



Rosenblum-Silverman-Sutton S.F. Inc.

Alternate and abbreviated names:

Rosenblum-Silverman-Sutton Investment Counsel and/or RSS

Item 1 Cover Page

FORM ADV PART 2A BROCHURE

April 2020

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*This brochure provides information about the qualifications and business practices of Rosenblum Silverman Sutton S.F. Inc. If you have any questions about the contents of this brochure, please contact us directly at 415.771.4500. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state authority. Additional information about Rosenblum Silverman Sutton S.F. Inc. is available on the SEC's website at www.advisorinfo.sec.gov.

Item 2 Material Changes from Prior Form ADV Part 2A

This updated Form ADV Part 2A contains the following changes from the last annual amendment:

-Updated information regarding assets under management at Item 4.

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Item 4 Advisory Business, Services offered

Rosenblum-Silverman-Sutton S.F. Inc. ("RSS") was established in 1983 and is based in San Francisco, California. We are a Registered Investment Advisor or RIA, which means that we are registered with the Securities and Exchange Commission (SEC). Phyllis R. Sutton is the Principal and Owner of the firm.

RSS provides financial advisory services or money management on a discretionary basis. Our core business is management of our clients' investment portfolio(s). We are growth stock Advisors and our primary vehicle of investing is through individual equities, individual fixed income issues and we also invest in exchange traded funds (ETF), mutual funds, money market funds and certificates of deposit.

Our investment process has multiple stages and is a blend of several styles of analysis.

Stage one: the broad investment strategy or 'Top-Down' approach in which we use quantitative analysis to explore the current economic landscape and develop our investment themes.

Stage two: once the theme is established, we identify individual investments (generally Equities & Fixed Income) that fit our themes.

Stage three: we perform a full fundamental analysis of the investments. From this analysis we establish valuations to determine fair purchase prices and projected growth numbers. This process is used for the purchase of new investments as well as the continuous analysis of current holdings.

The process of managing our clients' portfolio(s) is a very personalized process as individual goals vary dramatically from client to client. Levels of understanding as well as levels of anxiety also vary with each individual client. Our core business is portfolio management which involves creating a customized portfolio and maintaining ongoing communication with our clients.

Wrap Account Programs

RSS does not currently participate in any Wrap Account Programs.

Current Assets Under-Management

As of 12/31/2019, RSS had \$359,993,500 under discretionary management and \$1,233,927 under non-discretionary management.

Item 5 Fees and Compensation Asset Based Fee

RSS' fee is a fixed percentage rate based on the total assets under management. Fees are payable quarterly in arrears on the total market value of the account(s) as of the last business day of the previous quarter. RSS does not bill in advance and does not offer any discount for pre-payment of fees.

Fee Schedule

Annual fee based on assets under management: 1.00% to 1.25% at RSS' discretion

RSS charges a minimum annual fee of \$5,000.00. RSS, in its sole discretion, may negotiate its fees, including the minimum annual fee.

The client's investment management fee to RSS is determined in accordance with the above standard fee structure, with exceptions negotiated on a case-by-case basis at RSS' discretion. Services provided for the above fees are for investment advice and quarterly reporting of asset holdings, valuations and performance reviews. RSS, in its sole discretion, may negotiate the annual fee based upon, among other criteria, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, shared referral fees, related accounts, account composition, pre-existing client relationship, account retention and/or *pro bono* activities.

The initial quarterly fee for a new client is pro-rated based upon the date that RSS begins trading on the account. A client may terminate its investment advisory relationship with RSS at any time upon written notice to RSS. RSS will then pro-rate ten business days from the date of termination.

A client may authorize RSS to deduct its quarterly investment advisory fee directly from their custodial account. This authorization must be granted under the client's signed RSS Investment Advisory Agreement and RSS will send the client a copy of their investment advisory fee invoice at the same time it requests payment from the client's custodian. In such cases, it is the Client's responsibility to verify the accuracy of the fee calculation, as the custodian will not determine whether the fee is properly calculated.

Services provided for the above fees are for investment management or consultation, confirmation of investment transactions and quarterly reporting of asset holdings, valuations and performance reviews. Brokerage commissions, trade-away fees, custodial charges and asset specific fees such as those charged by mutual funds, exchange traded funds or money market funds for fund management/administration are not included in RSS' management fee.

RSS does not accept or receive any fees or compensation from the sale of securities or any other investment products, including asset-based sales charges or service fees from the sale of mutual funds. RSS' only source of revenue is through our asset-based management fee.

Fund Disclosures

Investment vehicles such as mutual funds and exchange-traded funds offer a wide range of objectives and strategies; the types of securities held by such funds vary widely depending upon the specific objectives and strategies of the vehicle. These investment vehicles incur brokerage fees and other expenses charged by the broker/dealer. RSS receives no compensation for the purchase or sale of client funds. Clients indirectly pay for the expenses and advisory fees charged by the funds in which their assets are invested in addition to the advisory fee charged by RSS.

All such funds incur operating expenses in connection with the management of the fund. Investment funds pass some or all of these expenses through to their shareholders (the individual investors in the funds) in the form of management fees. The management fees charged vary from fund to fund. In addition, funds may charge shareholders (individual investors in the funds) other types of fees such as early redemption or transaction fees. These charges also vary widely among funds. As a result, clients will still pay management fees and other, "indirect" fees and expenses as charged by each mutual fund (or other fund) in which they are invested.

Clients are provided a copy of a fund prospectus for each fund in which they invest by their custodian or by the fund sponsor rather than by RSS. As required by law, a prospectus represents the fund's complete disclosure of its management and fee structure. In addition, a fund's prospectus can be obtained directly from the fund.

Bond Disclosure

Clients whose assets are invested in bonds purchased directly from an underwriter or on the secondary market may pay a sales credit or sales concession on the trade (in lieu of a sales commission) typically ranging from 0% - 2% of the par value of the bond. The client's custodian may also impose a fee on the transaction as well.

Hourly and Fixed Fee Arrangements

If a client requests RSS to provide consulting services apart from the management of an investment portfolio, RSS will charge for such services at an hourly rate of \$150.00. Such fees are payable upon completion of the services provided.

RSS may also negotiate a fixed fee arrangement with a client in special situations.

Item 6 Performance-Based Fees and Side-By-Side Management

RSS' investment management fee is not based upon capital gains or the capital appreciation of assets.

Item 7 Types of Clients

RSS clients are individuals, families, trusts, estates, charitable trusts, charitable organizations, self-directed 401(k) plans and small business pension plans. The majority of our clients reside in the San Francisco bay area and Northern California; RSS also has clients throughout the United States and overseas.

RSS imposes a portfolio minimum of \$500,000 in assets to be actively managed. This minimum can be spread out over several accounts or between family members. A guideline we follow is that any individual account with less than \$100,000.00 in investable assets will be invested in mutual funds.

As a result of the minimum account requirement, RSS' services may not be appropriate for everyone. Particularly for smaller accounts, other investment advisors may provide somewhat similar services for lower compensation, although still others may charge more for similar services. RSS reserves the right to refuse to do business with any investor we deem inappropriate.

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

RSS monitors economic issues on a domestic and international basis to discern any changes which may affect levels of financial markets or their component sectors. Financial markets are studied to determine the relative behavior of one in comparison to another (for example, equities vs. fixed income), and their response to economic or corporate events. The goal of

RSS' investment strategy is to identify broad economic trends, construct portfolios to provide exposure to the industries and sectors of the market which should benefit from these trends, and to emphasize high quality companies through strong fundamental research. RSS analyzes equities based on the fundamental operating conditions of the issuing companies, with particular emphasis on the consistency and acceleration of earnings growth, improvement in the rate of cash flow generation and return on equity, valuation (i.e., price-to-earnings) of the stock, balance sheet structure, as well as other factors such as strength of management, competitive advantages, new products, and industry consolidation.

Fixed income issues are analyzed according to their relative attractiveness along the yield curve, and by the ratings assigned to them by the rating agencies. Fixed income selection will be made accordingly.

All investing bears risk

RSS invests primarily in equities and fixed income issues. Any of these issues could lose some or all of their value. RSS cannot and will not guarantee against investment losses. RSS does attempt to manage client equity portfolio risk through sector diversification, rebalancing to keep individual investment size in check and continuous monitoring of the investments. RSS manages risk in our fixed income portfolios through sector diversification, laddering of maturities and adhering to size and quality guidelines.

All securities investments carry risk, including the risk that an investor may lose a part or all of his or her initial investment. Risk refers to the uncertainty that the actual return the investor realizes could differ from the expected return. Risks may be systematic, referring to factors that affect the returns on all comparable investments and that affect the market as a whole. Systematic risks include market risk, interest rate risk, reinvestment rate risk, purchasing power risk and exchange rate risk. Risks may also be unsystematic and based on factors that are unique to the specific investment security. These risks include business risk and financial risk.

Here are some of the general risks associated with parts of our investment strategy:

Short-term purchases – While we generally purchase securities with the intent to hold them for more than a year, we may on occasion determine to buy or sell securities in a client's account and hold them for less than a year. Some of the risks associated with short-term trading that could affect investment performance are increased commissions and transaction costs to the account and increased tax obligations on the gains in a security's value.

Bond Pricing – The price of bonds depends in part on the current rate of interest. Rising interest rates decrease the current price of bonds because current purchasers require a competitive yield. As such, decreasing interest rates increase the current value of bonds with associated decrease in bond yield. We may decide to exchange to a lower or higher duration bond or to another asset class due to interest rate risk that could affect investment performance.

Inflation - Inflation is the loss of purchasing power through a general rise in prices. If an investment portfolio is designed for current income with a real rate of return of 4% and inflation were to rise to 5% or higher, the account would result in a loss of purchasing power and create a negative real rate of return.

Price Fluctuation - Security prices do fluctuate (except for cash or cash equivalents) and clients must accept that risk associated with the fluctuations or change to a more appropriate investment portfolio in alignment with their risk tolerance.

Reinvestment of Dividends – We will reinvest interest, dividends and capital gains as appropriate to accumulate wealth based on factors such as ongoing cash needs and tax loss harvesting opportunities. This is an appropriate strategy for a portfolio designed for capital growth. However, the reinvested earnings could result in a lower or a higher rate of return than was initially projected.

Mutual Funds with Foreign Asset Holdings – Any investments in mutual funds that make foreign investments and are not hedged back to the U.S. Dollar are subject to the uncertainty with changes in the foreign currency value. The client may bear more risk and may earn a substantially higher return or a substantially lower return than projected.

Margin Trading – RSS typically does not trade on margin. However in some cases, and generally only for short term financing considerations, clients may elect to assume a margin balance on their investment account. The client's custodian may require a percentage of assets under management to be pledged as collateral for the margin amount. Clients risk that in a falling market, the pledged collateral will be insufficient to cover a margin call by their custodian. Consequently, all margin decisions are left to the client.

IPOs – Initial public offerings are generally investments in companies with limited operational histories and non-existent or weak earnings and are highly subject to market sentiment. Shares purchased through an IPO can often trade down immediately from their offer price or can be subject to wild fluctuations in performance at certain time periods after their entry to the public markets and, as such, carry increased risks of investment loss.

Item 9 Disciplinary Information

Neither Rosenblum-Silverman-Sutton S.F. Inc. nor any members of our staff have been disciplined by the SEC or other regulator. RSS has no disciplinary history and is not subject to any disclosure requirements.

Item 10 Other Financial Industry Activities and Affiliations

RSS is an independent investment advisor, unaffiliated with any other financial institution or securities dealer or issuer. We recommend that our clients custody their assets with Charles Schwab & Co., Inc., a SEC registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investors Protection Corporation ("SIPC"). Although we recommend that our clients custody their investment accounts at Schwab, we have no affiliation with Schwab, do not supervise their brokerage activities and are not subject to their supervision.

Although we may occasionally refer our clients to other professionals such as attorneys or accountants for estate planning, tax or other matters, neither the Firm nor its principals or

employees are affiliated with any law or accountancy firm.

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

RSS, its employees and their families are permitted to buy and sell securities for their personal investments. To govern such transactions, the Firm adopted employee personal securities policies and procedures and a code of ethics that outline the timing and conditions under which employees may buy or sell securities. RSS and/or its employees may personally invest in the same securities that are purchased for clients and may own securities of issuers whose securities are subsequently purchased for clients. Except under limited circumstances, RSS and/or its employees may not buy or sell the same securities that are purchased for clients when:

1. RSS is making or will make a trade for a client in the same security on the same day, and
2. During the one business day following a trade for a client in the same security.

RSS and/or its employees may purchase securities one or more days prior to a client transaction in the same security or on the second day following a client transaction in the same security.

It is possible that those RSS and/or employee account transactions will be executed at more favorable prices that were obtained for clients. RSS and/or its employees may buy or sell different investments, based on their personal investment considerations, which RSS may not deem appropriate to buy or sell for clients. It is also possible that RSS and/or employees may take investment positions for their own accounts that are contrary to those taken on behalf of clients. RSS and/or its employees may also buy or sell a specific security for their personal account based on personal investment considerations aside from company or industry fundamentals, which are not deemed appropriate to buy or sell for clients. This can occur when securities which are not suitable for clients at the time of purchase (i.e., speculative stocks, micro-cap stocks, penny stocks), are purchased by RSS or its employees. If these securities subsequently appreciate, these personal transactions could be deemed a conflict of interest.

Conversely, RSS and/or its employees may liquidate a security position which is held both for their own account and for the accounts of RSS clients, sometimes in advance of clients. This occurs when personal considerations (i.e. liquidity needs, tax-planning, industry/sector weightings) deem a stock sale necessary for individual financial planning reasons. If the security subsequently falls in price, these personal transactions could be deemed a conflict of interest.

In rare circumstances, RSS may recommend to clients the same securities that employees previously acquired for themselves in non-public transactions. In addition, RSS and/or its employees may transact in options on the same securities held on behalf of clients.

RSS employees may not “trade on” any knowledge he or she may have regarding the potential market impact of transactions entered on behalf of clients. RSS employees with access to investment decision making and trading must have duplicate statements of their brokerage accounts sent to the Firm’s compliance officer. Certain securities transactions contemplated by employees require pre-clearance.

Copies of RSS’ employee personal trading policies and code of ethics are made available to clients and prospective clients upon request.

Item 12 Brokerage Practices

RSS will typically trade with 10 to 15 broker dealers at any given time. Our investment staff has developed a list of evaluation factors to rate our trading partners.

The evaluation factors include: execution capability; research/compliance information (soft dollar services); block trading coverage for a particular security; commission and pricing structure; effective communication; responsive personnel; ability to position trades (for example: trading of odd lots); distribution and underwriting capabilities; use of electronic efficiencies; technology platform for advisor and clients; ability to execute and settle trades efficiently; mutual funds offered at minimal transaction costs; client custodial relationships; client reporting and convenience; financial stability; general reputation.

Our trading partners are reviewed periodically by our Director of Research and adjusted according to this review and their overall rating.

Research and Other Soft Dollar Benefits

RSS may purchase from a broker-dealer, or allow a broker-dealer to pay for certain research products or brokerage services (known as “soft dollar” products or services) on its behalf. Soft dollar brokerage services and research products may include, but are not limited to: research or market reports, market data services, market research software, corporate governance research, quantitative analytical software, financial newsletters, tuition to research related seminars. These brokerage and research products or services may be provided by various broker-dealers and used by RSS for the benefit of all its clients, including clients whose securities transactions are not affected by the broker-dealer that provides the services and research. In exchange for these services, but in keeping with its best execution obligations, RSS may direct client trades to the providers of such services and research.

RSS’ policy is to limit its use of such soft dollar arrangements to those falling within the safe harbor of Section 28(e) of the Securities and Exchange Act of 1934, as amended. Only bona fide research and brokerage products and services that proved assistance to RSS in the performance of its investment decision-making responsibilities are permitted.

RSS may pay a brokerage commission in excess of that which another broker-dealer might charge for effecting the same transaction in recognition of the value of the brokerage and research products and services received. In such cases, however, RSS will determine in good faith that such commission is reasonable in relation to the value of the brokerage or research products and services provided, viewed in terms of either the specific transaction or RSS’ overall responsibilities to the accounts over which it exercises investment authority. An account may therefore pay higher brokerage commissions than are otherwise available.

Aggregation of trades, allocation of opportunities and potential conflicts

RSS may aggregate a number of client trades as a single transaction for execution. Trade aggregation is usually sought to obtain lower commissions and costs or a better transaction price. RSS does not aggregate securities transactions for client accounts unless it believes that aggregation is consistent with its duty to seek best execution and is consistent with the investment management agreements for the client accounts for which securities transactions are aggregated. RSS does not permit employees’ securities transactions to be aggregated with securities transactions for client accounts. If securities transactions are aggregated for client accounts, RSS may allocate different blocks of aggregated trades through different executing brokers, which could result in differences in price obtained and commissions paid.

When trades are aggregated, the Firm uses a randomized system for selecting trade tickets to be allocated to certain brokers so that no client accounts are favored over any other client accounts over time. Each client account that participates in an aggregated securities transaction participates at the average price for all transactions in the security on the trade ticket for which that aggregated order is placed, with transaction costs shared in proportion to the client's participation. If an aggregated trade is only partially filled, it is allocated pro rata among the client accounts participating in that trade. The allocation of an aggregated trade may differ from the intended allocation specified in the trade blotter, if all client accounts receive fair and equitable treatment and if the reason for the difference is approved by the Firm's Chief Compliance Officer.

Because RSS engages in an investment advisory business and manages more than one client account, there may be a conflict of interest over RSS' time devoted to the management of any one account and the allocation of investment opportunities among all accounts managed by RSS. RSS will attempt to resolve all such conflicts in a manner that is generally fair to all of its clients. RSS may give advice and take action with respect to any of its clients that may differ from the advice given or the timing or nature of action taken with respect to any particular client. It is RSS' policy, to the greatest extent practicable, to allocate investment opportunities over a period of time on a fair and equitable basis relative to other clients. RSS is not obligated to acquire for any client account, any security that RSS or its officers, partners, members or employees may acquire for their own accounts or for the account of any other client, if in the absolute discretion of RSS, it is not practical or desirable to acquire a position in such security for that account.

Recommending custodians and executing brokers

RSS recommends that its clients custody their accounts at Charles Schwab & Co., Inc. ("Schwab"). Schwab is independently owned and operated and not affiliated with RSS and does not supervise or otherwise monitor RSS' investment management services to its clients. Schwab provide RSS with access to their institutional trading and custody services, which typically are not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a set minimum of the advisor's clients' assets is maintained in accounts at Schwab, but are not otherwise contingent upon RSS committing to any specific amount of business (in the form of either assets in custody or trading). Schwab's services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institution investors or would require a significantly higher minimum initial investment.

Schwab also makes available to RSS other products and services that benefit RSS but may not benefit its clients. Some of these other products and services assist RSS in managing and administering clients' accounts. These include software and other technology that provide access to client 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 RSS' fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of RSS' accounts, including accounts not maintained at Schwab. Schwab also makes available to RSS other services intended to help RSS manage and further develop its business. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, they may make available, arrange and/or pay for these types of services to RSS by independent third parties. They may discount or waive fees they otherwise would charge for some of these services or pay all or a part of the fees of a third-party providing these services to RSS.

RSS' recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to RSS of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

Directed Brokerage

In limited situations, RSS may accept written direction from a client regarding the use of a specific executing broker for affecting all that client's trades or any portion of a particular transaction. In these cases, RSS will not negotiate the terms and conditions relating to the services provided by such broker. RSS will have no responsibility for obtaining the best prices or any particular commission rate for transactions with or through such broker for such client's account. In cases of directed brokerage, the directing client may not obtain rates as low as those that might otherwise be available to RSS clients that do not direct their brokerage but rather allow RSS the discretion to select the executing broker. Further, a client that directs RSS to use a specific broker or that is in a wrap fee program may pay more for brokerage services than a client who pays for brokerage services on a transaction basis and may not receive certain investment opportunities available to other clients, such as securities offered pursuant to registration statements, and the client may not participate in aggregated securities transactions, as described herein, and may trade after such aggregate transactions and received less favorable execution.

Item 13 Review of Accounts and Reporting Review of Accounts

Client accounts are reviewed when sales or purchases are initiated and regularly on a quarterly basis. Financial plans are generally reviewed at client meetings which vary from client to client. The client account reviews are conducted by Chief Executive Officer and Principal, Phyllis R. Sutton and by Senior Portfolio Manager, Tobi A. Mason.

Over time client goals or personal situations change and meetings are scheduled to address these situations. We meet with the clients, discuss their entire financial situation and then rebalance their portfolio(s) according to their altered financial circumstances. The timing and frequency of account reviews vary from client to client and are scheduled around the needs of the specific client.

Reporting

Clients receive monthly statements from their broker/dealer (independent of RSS) and RSS also provides a quarterly written report. The report states the account balance(s), a full portfolio appraisal and a gain/loss report for taxable accounts as well as performance for that reporting period. Numerous other reports can be provided upon request, such as purchase/sale, unrealized gains, etc. (there are no fees for additional reports).

Item 14 Client Referrals and Other Compensation Making Referrals

RSS routinely refers our clients to other professionals (Attorneys, CPAs, Insurance brokers, etc.) and RSS does not accept any referral fees or professional compensation for these referrals.

Receiving Referrals

RSS routinely receives referrals from our clients. We do not compensate our clients nor do we offer any preferential treatment for these referrals. RSS also receives referrals from centers of influence (Attorneys, CPAs, Insurance brokers, etc.). RSS does not offer any compensation or provide services in exchange for these referrals.

Schwab Advisor Network Program

RSS has received client referrals from Charles Schwab & Co., Inc. ("Schwab") through the Firm's participation in the Schwab Advisor Network (the "Service"). In relation to this participation, RSS makes the following specific disclosures:

1. Schwab is a broker-dealer independent of/and unaffiliated with RSS.
2. Schwab does not supervise RSS and has no responsibility for the management by RSS of client portfolios or any other services RSS may offer its clients.
3. RSS pays Schwab fees to receive client referrals through the Service.
4. RSS' participation in the Service may raise potential conflicts of interest described below.

RSS pays Schwab participation fees on all referred client accounts that are maintained in custody at Schwab and a non-Schwab custody fee on all accounts that are referred by Schwab but maintained at, or transferred to, another custodian. Participation fees are a percentage of the value of the assets in the client's account. RSS pays Schwab participation fees for so long as the referred client's account remains in custody at Schwab. Participation fees are billed to RSS quarterly and may be increased, decreased or waived by Schwab from time to time. Participation fees are paid by RSS and not by the client.

RSS generally pays Schwab a non-Schwab custody fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The non-Schwab custody fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The non-Schwab custody fee is higher than the participation fees RSS generally would pay in a single year. Thus, RSS would have an incentive to recommend that client accounts referred by the service remain custodied at Charles Schwab & Co.

The participation fee and non-Schwab custody fee are based on the total of assets in accounts of RSS client who were referred by Schwab and those referred clients' family members living in the same household. Thus, RSS will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts Schwab.

For accounts of RSS clients custodied at Schwab, Schwab generally does not charge the client separately for custody but receives compensation from the client in the form of commissions or other transaction-related compensation on securities trades Schwab executed for the client's account. Clients also pay Schwab a fee for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealers fees and commissions. Thus, RSS may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. RSS nevertheless, acknowledges its duty to see best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer that trades for RSS' other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

Item 15 Custody

Although RSS does not maintain physical custody of client investment accounts, it is deemed to have custody of client assets on the basis of the Firm's authority to: 1) direct client-approved transfers of assets between a client's own accounts and if authorized, to client-designated third

party accounts; and 2) to receive payment of its investment management fees via direct payment by the client's custodian from the client's investment account.

Item 16 Investment Discretion

RSS has discretionary authority over the majority of the portfolios we manage, and all client accounts have a written investment policy statement. Only by exception will RSS manage a non-discretionary account.

Discretionary Authority

RSS establishes and maintains Limited-Power-Of-Authority (LPOA) over all managed accounts. The LPOA authority gives RSS the ability to place trades (purchase & sales) of investments. LPOA authority does not give RSS the authority to remove funds from the account.

Investment Policy

RSS maintains an investment policy (IP) for each actively managed account and is agreed to by RSS and the Client. All accounts managed by RSS are custom tailored to meet the needs of our clients. The IP document itemizes style, percentage of equities to fixed income, client goal(s), cash flow needs, investment restrictions and any other special needs stipulated by the client. Only the client has the authority to change the Investment Policy. This is routinely reviewed at client meetings to make sure that it still matches the client's wishes.

Item 17 Voting Client Securities Proxy Voting of Client Securities

RSS does not vote proxies for our clients, nor do we make recommendations on proxy votes. All client investments are held in accounts under their name, so the corresponding custodian, broker/dealer, bank or transfer agent will provide their proxies or other solicitations. Any client wishing to review RSS' proxy voting policies in full may request a copy from RSS at his or her convenience.

Class Action Lawsuits

RSS will assist our clients with class action lawsuits, if the client will net one dollar or more per share.

The timing restrictions and legal procedures for initiating and prosecuting a class action securities action are complex and require the professional services licensed legal counsel. RSS is an investment advisor to its clients and not legal counsel. Therefore, Firm personnel may not make any legal recommendations to clients seeking advice with either the decision to bring or join a claim or the procedure to prosecute or join a claim.

In certain circumstances, RSS will assist with the compilation of documentation necessary for a requesting client to participate in a class action suit. In those instances where the requesting client's net projected proceeds are equal to or greater than one dollar per share of the securities held by

the client, RSS personnel are authorized to provide a requesting client with trade and cost basis data related to their holdings of the security in question.

Item 18 Financial Information

RSS does not require or solicit prepayment of its management fees from clients six or more months in advance. There are no adverse conditions related to the Firm's finances that have been the subject of a bankruptcy filing in the last ten years.