

**PART 2A – FIRM BROCHURE**

**September 1, 2020**

**RWM CAPITAL, LLC  
1650 HIGHWAY 6, SUITE 250  
SUGAR LAND TX 77478**

This brochure provides information about the qualifications and business practices of RWM Capital, LLC (“RWM”). If you have any questions about the contents of this brochure, please contact us at (281) 277-0645. 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. RWM is a Registered Investment Adviser. Registration as an Investment Adviser with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training. Additional information about RWM Capital, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as an IARD number. The IARD number for RWM is IARD# 310635.

## ITEM 2 – MATERIAL CHANGES

### SUMMARY OF MATERIAL CHANGES

This section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Our firm was approved by the SEC in September 2020.

Currently, a free copy of our Brochure may be requested by contacting April Roberts, Chief Compliance Officer of RWM at 281-277-0645. The Brochure is also available on our web site [www.robertswealthhouston.com](http://www.robertswealthhouston.com).

We encourage you to read this document in its entirety.

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## ITEM 4 – ADVISORY BUSINESS

This Disclosure document is being offered to you by RWM Capital, LLC (“RWM ” or “Firm”) about the investment advisory services we provide. It discloses information about our services and the way those services are made available to you, the client.

Our Firm became a registered investment adviser in September 2020 and is owned by April Roberts and Paul Roberts. April Roberts is the Chief Compliance Officer.

We are committed to helping clients build, manage and preserve their wealth. Our Firm provides services that help clients to achieve their stated financial goals. We will offer initial complimentary meetings upon our discretion; however, investment advisory services are initiated only after you and RWM execute an Investment Management Agreement.

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### INVESTMENT AND WEALTH MANAGEMENT AND SUPERVISION SERVICES

We manage advisory accounts on a discretionary and non-discretionary basis. For discretionary accounts, once we have determined a profile and investment plan with a client, we will execute the day-to-day transactions without seeking prior client consent but within the expected investment guidelines. We may accept accounts with certain restrictions, if circumstances warrant. We primarily allocate client assets among individual stocks, bonds, exchange traded funds (“ETFs”), options, mutual funds and other public and private securities or investments. Portfolios will be designed to meet a particular investment goal, determined to be suitable to the client’s circumstances. Once the appropriate portfolio has been determined, portfolios are continuously and regularly monitored, and if necessary, rebalanced based upon the client’s individual needs, stated goals and objectives.

During personal discussions with clients, we determine the client’s objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review a client’s prior investment history, as well as family composition and background. Based on client needs, we develop a client’s personal profile and investment plan. We then create and manage the client’s investments based on that policy and plan. It is the client’s obligation to notify us immediately if circumstances have changed with respect to their goals.

Once we have determined the types of investments to be included in a client’s portfolio and have allocated the assets, we provide ongoing investment review and management services.

With our discretionary relationship, we will make changes to the portfolio, as we deem appropriate, to meet client financial objectives. We trade these portfolios based on the combination of our market views and client objectives, using our investment process. We tailor our advisory services to meet the needs of our clients and seek to ensure that your portfolio is managed in a manner consistent with those needs and objectives. Clients have the ability to leave standing instructions with us to refrain from investing in particular industries or invest in limited amounts of securities.

If a non-discretionary relationship is in place, calls will be placed presenting the recommendation

made and only upon your authorization will any action be taken on your behalf.

In all cases, clients have a direct and beneficial interest in their securities, rather than an undivided interest in a pool of securities. We do have limited authority to direct the Custodian to deduct our investment advisory fees from your accounts, but only with the appropriate written authorization from clients.

Where appropriate, we provide advice about any type of legacy position held in client portfolios. Typically, these are assets that are ineligible to be custodied at our primary custodian. Clients will engage us to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance, annuity contracts, and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans).

You are advised and are expected to understand that our past performance is not a guarantee of future results. Certain market and economic risks exist that adversely affect an account's performance. This could result in capital losses in your account.

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## **FINANCIAL PLANNING**

Through the financial planning process, our team strives to engage our clients in conversations around the client's goals, objectives, priorities, vision, and legacy – both for the near term as well as for future generations. With the unique goals and circumstances of each client in mind, our team will offer financial planning ideas and strategies to address the client's holistic financial picture, including estate, income tax, charitable, cash flow, wealth transfer, and client legacy objectives. Our team partners with our client's other advisors (CPAs, Enrolled Agents, Estate Attorneys, Insurance Brokers, etc.) to ensure a coordinated effort of all parties toward the client's stated goals. Such services include various reports on specific goals and objectives or general investment and/or planning recommendations, guidance to outside assets, and periodic updates.

Our specific services in preparing your plan may include:

- Review and clarification of your financial goals
- Assessment of your overall financial position including cash flow, balance sheet, investment strategy, risk management, and estate planning
- Creation of a unique plan for each goal you have, including personal and business real estate, education, retirement or financial independence, charitable giving, estate planning, business succession, and other personal goals
- Development of a goal-oriented investment plan, with input from various advisors to our clients around tax suggestions, expenses, risk, and liquidity factors for each goal. This includes IRA and qualified plans, taxable, and trust accounts that require special attention
- Design of a risk management plan including risk tolerance, risk avoidance, mitigation, and transfer, including liquidity as well as various insurance and possible company benefits; and
- Crafting and implementation of, in conjunction with your estate and/or corporate attorneys as tax adviser, an estate plan to provide for you and/or your heirs in the event of an incapacity or death

A written evaluation of each client's initial situation or Financial Plan is provided to the client. Annual reviews will be provided by the Adviser, if indicated by the Client and Adviser per the Agreement. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

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### **THIRD PARTY MONEY MANAGERS ("TPMM")**

Our firm utilizes the services of a TPMM for the management of client accounts. Investment advice and trading of securities will only be offered by or through the chosen TPMM. Our firm will not offer advice on any specific securities or other investments in connection with this service. Prior to referring clients, our firm will provide initial due diligence on third party money managers and ongoing reviews of their management of client accounts. In order to assist in the selection of a TPMM, our firm will gather client information pertaining to financial situation, investment objectives, and reasonable restrictions to be imposed upon the management of the account.

Our firm will periodically review third party money manager reports provided to the client at least annually. Our firm will contact clients from time to time in order to review their financial situation and objectives; communicate information to third party money managers as warranted; and, assist the client in understanding and evaluating the services provided by the TPMM. Clients will be expected to notify our firm of any changes in their financial situation, investment objectives, or account restrictions that could affect their financial standing.

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### **CONSULTING SERVICES**

We also provide clients investment advice on a more-limited basis on one or more isolated areas of concern such as estate planning, real estate, retirement planning, or any other specific topic. Additionally, we provide advice on non-securities matters about the rendering of estate planning, insurance, real estate, and/or annuity advice or any other business advisory / consulting services for equity or debt investments in privately held businesses. In these cases, clients will be required to select their own investment managers, custodian, and/or insurance companies for the implementation of consulting recommendations. If client needs include brokerage and/or other financial services, we will recommend the use of one of several investment managers, brokers, banks, custodians, insurance companies, or other financial professionals ("Firms"). Consulting clients must independently evaluate these Firms before opening an account or transacting business, and have the right to effect business through any firm they choose. Clients have the right to choose whether or not to follow the consulting advice provided.

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### **WRAP FEE PROGRAMS**

Our Firm does not sponsor a Wrap Fee Program.

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### **ASSETS**

As of August 21, 2020, we do not have any assets under management as this is a newly-formed entity.

## ITEM 5 - FEES AND COMPENSATION

### INVESTMENT MANAGEMENT FEES AND COMPENSATION

Our Firm charges a fee as compensation for providing Investment Management services on your account. These services include advisory services, trade entry, investment supervision, and other account maintenance activities. Our recommended Custodian charges transaction costs, custodial fees, redemption fees, retirement plan and administrative fees or commissions. See Additional Fees and Expenses below for details.

A calendar monthly investment management fee is billed in arrears based on the average daily balance of your account during the previous calendar month. Our maximum annual advisory fee is 1.90%. The relevant fee and billing method is defined and agreed to by the firm and the client in the executed Investment Advisory Agreement. This fee may be debited directly from your investment account or you may pay this fee separately. You will need to indicate how you would like to pay this fee in your Investment Advisory Agreement. Additional fees and expenses you may incur are brokerage commissions, principal markups and discounts, SEC fees, mutual fund/ETF expense ratios, mutual fund 12B-1 fees, tax withholding on certain foreign securities, postage fees, wire fees, bank charges, and other administration fees as authorized by you. ***Please refer to Section 12 for information on brokerage fees and services.***

Fees may vary based on the size of the account, complexity of the portfolio, extent of activity in the account, or other reasons agreed upon by our Firm and you as the client. In certain circumstances, our fees and the timing of the fee payments may be negotiated. Our employees and their family related accounts are charged a reduced fee for our services.

Unless otherwise instructed by the Client, we will aggregate related client accounts for the purposes of determining the account size and annualized fee. The common practice is often referred to as “house-holding” portfolios for fee purposes and may result in lower fees than if fees were calculated on portfolios separately. Our method of house-holding accounts for fee purposes looks at the overall family dynamic and relationship. When applicable, and noted in Appendix of the Investment Management Agreement, legacy positions will also be excluded from the fee calculation.

The independent and qualified custodian holding your funds and securities will debit your account directly for the advisory fee and pay that fee to us. When establishing a relationship with RWM, you provide written authorization permitting the fees to be paid directly from your account held by the qualified custodian. Further, the qualified Custodian agrees to deliver an account statement to you on a monthly basis indicating all the amounts deducted from the account including our advisory fees. If agreed to by the Firm and Client in the Agreement, a direct bill for the advisory fee may be arranged. In that case, there would be an invoice sent directly to the client each month.

Either RWM or you may terminate the management agreement immediately upon written notice to the other party. The management fee will be pro-rated to the date of termination, for the month in which the cancellation notice was given and any earned fee will be billed to you by our

Firm.

Upon termination, you are responsible for monitoring the securities in your account, and we will have no further obligation to act or advise with respect to those assets. In the event of client's death or disability, RWM will continue management of the account until we are notified of client's death or disability and given alternative instructions by an authorized party.

In no case are RWM fees based on, or related to, the performance of your funds or investments.

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### **FINANCIAL PLANNING FEES**

For our Investment Management clients, financial planning services are included in the Investment Management fees described above. For Clients who do not engage in our Investment Management services, fees for financial planning services will vary based on the extent and complexity of your individual or family circumstances, your financial situation, agreed upon deliverables, and whether or not you intend to implement any recommendations through RWG. Fees for financial plans are generally a fixed fee and will not exceed \$15,000.

Typically, we complete and present a plan to you within 120 days of the contract date, if you have provided us all information needed to prepare the financial plan. Your billing method is agreed to in advance of performing services and is agreed to and acknowledged in the Financial Planning Agreement executed by you and our Firm. Fifty percent (50%) of the Financial Planning Fee is collected upon signing the Financial Planning agreement and the other fifty percent is due upon delivery of the Plan to you. Fees can be paid via check to RWG.

You may terminate the Financial Planning Agreement by providing us with written notice. In the event you terminate your Financial Planning Agreement before your Plan is delivered, we will bill you for the time spent in preparing your Plan based on an hourly rate not to exceed \$300/hr. We will not require prepayment of more than \$1,200 in fees per client, six (6) or more months in advance of providing any services.

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### **THIRD PARTY MONEY MANAGER ("TPMM") FEES**

As discussed in Item 4 above, there are occasions where an independent TPMM acts as a sub-adviser to our firm. In those circumstances, the TPMM manages the assets based upon the parameters provided by our firm. Under such arrangements where our firm elects to utilize a TPMM, depending on the TPMM contract with RWM, the total advisory fee may be collected from the custodian by our firm or the TPMM. This total fee includes our firm's portion of the investment advisory fee as well as the TPMM fee. Total fees for clients utilizing a TPMM will not exceed 1.90%.

- The fee billed is defined in the relevant Investment Management Contract as well as in the individual Form ADV Filing of the respective Third Party Manager. This fee may be debited directly from your investment account or you may pay this fee separately. You will need to indicate how you would like to pay this fee in your investment management contract. Additional fees and expenses you may incur are brokerage commissions, principal markups and discounts, SEC fees, mutual fund/ETF expense ratios, mutual fund 12B-1 fees, tax withholding on certain foreign securities, postage fees, wire fees, bank



charges, and other administration fees as authorized by you.

A TPMM relationship may be terminated at the IAR's discretion. RWM may at any time terminate the relationship with a TPMM that manages your assets. RWM will notify you of instances where we have terminated a relationship with any TPMM you are investing with. RWM will not conduct on-going supervisory reviews of the TPMM following such termination. Factors involved in the termination of a TPMM may include a failure to adhere to their stated management style or your objectives, a material change in the professional staff of the TPMM, unexplained poor performance, unexplained inconsistency of account performance, or our decision to no longer include the TPMM on our list of approved TPMMs.

Account custodial services may be provided by several account Custodians depending on the investment management program offered. Programs may have higher or lower fees than other programs available through RWM or available elsewhere. Investment management programs may differ in the services provided and method or type of management offered, and each may have different account minimums. Client reports will depend upon the management program selected. Please see complete details in the program brochure and custodial account agreement for each program recommended and offered.

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#### **CONSULTING**

Our Firm provides consulting services for clients who need advice on a limited scope of work. We will negotiate consulting fees with you. Fees may vary based on the extent and complexity of the consulting project. Fees will be billed as services are rendered. Either party may terminate the consulting agreement at any time. Upon termination, fees will be prorated to the date of termination and any unearned portion of the fee will be refunded to you as described above under Financial Planning Fees.

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#### **ADMINISTRATIVE AND BACK OFFICE SERVICES**

We have contracted with an independent registered investment advisor firm ("Technology Firm") to utilize their technology platform which supports data reconciliation, performance reporting, fee calculation, client relationship maintenance, at least quarterly performance evaluations, and other functions related to the administrative tasks of managing client accounts. Due to this arrangement, Technology Firm will have access to client accounts. Technology Firm charges our Firm an annual fee for each account administered by its software. Please note that the fee charged to the client will not increase due to the annual fee RWM pays to Technology Firm. The annual fee is paid from the portion of the management fee retained by RWM.

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#### **ADDITIONAL FEES AND EXPENSES:**

In addition to the advisory fees paid to our Firm, you also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges include custodial fees, charges imposed by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes

on brokerage accounts and securities transactions. Our brokerage practices are described at length in Item 12, below.

When selecting investments for our clients' portfolios we might choose mutual funds on your account custodian's Non-Transaction Fee (NTF) list. This means that your account custodian will not charge a transaction fee or commission associated with the purchase or sale of the mutual fund.

The mutual fund companies that choose to participate in your custodian's NTF fund program pay a fee to be included in the NTF program. The fee that a mutual fund company pays to participate in the program is ultimately borne by the owners of the mutual fund including clients of our Firm. When we decide whether to choose a fund from your custodian's NTF list or not, we consider our expected holding period of the fund, the position size and the expense ratio of the fund versus alternative funds. Depending on our analysis and future events, NTF funds might not always be in your best interest.

#### **ITEM 6 - PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance-based fees), nor engage side by side management.

#### **ITEM 7 - TYPES OF CLIENTS**

We provide investment advice to individuals, high net worth individuals, trusts, estates, and corporations, limited liability companies and other business types.

Our Firm does not maintain a minimum in aggregate investable assets to become a client of RWM.

#### **ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Our investment philosophy is to develop portfolio allocations with the objective of achieving a rate of return adequate to achieve the desired client cash flow needs with the lowest possible risk profile structure. We conduct due diligence on each of these potential investments and familiarize ourselves on the key attributes and material risks of the investments, disclose the material information about such investments to client accounts and obtain the clients acknowledgment of agreement to the material risks associated in such investments and continuously monitor the accounts holding such investments.

To develop a complete picture of a client's investment objectives, our investment adviser representatives work one-on-one with the advisory client through the initial and on-going planning process to create an investment plan which fits the client's risk tolerance and investment objectives. Based on this information, we obtain a broad understanding of the client's investment objectives, goals, and the amount of risk the client will tolerate. To further fine tune our understanding of a client's risk tolerance, our Firm does utilize Risk Totem, a third-party vendor tool to assist in identifying the client's risk tolerance.

Other sources of investment information include financial newspapers and magazines, media outlets that report on business, research materials prepared by others such as, Morningstar, MoneyGuide Pro, Yahoo Finance, MarketWatch, various internet resources, and company press releases and filings with

the Securities and Exchange Commission.

RWM offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. We oversee a consultative process which evaluates the client's unique needs and preferences and matches those with a strategically and/or tactically managed investment portfolio. Our investment management process includes the due diligence and oversight of a diverse set of signal providers with specifically targeted strategies to meet varying risk/return and tax aware expectations. We believe that successful investment management is a combination of skilled analytics and targeted portfolio guidelines organized around specific outcomes tied to the client's financial plan. The financial plan is driven by the clients' unique priority matrix and risk tolerance. Risk tolerance is often specific to account type or goal while also being generalized across the financial plan.

RWM prioritizes (but is not exclusive to) investment strategies that are supported by rigorous data analytics and algorithmic intelligence. This intelligence is more important than traditional "theories" of investment performance such as "Modern Portfolio Theory." When tax efficiency priorities of the client preclude trading activity, those preferences may be prioritized. RWM generally limits its investment advice and/or money management to mutual funds, equities, bonds, fixed income, and ETFs. RWM may use other securities to help diversify a portfolio when applicable.

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#### **METHODS OF ANALYSIS**

Our Firm may use the following methods of analysis in formulating our investment advice and/or managing client assets:

- **Fundamental Analysis:** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.
- **Quantitative Analysis:** We use mathematical ratios and other performance appraisal methods in attempt to obtain more accurate measurements of a model manager's investment acumen, idea generation, consistency of purpose and overall ability to outperform their stated benchmark throughout a full market cycle. Additionally, we perform periodic measurements to assess the authenticity of returns. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.
- **Mutual Fund and/or ETF Analysis:** We look at the experience and track record of the manager of the mutual fund or ETF in attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also monitor the funds or ETFs in attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

- **Model Manager Analysis:** We examine the experience, expertise, investment philosophies, and past performance of Model Managers in attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the Model Manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

There is no guarantee that a particular strategy will meet its investment goals. The investment strategies we use will vary over time depending on various factors. Our Firm may give advice and take action for clients which differs from advice given or the timing or nature of action taken for other clients with different objectives. Our Firm is not obligated to initiate transactions for clients in any security which its principals, affiliates or employees may purchase or sell for their own accounts or for other clients.

Clients should be aware that ETFs and mutual funds have unique characteristics and their cost structures differ, sometimes significantly.

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#### **INDEPENDENT THIRD PARTY MANAGER SERVICES**

We seek to recommend investment strategies that will give a client a diversified portfolio consistent with the client's investment objective. We do this by analyzing the various securities, investment strategies, and third party management firms. The goal is to identify a client's risk tolerance, and then find a manager with the maximum expected return for that level of risk.

We examine the experience, expertise, investment philosophies and past performance of independent, third party managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the managers' underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the managers' compliance and business

enterprise risks.

A risk of investing with a third party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a managers' portfolio, there is also a risk that the manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the managers' daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

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## RISK OF LOSS

A client's investment portfolio is affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic conditions, changes in laws and national and international political circumstances.

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. RWM will assist Clients in determining an appropriate strategy based on their tolerance for risk.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account(s). RWM shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform RWM of any changes in financial condition, goals or other factors that may affect this analysis.

Our methods rely on the assumption that the underlying companies within our security allocations are accurately reviewed by the rating agencies and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Risks that apply to both fixed income and equity strategies include, but are not limited to, the following:

- **Active Management Risk:** Due to its active management, a portfolio could underperform other portfolios with similar investment objectives and/or strategies.
- **Allocation Risk:** A portfolio may use an asset allocation strategy in pursuit of its investment objective. There is a risk that a portfolio's allocation among asset classes or investments will cause a portfolio to lose value or cause it to underperform other portfolios with a similar investment objective and/or strategy, or that the investments themselves will not produce the returns expected.
- **Cybersecurity Risk.** Cybersecurity risks include both intentional and unintentional events at RWM or one of its third-party counterparties or service providers, that may result in a loss or corruption of data, result in the unauthorized release or other misuse of confidential information, and generally compromise our Firm's ability to conduct its business. A cybersecurity breach may also result in a third-party obtaining unauthorized

access to our clients' information, including social security numbers, home addresses, account numbers, account balances, and account holdings. Our Firm has established business continuity plans and risk management systems designed to reduce the risks associated with cybersecurity breaches. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because our Firm does not directly control the cybersecurity systems of our third-party service providers. There is also a risk that cybersecurity breaches may not be detected.

- **Liquidity Risk:** The risk that exists when a security's limited marketability prevents it from being bought or sold quickly enough to avoid or minimize a loss. This risk is particularly relevant in the bond market, although it can also be a risk when transacting in small cap securities and certain other stocks.
- **Market and Timing Risk:** Prices of securities may become more volatile due to general market conditions that are not specifically related to a particular company, such as adverse economic conditions or outlooks, adverse investor sentiment, changes in the outlook for corporate earnings, or changes in interest rates.
- **Sector/Region Risk:** The risk that the strategy's concentration in equities or bonds in a specific sector or industry will cause the strategy to be more exposed to the price movements in and developments affecting that sector.
- **Event Risk:** The possibility that an unforeseen event will negatively affect a company or industry, and thus, increase the volatility of the security.

Risks associated with our fixed income strategies include, but are not limited to, the following:

- **Asset-Backed Securities Risk:** Payment of principal and interest on asset-backed securities is dependent largely on the cash flows generated by the assets backing the securities. Further, some asset backed securities may not have the benefit of any security interest in the related assets. There is also the possibility that recoveries in the underlying collateral may not be available to support the payments on these securities. Downturns in the economy could cause the value of asset backed securities to fall, thus, negatively impacting account performance.
- **Call Risk:** Some bonds give the issuer the option to redeem the bond before its maturity date. If an issuer exercises this option during a time of declining interest rates, the proceeds from the bond may have to be reinvested in an investment offering a lower yield and may not benefit from an increase in value as a result of declining rates. Callable bonds also are subject to increased price fluctuations during periods of market illiquidity or rising interest rates. Finally, the capital appreciation potential of a bond will be reduced because the price of a callable bond may not rise much above the price at which the issuer may call the bond.
- **Corporate Debt Risk:** The rate of interest on a corporate debt security may be fixed, floating, variable, or may vary inversely with respect to a reference rate. Corporate debt securities are subject to the risk of the issuer's inability to meet principal and interest

payments on the obligation. They also may be subject to price volatility due to interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. When interest rates rise, the value of a corporate debt security can be expected to decline. Debt securities with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities. A company default can reduce income and capital value of a corporate debt security. Moreover, market expectations regarding economic conditions and the likely number of corporate defaults may impact the value of these securities.

- **Credit Default Risk:** The risk of loss of principal due to the borrower's failure to repay the loan or risk of liquidity from the decline in the borrower's financial strength.
- **Duration Risk:** The risk associated with the sensitivity of a bond's price to a change in interest rates. The higher a bond's (or portfolio's) duration, the greater its sensitivity to interest rate changes.
- **Government Securities Risk:** Not all U.S. government securities are backed by the full faith and credit of the U.S. government. It is possible that the U.S. government would not provide financial support to certain of its agencies or instrumentalities if it is not required to do so by law. If a U.S. government agency or instrumentality defaults and the U.S. government does not stand behind the obligation, returns could be negatively impacted. The U.S. government guarantees payment of principal and timely payment of interest on certain U.S. government securities.
- **Interest Rate Risk:** Prices of fixed income securities tend to move inversely with changes in interest rates. As interest rates rise, bond prices typically fall and vice versa. The longer the effective maturity and duration of a strategy's portfolio, the more the performance of the investment is likely to react to interest rates.
- **Municipal Bond Risk:** Investments in municipal bonds are affected by the municipal market as a whole and the various factors in the particular cities, states or regions in which the strategy invests. Issues such as legislative changes, litigation, business and political conditions relating to a particular municipal project, municipality, state or territory, and fiscal challenges can impact the value of municipal bonds. These matters can also impact the ability of the issuer to make payments. Also, the amount of public information available about municipal bonds is generally less than that for corporate equities or bonds. Additionally, supply and demand imbalances in the municipal bond market can cause deterioration in liquidity and lack of price transparency.
- **Performance of Underlying Managers:** We select the mutual funds and ETFs in the portfolios. However, we depend on the manager of such funds to select individual investments in accordance with their stated investment strategy.
- **Prepayment Risk:** Similar to call risk, this risk is associated with the early unscheduled repayment of principal on a fixed income security. When principal is returned early, future interest payments will not be paid. The proceeds from the repayment may be reinvested in securities at a lower, prevailing rate.
- **Reinvestment Risk:** The risk that future cash flows, either coupons or the final return of principal, will need to be reinvested in lower-yielding securities.

- **Securities Lending Risk:** Securities lending involves the risk that the fund loses money because the borrower fails to return the securities in a timely manner or at all. The fund could also lose money if the value of the collateral provided for loaned securities, or the value of the investments made with the cash collateral, falls. These events could also trigger adverse tax consequences for the fund.
- **State Risk:** Portfolios with state or region-specific customizations will be more sensitive to the events that affect that state's economy and stability. Portfolios with a higher concentration of bonds in a state or region may have higher credit risk exposure, especially if the percentage of assets dedicated to the state is invested in fewer issuers.
- **Tax Liability Risk:** The risk that the distributions of municipal securities become taxable to the investor due to noncompliant conduct by the municipal bond issuer or changes to federal and state laws. These adverse actions would likely negatively impact the prices of the securities.
- **Valuation Risk:** The lack of an active trading market and/or volatile market conditions can make it difficult to obtain an accurate price for a fixed income security. There are uncertainties associated with pricing a security without a reliable market quotation, and the resulting value may be very different than the value of what the security would have been if readily available market quotations had been available.

Risks associated with our equity strategies include, but are not limited to, the following:

- **Capitalization Risk:** Small-cap and mid-cap companies may be hindered as a result of limited resources or less diverse products or services. Their stocks have historically been more volatile than the stocks of larger, more established companies.
- **Exchange-Traded Fund ("ETF") and Mutual Fund Risk:** Investments in ETFs and mutual funds have unique characteristics, including, but not limited to, the ETF or mutual fund's expense structure. Investors of ETFs and mutual funds held within RWM client accounts bear both their RWM portfolio's advisory expenses and, indirectly, the ETF's or mutual fund's expenses. Because the expenses and costs of an underlying ETF or mutual fund are shared by its investors, redemptions by other investors in the ETF or mutual fund could result in decreased economies of scale and increased operating expenses for such ETF or mutual fund. Additionally, the ETF or mutual fund may not achieve its investment objective. Actively managed ETFs or mutual funds may experience significant drift from their stated benchmark.
- **Foreign Securities Risk:** Investments in or exposure to foreign securities involve certain risks not associated with investments in or exposure to securities of U.S. companies. Foreign securities subject a portfolio to the risks associated with investing in the particular country of an issuer, including the political, regulatory, economic, social, diplomatic and other conditions or events (including, for example, military confrontations, war and terrorism), occurring in the country or region, as well as risks associated with less developed custody and settlement practices. Foreign securities may be more volatile and less liquid than securities of U.S. companies, and are subject to the risks associated with potential imposition of economic and other sanctions against a particular foreign country,



its nationals or industries or businesses within the country. In addition, foreign governments may impose withholding or other taxes on income, capital gains or proceeds from the disposition of foreign securities, which could reduce a portfolio's return on such securities.

- **Frequent Trading Risk:** A portfolio manager may actively and frequently trade investments in a portfolio to carry out its investment strategies. Frequent trading of investments increases the possibility that a portfolio, as relevant, will realize taxable capital gains (including short-term capital gains, which are generally taxable at higher rates than long-term capital gains for U.S. federal income tax purposes), which could reduce a portfolio's after-tax return. Frequent trading can also mean higher brokerage and other transaction costs, which could reduce a portfolio's return. The trading costs and tax effects associated with portfolio turnover can adversely affect its performance.
- **Issuer Risk:** The risk that an issuer of a security may perform poorly, and therefore, the value of its securities may decline. Poor performance may be caused by poor management decisions, competitive pressures, breakthroughs in technology, reliance on suppliers, labor problems or shortages, corporate restructurings, fraudulent disclosures, natural disasters or other events, conditions or factors.
- **Market Risk:** When the stock market strongly favors a particular style of equity investing, some or all of RWM's equity strategies could underperform. The performance of clients' accounts could suffer when RWM's particular investment strategies are out of favor. For example, RWM's large cap equity strategies could underperform when the market favors smaller capitalization stocks. RWM's strategies with exposure to small/mid cap stocks could underperform when the market favors larger cap stocks. Additionally, growth securities could underperform when the market favors value securities.
- **Sector Risk:** At times, a portfolio may have a significant portion of its assets invested in securities of companies conducting business in a related group of industries within an economic sector. Companies in the same economic sector may be similarly affected by economic, regulatory, political or market events or conditions, which make a portfolio more vulnerable to unfavorable developments in that economic sector than portfolios that invest more broadly. Generally, the more a portfolio diversifies its investments, the more it spreads risk and potentially reduces the risks of loss and volatility.

## ITEM 9 - DISCIPLINARY INFORMATION

We do not have any legal, financial or other "disciplinary" items to report.

## ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### INSURANCE

Our Firm is commonly owned with Roberts Wealth Management, LLC. This entity is used to conduct our insurance business. Some of our Investment Advisor Representatives ("IARs") and owners of the Firm are licensed insurance agents and sell various life insurance products, long term care and fixed annuities.

IARs receives compensation (commissions, trails, or other compensation from the respective insurance products) as a result effecting insurance transactions for mutual client(s) of RWM. Commissions generated by insurance sales do not offset regular advisory fees. Our firm has an incentive to recommend insurance products and this incentive creates a conflict of interest between your interests and our Firm. We mitigate this conflict by disclosing to clients they have the right to decide whether to engage the insurance services offered through our IARs. Further, clients should note they have the right to decide whether to act on the recommendations and the right to choose any professional to execute the advice for any insurance products through any licensed insurance agent not affiliated with our Firm. We recognize the fiduciary responsibility to place the client's interests first and have established policies in this regard to avoid any conflicts of interest.

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## **OTHER FINANCIAL AFFILIATIONS**

The following is a list of other affiliated companies under common ownership with RWM Financial, LLC:

**Retirement Today, LLC** — Commonly owned S. Corp used for media and marketing. LLC is currently dormant.

**Roberts Wealth Management, LLC** — Commonly owned S. Corp used for marketing and facilitating insurance business.

Clients should be aware that the ability to receive additional compensation by our Firm and its management persons or employees creates conflicts of interest that impair the objectivity of the Firm and these individuals when making advisory recommendations. Our Firm endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps, among others to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for the Firm and our employees to earn compensation from advisory clients in addition to the Firm's advisory fees;
- we disclose to clients that they have the right to decide to purchase recommended investment products from our employees;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives, and liquidity needs;
- the Firm conducts regular reviews of each client advisory account to verify that all recommendations made to a client are in the best interest of the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by the Firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

Our Firm does not have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities.

Our firm nor any of its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

#### **ITEM 11 - CODE OF ETHICS**

Our Firm and persons associated with us are allowed to invest for their own accounts, or to have a financial investment in the same securities or other investments that we recommend or acquire for your account, and may engage in transactions that are the same as or different than transactions recommended to or made for your account. This creates a conflict of interest. We recognize the fiduciary responsibility to act in your best interest and have established policies to mitigate conflicts of interest.

We have developed and implemented a Code of Ethics that sets forth standards of conduct expected of our advisory personnel to mitigate this conflict of interest. The Code of Ethics addresses, among other things, personal trading, gifts, and the prohibition against the use of inside information.

The Code of Ethics is designed to protect our clients to detect and deter misconduct, educate personnel regarding the Firm's expectations and laws governing their conduct, remind personnel that they are in a position of trust and must act with complete propriety at all times, protect the reputation of RWM, safeguard against the violation of the securities laws, and establish procedures for personnel to follow so that we may determine whether their personnel are complying with the Firm's ethical principles.

We have established the following restrictions in order to ensure our Firm's fiduciary responsibilities:

- A director, officer, or employee of RWM shall not buy or sell any securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No supervised employee of RWM shall prefer his or her own interest to that of the advisory client. Trades for supervised employees are traded alongside client accounts
- We maintain a list of all securities holdings of anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of RWM
- We emphasize the unrestricted right of the client to decline implementation of any advice rendered, except in situations where we are granted discretionary authority of the client's account
- We require that all supervised employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices
- Any supervised employee not in observance of the above may be subject to termination

None of our associated persons may affect for himself/herself or for accounts in which he/she holds a beneficial interest, any transactions in a security which is being actively recommended to any of our clients, unless in accordance with the Firm's procedures.

You may request a complete copy of our Code by contacting us at the address, telephone, or email on the cover page of this Part 2; ATTN: April Roberts, Chief Compliance Officer.

## **ITEM 12 - BROKERAGE PRACTICES**

We generally recommend that clients utilize the custody and brokerage services of TD Ameritrade, Inc. and Nationwide Advisory Solutions, (the "Custodian") for investment management accounts. Our Custodians are independent and unaffiliated FINRA-registered broker-dealers. We may recommend that you establish accounts with these custodians to maintain custody of your assets and to effect trades for your accounts. Some of the products, services and other benefits provided by our Custodians benefit us and may not benefit you or your account. Our recommendation/requirement that you place assets with one of these custodians may be based in part on benefits they provide us, and not solely on the nature, cost or quality of custody and execution services provided by the Custodian.

We are independently owned and operated and not affiliated with these custodians. They provide us with access to their institutional trading and custody services. These services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors.

In the event you request us to recommend a Custodian for execution and/or custodial services, we generally recommend your account to be maintained at one of these Custodians. We may recommend that you establish accounts with the Custodians to maintain custody of your assets and to effect trades for your accounts. You have the right to not act upon any recommendations, and if you elect to act upon any recommendations, you have the right to not place the transactions through any broker/dealer we recommend. Our recommendation is generally based on the broker's cost and fees, skills, reputation, dependability and compatibility with the client. You may be able to obtain lower commissions and fees from other brokers and the value of products, research and services given to us is not a factor in determining the selection of broker/dealer or the reasonableness of their commissions.

We place trades for your account subject to our duty to seek best execution and other fiduciary duties. You may be able to obtain lower commissions and fees from other brokers and the value of products, research and services given to us is not a factor in determining the selection of broker/dealer or the reasonableness of their commissions. The Custodian's execution quality may be different than other broker-dealers.

For our client accounts maintained in custody with a Custodian, the Custodian generally does not charge separately for custody but are compensated by account holders through 12b-1 fees and ticket charges.

The Custodians we utilize makes available to us other products and services that benefit us but may not benefit your accounts in every case. Some of these other products and services assist us

in managing and administering your accounts. These include software and 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 our fees from your account, and assist with back-office functions, record-keeping and reporting.

Many of these services generally may be used to service all or a substantial number of our accounts. The Custodians also make available to us other services intended to help us manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, the Custodians may make available, arrange and/or pay for these services rendered to us by third parties. The Custodians may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to us.

While as a fiduciary, we endeavor to act in your best interest, our recommendation that you maintain your assets in accounts at our recommended Custodians may be based in part on the benefit to us or 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 the Custodian, which may create a conflict of interest. IARs endeavor at all times to put the interest of our clients first as a part of their fiduciary duty.

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## **AGGREGATION AND ALLOCATION OF TRANSACTIONS**

We may aggregate transactions if we believe that aggregation is consistent with the duty to seek best execution for our clients and is consistent with the disclosures made to clients and terms defined in the client Investment Advisory Agreement. No advisory client will be favored over any other client, and each account that participates in an aggregated order will participate at the average share price (per custodian) for all transactions in that security on a given business day. We will aggregate trades for ourselves or our associated persons with your trades, providing that the following conditions are met:

- Our policy for the aggregation of transactions shall be fully-disclosed separately to our existing clients (if any) and the broker/dealer(s) through which such transactions will be placed;
- We will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek the best execution (which includes the duty to seek best price) for you and is consistent with the terms of our Investment Advisory Agreement with you for which trades are being aggregated.
- No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all our transactions in a given security on a given business day, with transaction costs based on each client's participation in the transaction;
- We will prepare a written statement ("Allocation Statement") specifying the participating client accounts and how to allocate the order among those clients;

- If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the allocation statement; if the order is partially filled, the accounts that did not receive the previous trade's positions should be "first in line" to receive the next allocation.
- Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for difference of allocation is explained in writing and is reviewed by our compliance officer. Our books and records will separately reflect, for each client account, the orders of which aggregated, the securities held by, and bought for that account.
- We will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and
- Individual advice and treatment will be accorded to each advisory client.

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#### **BROKERAGE FOR CLIENT REFERRALS**

Our Firm does not receive client referrals from any Custodian or third party in exchange for using that broker-dealer or third party.

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#### **TRADE ERRORS**

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and we will absorb any loss resulting from the trade error if the error was caused by the firm. If the error is caused by the Custodian, the Custodian will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will be donated to charity. We will never benefit or profit from trade errors.

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#### **DIRECTED BROKERAGE**

We do not routinely recommend, request or require that you direct us to execute transaction through a specified broker dealer. Additionally, we typically do not permit you to direct brokerage. We place trades for your account subject to our duty to seek best execution and other fiduciary duties.

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### **ITEM 13 - REVIEW OF ACCOUNTS**

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#### **ACCOUNT REVIEWS AND REVIEWERS – INVESTMENT SUPERVISORY SERVICES**

Our Investment Adviser Representatives will monitor client accounts on a regular basis and perform annual reviews with each client. All accounts are reviewed for consistency with client investment strategy, risk tolerance, and performance relative to the appropriate benchmark.

More frequent reviews may be triggered by changes in an account holder's personal, tax, or financial status. Geopolitical and macroeconomic specific events may also trigger reviews.

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## STATEMENTS AND REPORTS

The custodian for the individual client's account will provide clients with an account statement at least monthly. Upon request, clients can receive a prepared written report detailing their current positions, and year-to-date performance provided by our Firm.

You are urged to compare the reports provided by RWM against the account statements you receive directly from your account custodian.

- *Selection and Monitoring of Third Party Managed Accounts* – If you have an account with us that is managed by a third party manager, we typically review your account holdings weekly to insure that your account remains within reasonable variances of the targets and investment models in place.
- *Financial Planning Services* – Your review will be conducted by your assigned Investment Advisor. We realize that events and circumstances could change dramatically in between normal reviews. Therefore, if you experience an event in your life that might necessitate an early review of your Financial Plan, please let us know and we will be happy to schedule a more frequent review. Such an event might include a marriage, divorce, birth of a child, death or disability of an immediate family member, impending retirement, employment status, or you bought or sold a business. We also encourage you to ask us if you have any questions about your Financial Plan or the reports that we generate.

## ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

As disclosed under Item 12 Brokerage Practices, we participate in TD Ameritrade's institutional customer program and we may recommend TD Ameritrade to you for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to any other independent Investment Advisors participating in the program. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by some of our related persons. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit your account. These products or services may assist us in managing and administering

your account, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our Firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. You should be aware, however, that the receipt of economic benefits by our Firm or our related persons in and of itself creates a conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

Our firm also receives from TD Ameritrade certain additional economic benefits (“Additional Services”) that may or may not be offered to any other independent investment Advisors participating in the program. Specifically, the Additional Services include reimbursement of “transfer fees” from moving assets from old Custodian to TD Ameritrade. TD Ameritrade provides the Additional Services to our firm in its sole discretion and at its own expense. Our firm does not pay any fees to TD Ameritrade for the Additional Services.

Our firm’s receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to our firm, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, our firm’s Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with our firm, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, our firm may have an incentive to recommend to its Clients that the assets under management by our firm be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. Our firm’s receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including to seek best execution of trades for Client accounts.

## **ITEM 15 – CUSTODY**

We do not have physical custody, as it applies to investment advisors. Custody has been defined by regulators as having access or control over client funds and/or securities.

### **DEDUCTION OF ADVISORY FEES**

For all accounts, our Firm has the authority to have fees deducted directly from client accounts. Our Firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client’s name. Clients, or an independent representative of the client, will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian’s name, address, and the way the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client’s independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from RWM. When you have questions about your account statements, you should contact RWM or the qualified custodian preparing the statement.

Please refer to Item 5 for more information about the deduction of adviser fees.



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**STANDING LETTERS OF AUTHORIZATION (“SLOA”)**

Our Firm is deemed to have custody of clients’ funds or securities when clients have standing authorizations with their custodian to move money from a client’s account to a third-party (“SLOA”) and, under that SLOA, it authorizes us to designate the amount or timing of transfers with the custodian. The SEC has set forth a set of standards intended to protect client assets in such situations, which we follow. We do not have a beneficial interest on any of the accounts we are deemed to have Custody where SLOAs are on file. In addition, account statements reflecting all activity on the account(s), are delivered directly from the qualified custodian to each client or the client’s independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from us. When you have questions about your account statements, you should contact us, your Advisor or the qualified custodian preparing the statement.

**ITEM 16 – INVESTMENT DISCRETION**

For discretionary accounts, prior to engaging RWM to provide investment advisory services, you will enter a written Agreement with us granting the Firm the authority to supervise and direct, on an on-going basis, investments in accordance with the client’s investment objective and guidelines. In addition, you will need to execute additional documents required by the Custodian to authorize and enable RWM, in its sole discretion, without prior consultation with or ratification by you, to purchase, sell, or exchange securities in and for your accounts. We are authorized, in our discretion and without prior consultation with you to: (1) buy, sell, exchange and trade any stocks, bonds or other securities or assets and (2) determine the amount of securities to be bought or sold, and (3) place orders with the custodian. Any limitations to such discretionary authority will be communicated to our Firm in writing by you, the client.

The limitations on investment and brokerage discretion held by RWM for you are:

- For discretionary accounts, we require that we be provided with authority to determine which securities and the amounts of securities to be bought or sold.
- Any limitations on this discretionary authority shall in writing as indicated on the investment advisory Agreement, Appendix B. You may change/amend these limitations as required.

In some instances, we may not have discretion. We will discuss all transactions with you prior to execution or you will be required to make the trades if in an employer sponsored account.

**ITEM 17 – VOTING YOUR SECURITIES**

We will not vote proxies on your behalf. You are welcome to vote proxies or designate an independent third-party at your own discretion. You designate proxy voting authority in the custodial account documents. You must ensure that proxy materials are sent directly to you or your assigned third party. We do not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies. You can contact our office with questions about a particular solicitation by phone at (281) 277-0645.

Third party money managers selected or recommended by our firm may vote proxies for you. Therefore, except in the event a third party money manager votes proxies, you maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by you shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to your investment assets. Therefore (except for proxies that may be voted by a third-party money manager), our firm and/or you shall instruct your qualified custodian to forward to you copies of all proxies and shareholder communications relating to your investment assets.

#### **ITEM 18 – FINANCIAL INFORMATION**

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.