our investment strategies. The blend of strategies will be customized to your situation and our outlook for various financial markets. Because many of our clients are similar in that they are in and near retirement, the allocations are often similar. We base our conclusions on predominantly publicly available research, such as regulatory filings, press releases, and research we receive through our custodian as well as other market research.

The investment strategies are not investment products. Due to market movements and other factors, not all clients will have exactly the same investment percentages in each of the underlying securities.

The investment strategies that we recommend are based on the needs of the client as compared with the typical behavior of that security type or strategy, current market conditions, and your current financial situation and financial priorities. Because we develop an investment strategy based on your personal situation and financial goals, your asset allocation guidelines may be similar to or different from another client. To ensure that each household is being managed as efficiently as possible, CRI has developed portfolios that are aimed to work in tandem with one another, through the use of multiple accounts or by combining strategies in a single account.

We may periodically recommend changes to the allocation of client portfolios based on changing conditions in the financial markets, economic outlook or an individual client's objectives. It is important to remember that because market conditions can vary greatly, your asset allocation guidelines are not necessarily strict rules. We may deviate from the guidelines as we believe necessary.

When CRI makes changes to an investment strategy, these changes may not be made simultaneously. Rather, some accounts may be modified before others. This may result in accounts being traded earlier inadvertently having an advantage over accounts traded later. In most cases changes are made simultaneously.

The primary investment strategies we utilize include:

**Dividend Growth Portfolio:** This strategy focuses on a diversified portfolio consisting of individual companies that are currently paying dividends and that may have the ability to increase those dividends over time. The income generated by these companies may make them appropriate for those in and near retirement. Although past results do not necessarily repeat in the future, we believe that investing in a well-diversified portfolio of dividend paying companies can result in lower risk for the retired investor. These stocks can and do decline in value from time to time and may not always exhibit less volatility than the overall market. Dividends are not guaranteed and must be declared by the company's Board of Directors. We rely, in part, on a company's history of maintaining and raising their dividends in making our investment decisions. From time to time we may invest in REITS, Master Limited Partnerships (MLPs), ETFs and similar vehicles as part of this strategy.

Our approach to dividend investing is long term and thus we do not usually attempt to time our investments in various companies on a short term basis. We do make ongoing adjustments based on our long term view for sectors and individual companies.

**Dividend Funds:** This strategy also seeks to invest in dividend paying companies but does so through publically available mutual funds and ETFs.

**Fixed Income:** In this strategy we manage a diversified group of fixed income oriented mutual funds or individual securities. The selection of funds or securities depends on our view of interest rates, economic growth or decline, and relative value of segments of the global debt markets as well as our assessment of the funds past performance. Not all clients will be in the same individual securities, as purchases may depend on the available inventory at the time

**Alternative Investments:** "Alternative" to CRI does not mean "private placement" or "unusual" or even "illiquid", though some alternatives can fit those terms. For us, it means any investment in a mutual fund or ETF that uses an asset class or strategies that are not part of our core strategies of dividend producing securities and fixed income. We use this portfolio as a means to further diversify our clients. Publically traded "alternative" mutual funds are relatively new and therefore may not have track records of the length of more traditional funds. We may also invest in publically traded REITS, ETFs, ETNs, or Master Limited Partnerships as part of this strategy.

**Annuities:** In some situations CRI recommends variable annuities and manages the allocation of the annuities balances to various sub-accounts. Annuity recommendations are generally made when clients seek the income protection features offered by the insurance company. Certain annuity payments are subject to the claims paying ability of the issuing company. Only annuities that have "advisor" share classes are used in our advisory accounts. You will be provided a prospectus of any annuity contracts we recommend and you should study it carefully. We do not receive any compensation from annuity contracts held within our advisory accounts. We do not place your funds in annuities without your specific consent, but we do manage the funds within the annuity contract on a discretionary basis.

**Other Strategies:** CRI will use certain other strategies from time to time based upon the needs of certain clients or upon a perceived opportunity in the investment market place.



## Risk of Loss

There are always risks to investing. **Clients should be aware that all investments carry various types of risk including the potential loss of principal that clients should be prepared to bear.** It is impossible to name all possible types of risks. Among the risks are the following:

- **Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason, and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.
- **Currency Risk.** Companies face currency risk when they do business in other countries. From time to time we invest in companies that are domiciled in other countries and their results can also be impacted by currency fluctuations. Some of the mutual funds we invest in may own foreign currencies and may invest in foreign securities or other similar instruments.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure, tariffs, environmental regulations or other laws can impact the return on these investments.
- **Tax Risks Related to Short Term Trading:** Clients should note that CRI may engage in short-term trading transactions. These transactions may result in short term gains or losses for federal and state tax purposes. In some types of accounts short term gains may be taxed at higher rates than long term gains. CRI endeavors to invest client assets in a tax efficient manner but does not consider each client's individual holding period when deciding to sell a particular security. If a client requires special handling of any security they should consult their tax professional and notify CRI of their wishes.
- **Purchasing Power Risk.** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- **Business Risk.** This can be thought of as certainty or uncertainty of a company's income. Management comes under business risk. Whether it's the uncertainty of the business cycle, the ebb and flow of product preferences, cost of labor and materials, almost investments are exposed to business risk.
- **Financial Risk.** The amount of debt or leverage a company has relative to its assets determines the financial risk of a company. Financial risk also applies to bonds issued by various governments and associated entities.
- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. .
- **Information Risk.** All investment professionals rely on research in order to make conclusions about investment options. We use a variety of information procured from public and private sources to make investment decisions. This data, or outside research is chosen for its perceived reliability, but there is no guarantee that the data or research will be completely accurate. Failure in data accuracy or research can translate to a compromised ability for us to make satisfactory investment decisions.
- **Concentration Risk.** While CRI selects individual securities, including mutual funds, for client portfolios based on an individualized assessment of each security, this evaluation comes without an

overlay of general economic or sector specific issue analysis. This means that a client's equity portfolio may be concentrated to some degree in a specific sector, geography, or sub-sector (among other types of potential concentrations), so that if an unexpected event occurs that affects that specific sector or geography, for example, the client's equity portfolio may be affected negatively, including significant losses.

- **Transition risk.** As assets are transitioned from a client's prior advisers to CRI there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Accordingly, these investments will need to be sold in order to reposition the portfolio into the asset allocation strategy selected by CRI. However, this transition process may take some time to accomplish. Some investments may not be unwound for a lengthy period of time for a variety of reasons that may include unwarranted low share prices, restrictions on trading, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities or investments that are never able to be sold. The inability to transition a client's holdings into recommendations of CRI may adversely affect the client's account values, as CRI's recommendations may not be able to be fully implemented.

- **Restriction Risk.** Clients may at all times place reasonable restrictions on the management of their accounts. However, placing these restrictions may make managing the accounts more difficult, thus lowering the potential for returns.

- **Risks Related to Investment Term & Liquidity.** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not an accurate measure of its value. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value. Further, some investments are made with the intention of the investment appreciating over an extended period of time. Liquidating these investments prior to their intended time horizon may result in losses.

- **REITs:** CRI may recommend that portions of client portfolios be allocated to real estate investment trusts, otherwise known as "REITs". A REIT is an entity, typically a trust or corporation that accepts investments from a number of investors, pools the money, and then uses that money to invest in real estate through either actual property purchases or mortgage loans. While there are some benefits to owning REITs, which include potential tax benefits, income and the relatively low barrier to invest in real estate as compared to directly investing in real estate, REITs also have some increased risks as compared to more traditional investments such as stocks, bonds, and mutual funds. First, real estate investing can be volatile. Second, the specific REIT chosen may have a focus such as commercial real estate or real estate in a given location. Such investment focus can be beneficial if the properties are successful, but lose significant principal if the properties are not successful. REITs may also employ significant leverage for the purpose of purchasing more investments with fewer investment dollars, which can enhance returns but also enhances the risk of loss. The success of a REIT is highly dependent upon the manager of the REIT. Clients should ensure they understand the role of the REIT in their portfolio. CRI limits its investments in REITs to publicly traded securities.

- **MLPs:** CRI may recommend that portions of client portfolios be allocated to master limited partnerships, otherwise known as "MLPs". An MLP is a publicly traded entity that is designed to provide tax benefits for the investor. In order to preserve these benefits, the MLP must derive most, if not all, of its income from real estate, natural resources and commodities. While MLPs may add diversification and tax favored treatment to a client's portfolio, they also carry significant risks beyond more traditional investments such as stocks, bonds and mutual funds. One such risk is management risk-the success of the MLP is dependent upon the manager's experience and judgment in selecting investments for the MLP. Another risk is the governance structure, which means the rules under which the entity is run. The investors are the limited partners of the MLP, with an affiliate of the manager typically the general partner. This means the manager has all of the control

in running the entity, as opposed to an equity investment where shareholders vote on such matters as board composition. There is also a significant amount of risk with the underlying real estate, resources or commodities investments. Clients should ask CRI any questions regarding the role of MLPs in their portfolio.

- **International Investing:** Investing outside of the United States, especially in emerging markets, can have special or enhanced risks. The most obvious are political risk (changes in local politics can have a vast impact on the markets in that country as well as regulations affecting given issuers) and currency risk (changes in exchange rates between the dollar and the local denominations can materially affect the value of the security even if the underlying fundamentals and market price are stagnant). There are other risks, including enhanced liquidity risk, meaning that while domestic equities and mutual funds are generally easily liquidated (though there may be a risk of loss due to the timing of the sale), equities in other jurisdictions may be subject to the circumstances of lower overall market volume and fewer companies on an emerging exchange. In addition, there may be less information and less transparency in a foreign market or from a foreign company. Foreign markets impose different rules than domestic markets, which may not be to an investor's advantage. Also, companies in foreign jurisdictions are generally able to avail themselves of local laws and venues, meaning that legal remedies for U.S. investors may not be as easily obtained as in the U.S.

#### **Item 9: Disciplinary Information**

There are no disciplinary items to report.

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

##### **A. Broker-dealer**

To permit CRI clients to have access to as many investment solutions as possible, certain professionals of CRI are registered representatives of Purshe Kaplan Sterling Investments, Inc. ("PKS"), a FINRA member broker-dealer. The relationship with PKS allows these professionals to provide additional products to clients' portfolios that would not otherwise be available. Because PKS supervises the activities of these professionals as registered representatives of PKS, the relationship may be deemed material. However, PKS is not affiliated with CRI or considered a related party. PKS does not make investment decisions for client accounts. Registered representative status enables these professionals to receive customary commissions for the sales of various securities, including those recommended to clients. Commissions charged for these products will not offset management fees owed to CRI.

Receipt of commissions for investment products that are recommended to clients gives rise to a conflict of interest for the representative, in that the individual who will receive the commissions is also the individual that is recommending that the client purchase a given product. This conflict is disclosed to clients verbally and in this brochure. Clients are advised that they may choose to implement any investment recommendation through another broker-dealer that is not affiliated with CRI. CRI attempts to mitigate this conflict by requiring that all investment recommendations have a sound basis for the recommendation, and by requiring employees to acknowledge their fiduciary responsibility toward each client.

##### **B. Futures Commission Merchant/Commodity Trading Advisor**

Neither the principal of CRI, nor any related persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity

trading advisor, or an associated person of the foregoing entities.

C. Relationship with Related Persons

Certain professionals of CRI are separately licensed as independent insurance agents. As such, these professionals may conduct insurance product transactions for CRI clients, in their capacity as licensed insurance agents, and will receive customary commissions for these transactions in addition to any compensation received in his capacity as employees of CRI. Commissions from the sale of insurance products will not be used to offset or as a credit against advisory fees. These professionals therefore have incentive to recommend insurance products based on the compensation to be received, rather than on a client's needs. The receipt of additional fees for insurance commissions is therefore a conflict of interest, and clients should be aware of this conflict when considering whether to engage CRI or utilize these professionals to implement any insurance recommendations. CRI attempts to mitigate this conflict of interest by disclosing the conflict to clients, and informing the clients that they are always free to purchase insurance products through other agents that are not affiliated with CRI, or to determine not to purchase the insurance product at all. CRI also attempts to mitigate the conflict of interest by requiring employees to acknowledge in the firm's Code of Ethics, their individual fiduciary duty to the clients of CRI, which requires that employees put the interests of clients ahead of their own.

D. Recommendations of other Advisers

This item is not applicable.

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

A. A copy of our Code of Ethics is available upon request. Our Code of Ethics includes discussions of our fiduciary duty to clients, political contributions, gifts, entertainment, and trading guidelines.

B. Not applicable. CRI does not recommend to clients that they invest in any security in which CRI or any principal thereof has any financial interest.

C. On occasion, an employee of CRI may purchase for his or her own account securities which are also recommended for clients. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades are reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

D. On occasion, an employee of CRI may purchase for his or her own account securities which are also recommended for clients at the same time the clients purchase the securities. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades are reviewed by the Compliance

Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

## **Item 12: Brokerage Practices**

### **A. Recommendation of Broker-Dealer**

CRI does not maintain custody of client assets; though CRI may be deemed to have custody if a client grants CRI authority to debit fees directly from their account (see Item 15 below). Assets will be held with a qualified custodian, which is typically a bank or broker-dealer. CRI recommends that investment accounts be held in custody by Schwab Advisor Services (“Schwab”), which is a qualified custodian. CRI is independently owned and operated and is not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when CRI instructs them to, which CRI does in accordance with its agreement with you. While CRI recommends that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. CRI does not open the account for you, although CRI may assist you in doing so. Even though your account is maintained at Schwab, we may use other brokers to execute trades for your account as described below (see “Your brokerage and custody costs”).

### **How we select brokers/custodians**

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. We consider a wide range of factors, including both quantitative (Ex: costs) and qualitative (execution, reputation, service) factors. We do not consider whether Schwab or any other broker-dealer/custodian, refers clients to CRI as part of our evaluation of these broker-dealers.

### **Your brokerage and custody costs**

For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. In addition to commissions, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How we select brokers/custodians”).

### **Products and services available to us from Schwab**

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab’s business serving independent investment advisory firms like CRI. They provide CRI and our clients with access to its institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help CRI manage or administer our clients’ accounts, while others help CRI manage and grow our business. Schwab’s support services are generally available on an unsolicited basis (we don’t have to request them) and at no charge to CRI. Following is a more detailed description of Schwab’s support services:

*Services that benefit you*

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

*Services that may not directly benefit you.*

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

*Services that generally benefit only us.*

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Assistance related to the transition of client assets from prior firms

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel. The services provided are based on our commitment to maintain at least \$82 Million in assets in custody with Schwab.

**Our interest in Schwab's services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. We may have an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/custodians") and not Schwab's services that benefit only us.

We do not consider whether Schwab or any other broker-dealer/custodian, refers clients to CRI as part of our evaluation of these broker-dealers.

## B. Aggregating Trades

An “aggregated trade”, otherwise known as a “batch” or “block” trade is when all clients in whose accounts the trade is to be made are executed at the same time. Instead of placing a number of trades for the same security for each account, we will, when appropriate, execute one trade for all accounts and then allocate the trades to each account after execution. If an aggregate trade is not fully executed, the securities will be allocated to client accounts on a *pro rata* basis, except where doing so would create an unintended adverse consequence (For example, if a *pro rata* division would result in a client receiving a fraction of a share, or a position in the account of less than 1%.) In some instances, the commission costs can be lower when trades are aggregated. This is not part of our arrangement with Schwab as of the date of this brochure.

### **Item 13: Review of Accounts**

All accounts and corresponding financial plans will be managed on an ongoing basis, with formal reviews with the client upon request but at least annually by a member of senior management. However, it is expected that market conditions, changes in a particular client’s account, or changes to a client’s circumstances will trigger a review of accounts.

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

#### A. Economic Benefit Provided by Third Parties for Advice Rendered to Client.

*Please refer to Item 12, where we discuss recommendation of Broker-Dealers.*

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

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

### **Item 15: Custody**

CRI deducts fees from client accounts, but would not have custody of client funds otherwise. Clients will receive statements directly from Schwab, and copies of all trade confirmations directly from Schwab.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. Each quarter, the client will receive a statement from their account custodian showing all transactions in their account, including the fee.

We encourage clients to carefully review the statements and confirmations sent to them by their custodian, and to compare the information on reports prepared by CRI against the information in the statements provided directly from Schwab. Please alert us of any discrepancies.

### **Item 16: Investment Discretion**

When CRI is engaged to provide asset management services on a discretionary basis, we will monitor your accounts to ensure that they are meeting your asset allocation requirements. If any changes are needed to your investments, we will make the changes. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash. You

may at any time place restrictions on the types of investments we may use on your behalf, or on the allocations to each security type. You may receive at your request written or electronic confirmations from your account custodian after any changes are made to your account. You will also receive monthly statements from your account custodian. Clients engaging us on a discretionary basis will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Management Agreement that outlines the responsibilities of both the client and CRI.

**Item 17:      Voting Client Securities**

Copies of our Proxy Voting Policies are available upon request.

From time to time, shareholders of stocks, mutual funds, exchange traded funds or other securities may be permitted to vote on various types of corporate actions. Examples of these actions include mergers, tender offers, or board elections. Clients are required to vote proxies related to their investments, or to choose not to vote their proxies. CRI will not accept authority to vote client securities. Clients will receive their proxies directly from the custodian for the client account. CRI will not give clients advice on how to vote proxies.

**Item 18:      Financial Information**

CRI does not require the prepayment of fees more than six (6) months or more in advance and therefore has not provided a balance sheet with this brochure.

There are no material financial circumstances or conditions that would reasonably be expected to impair our ability to meet our contractual obligations to our clients.