



# THE RUDD COMPANY

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INVESTMENT MANAGEMENT AND CONSULTING

## Disclosure Brochure - Form ADV Part 2A

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Version Date: March 24, 2020

This Disclosure Brochure provides information about the qualifications and business practices of The Rudd Company, LLC. If you have any questions about the contents of this Disclosure Brochure, please contact us at: [ruddco@theruddcompany.com](mailto:ruddco@theruddcompany.com) or (817) 605-7833.

The information in this Disclosure Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration as an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information to assist you in determining whether to retain The Rudd Company, LLC.

Additional information about The Rudd Company, LLC and its advisory persons is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

Changes to Form ADV 2A, Version March 24, 2020

Item 4E: Assets Under Management updated to reflect current year;

Item 15: Has been amended to reflect the change in custody

For any future material changes, we will provide you with a copy of that summary within 120 days of the end of our fiscal year each year. We will also provide you with copies of any new Brochure as necessary under the SEC rules.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). To review the firm information for The Rudd Company, LLC:

- Check Investment Advisor Search in the left navigation menu.
- Select the option for Investment Advisor Firm and enter 289276 (our firm's CRD number) in the field labeled "Firm IARD/CRD Number".
- This will provide access to Form ADV Part 1 and Part 2.
- Item 11 of the ADV Part 1 lists legal and disciplinary questions regarding the Advisor.
- In the left-hand navigation menu, Form ADV Part 2 is located near the bottom.

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## **Item 4 – Advisory Business**

### **A. Description of Advisor Firm**

The Rudd Company, LLC ("TRC" or "Advisor") is a registered investment adviser with the Securities and Exchange Commission and is a Limited Liability Company organized in the State of Texas. TRC manages investment assets and/or provides investment consulting services for individuals, families, and institutions. TRC was formed in 2009 and became a registered investment adviser in August of 2017. The firm's principal owner and Chief Compliance Officer is Joshua A. Rudd.

TRC is an independent investment management and consulting company. We provide objective investment advice and asset management services for individuals and institutions. We specialize in serving high net-worth clients with tax concerns, liquidity needs, and those who want to incorporate their faith and family values into their investment choices. We also assist small to medium sized businesses with retirement plan selection, implementation and ongoing management.

### **B. Advisory Services Offered**

#### **Private Client**

- TRC provides asset management services for private clients using individual equities, fixed income instruments, and strategies limited to mutual funds and/or ETFs. All accounts have a primary goal of maximizing returns relative to risk.
- After a series of discovery meetings via phone or in person, TRC recommends account specific strategies based on many factors, including the client's goals and objectives, investing experience, communicated risk tolerance, trading costs, and long-term financial resources.
- TRC manages client assets on a discretionary basis which means that TRC does not seek permission from clients prior to selecting securities and executing transactions. TRC also holds non-billable, non-discretionary accounts for clients strictly for custody and cash management purposes. All non-discretionary accounts are client directed only and are not managed or monitored by TRC.

#### **Retirement Planning**

- Retirement Plan Consulting Services:  
We provide advisory services to plan sponsors of employer-sponsored retirement plans for which it has been specifically engaged, in addition to supporting affiliated companies through other non-advisory services to retirement plans for corporations and other business entities either as a 3(21) and 3(38) fiduciary. Such advisory services can include selection and/or de-selection and replacement of individual investment options pursuant to agreed investment criteria. In choosing and monitoring investment options for employer-sponsored retirement plans, we look for reliable fund companies that have a consistent track record and steady performance. Once a fund company is identified for possible

selection for a particular retirement plan product, we conduct an in-depth review of the company's operations, funds, and personnel before determining if the company's funds as investment options. Quantitative and qualitative factors such as regional exposure, fund management, and asset size/growth are also evaluated. The fund companies are monitored on a continuous basis at the firm level. We will assist in the construction of the portfolio by ensuring all core asset classes are covered to offer full diversification opportunities. However, the final decision of which funds to select is up to the plan sponsor and/or consultant.

### **Estate Plan Consulting**

- TRC provides estate planning consulting services to clients and charges varying fee amounts based on services rendered, however TRC is not a law firm or an attorney and does not provide legal services or legal advice.

### **Financial Plan Consulting**

- TRC may also offer financial planning services to its clients. These services will be provided on a monthly, flat fee or no-fee basis. This fee, if any, will be agreed upon in writing between the client(s) and the Firm. As such, the client should refer to the specific agreement between themselves and the Firm.

### **Business Consulting**

- TRC may provide financial consulting to business owners. For these services, the client will pay either hourly fees or an annual flat fee depending on the level of service desired by the client.
- Business ownership has wide-ranging implications and the firm may be engaged to assist the client in addressing the issues that may arise pursuant to such ownership. The client for this type of service is usually a partnership, limited liability company, corporation or other business entity, living trust, and/or private foundation. The service provided typically involves strategic recommendations, assisting business owners in partnering with outside accountants, attorneys and other qualified consultants to monitor certain business transactions, as well as cash management and/or asset management. The specifics of each engagement are defined in a formal agreement.

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

TRC offers the same suite of services to all of its clients. However, specific client investment plans and their implementation are dependent upon the client's specific circumstances and goals. Clients may impose written restrictions on investing in certain securities or types of securities in accordance with their values or beliefs.

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

TRC does not manage or participate in any wrap fee programs.

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

As of December 31, 2019, the most recent date for which such calculations are provided pursuant to securities regulations, TRC managed approximately \$128,989,925.00 in assets.

### **Item 5 – Fees and Compensation**

#### **A. Private Client Fee Schedules**

Wealth management fees are calculated using the average daily balance during the prior month and are debited from client accounts monthly in advance in accordance with the terms of the Advisory Agreement. While at times TRC may negotiate rates other than those specified below, the following schedules are used in our standard advisory service contracts:

<b>Equity Accounts</b>	<b>Annual Management Fee</b>
First \$1,000,000	1.65%
Next \$1,500,000	1.30%
Next \$2,500,000	1.00%
Additional Amounts Over \$5 million	0.85%

<b>Fixed Income Accounts</b>	<b>Annual Management Fee</b>
First \$1,000,000	0.65%
Next \$1,500,000	0.55%
Next \$2,500,000	0.45%
Additional Amounts Over \$5 million	0.35%

<b>Combined Accounts (Using Equity &amp; Fixed Income)</b>	<b>Annual Management Fee</b>
First \$1,000,000	1.35%
Next \$1,500,000	1.10%
Additional Amounts Over \$2.5 million	0.85%

<b>Mutual Funds &amp; ETF Accounts</b>	<b>Annual Management Fee</b>
First \$500,000	1.35%
Next \$500,000	1.10%
Next \$1,000,000	0.85%
Additional Amounts Over \$2 million	0.75%

Clients who wish to terminate their account without the payment of any fees must notify TRC within 10 business days of execution of the Investment Advisory Contract. If services are terminated within 10 business days of executing the Investment Advisory Contract, services will be terminated without penalty. After the initial five business days, Client may be responsible for payment of fees for the number of days services are provided by TRC prior to receipt of the written notice of termination. Otherwise, the Client may terminate an Investment Advisory Contract by providing written notice to TRC according to the notice period in the Advisory Agreement. Any and all fees paid in advance shall be prorated to the date of termination and any unearned portion of prepaid fees will be refunded to the Client.

**Retirement plan advisory fees are either:**

- Advisory fees are deducted from plan participant accounts and payable in accordance with the schedule provided to the Plan by the plan Provider.
- Advisory fees are assessed and invoiced by The Rudd Company, LLC to the Client quarterly in arrears based on the average daily balance of the plan as reported by the plan Provider for the billing period. Plan Provider must have the ability to share plan balance information in an acceptable format for billing purposes. Client is responsible for authorizing the release of plan balance information from the plan Provider to Advisor.

<b>Business Retirement Plan Consulting</b>
<p align="center"><b>Annual Fee Assessed on Total Plan Assets</b>  <b>0.50%*</b></p>
<p><b>*Minimum fee assessed is \$2500 quarterly, unless special fee provisions apply.</b> Market value of Plan assets means the value of assets as reported by the custodian or recordkeeper. For purposes of determining and calculating Fees, Plan assets shall mean Included Assets.</p>

### **Estate Planning Services Fees**

TRC provides estate planning consulting services to clients and charges varying fee amounts based on services rendered, however TRC is not a law firm or an attorney and does not provide legal services or legal advice.

### **Financial Planning Services Fees**

Financial planning clients who do not meet minimum of \$100,000.00 assets under management, an additional monthly fee may apply.

### **Business consulting clients Fees**

Business Consulting clients are charged a negotiated fee depending on the scope of the project.

### **B. Payment of Fees**

The Custodian will deduct wealth management fees from the client account. TRC will submit to the Custodian the amount of the fees to be deducted from the client account at the respective monthly processing date. Fees are generally payable monthly in advance based on a valuation of the client's account average daily balance for the previous month, but such advisory fees are not collected for services to be performed more than six months in advance. For new Client accounts, TRC calculates the monthly fee of the first partial month in arrears based on the average daily balance. The Client will be provided with a statement, at least quarterly, from the Custodian reflecting deduction of the wealth management fee. It is the responsibility of the Client to verify the accuracy of these fees as listed on the Custodian's brokerage statement as the Custodian does not assume this responsibility. Clients provide written authorization permitting TRC to be paid directly from their accounts held by the Custodian as part of the Agreement and the account forms provided by the Custodian.

Other than growth in assets under management, TRC shall not be compensated on the basis of a share of capital gains in, or appreciation of, client funds. TRC does not receive any additional compensation (commissions, transaction fees, etc.) related to any of its clients' accounts.

Financial planning and consulting fees may be assessed on set monthly fee. Hourly fees will be invoiced upon completion of the financial plan or the rendering of consulting services with a thirty (30) day written notice. For one-time projects, Client agrees to pay the fee upon signing the



Financial Planning or Consulting Agreement and the remaining fee on a monthly basis. We will not require a fee of \$1200 or more to be paid 6 months or more in advance. Financial planning and consulting fees are paid via check or by direct invoicing via electronic payment processor.

### **Clients are Responsible for Third-Party Fees**

Clients are responsible for the payment of all third-party fees (e.g. custodian fees, brokerage fees, mutual fund and ETF fees, transaction fees, etc.). Those fees are separate and distinct from the wealth management charged by TRC. Please see Item 12 of this brochure regarding broker/custodian.

### **C. Other Fees and Expenses**

The fees discussed above include payment solely for the investment advisory services provided by us and are separate to certain fees or charges that are imposed by third parties in connection with investments made on your behalf for your account. Third-party fees may include markdowns, markups, brokerage commissions, other transaction costs and/or custodial fees.

Also, all fees paid to us for asset management services are separate from the expenses charged by exchange-traded funds and mutual funds to their shareholders. These fees and expenses will be used to pay management fees for the funds, other fund expenses, account administration, and a possible distribution fee. Exchanged traded funds and mutual funds can be invested in directly by you without our services. However, you would not receive our services to assist you in determining which products or services are most suitable for your financial situation and objectives. You should review both the fees we charge and the fees charged by the fund(s) to understand the total fees to be paid fully.

### **D. Termination of Agreement**

Either party may terminate the investment advisory agreement by providing 10-day advance written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable up to and including the effective date of termination.

Notwithstanding the above, if we do not deliver the appropriate disclosure statement to you at least 48 hours prior to you entering into any written or oral advisory contract with this us, then you have the right to terminate the contract without penalty within five (5) business days after entering into the contract.

### **E. Other Compensation**

Any supervised persons of TRC do not accept compensation based on the sale of securities or other investment products.

## **Item 6 – Performance-Based Fees and Side-by-Side Management**

TRC does not accept charge performance-based fees for its investment advisory services.

## **Item 7 – Type of Clients**

TRC manages investment assets and/or provides investment consulting services for individuals, families, and institutions. Currently, TRC targets accounts with a minimum of \$250,000 in investable assets but may accept smaller accounts at TRC's discretion. Accepting an account below the minimum account size could cause our ability to obtain best pricing to be limited.

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

### **A. Method of Analysis**

TRC's investment selection process is research driven and price sensitive. TRC uses both qualitative and quantitative tools to evaluate investment opportunities, market trends, and areas of concern. Over time, TRC has developed proprietary pricing models to evaluate potential investment opportunities and establish exit points for portfolio securities. Diversification of client accounts based on Modern Portfolio Theory and is monitored using each client's communicated risk tolerances and monitored by comparing each strategy to its appropriate risk adjusted benchmark(s).

### **B. Investment Strategies**

Clients are invested in equity, fixed income, combination, or mutual fund/ETF accounts strategies based on their goals and objectives, investing experience, communicated risk tolerance, trading costs, long-term financial resources, or limitations expressed by the client. TRC can modify its investment strategy for each account as appropriate depending on its forward-looking view of market conditions. TRC may also take a defensive stance in its accounts from time to time depending on market conditions, which may include increased allocations to securities such as treasuries, cash, or others generally considered to be defensive in nature.

### **C. Risk of Loss**

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. TRC will assist clients in determining the appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a client will meet his/her investment goals.

Each client engagement will entail a review of the client's investment goals, financial circumstances, 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 analysis of a client's account. TRC shall rely on the financial or 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 TRC of any changes in their financial condition, goals, or other factors that may affect this analysis.

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

**D. Risks of Specific Securities Utilized**

TRC generally pursues investment strategies that do not involve significant or unusual risk beyond the risks associated with domestic and/or international securities markets.

Mutual Funds: Investing in mutual funds carries the risk of capital loss. Mutual funds are not guaranteed or insured by the FDIC or any other government agency. You can lose money investing in mutual funds. They can be of bond “fixed income” nature (lower risk) or stock “equity” nature (mentioned above). All mutual funds have costs that lower investment returns.

Equities: Equity investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

Treasury Inflation Protected/Inflation Linked Bonds: The risk of default on these bonds is dependent upon the U.S. Treasury defaulting (very unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal.

Fixed Income: Fixed income investing provides fixed periodic payments in the future that may involve economic risks such as inflationary risk, interest rate risk, default risk, repayment of principal risk, etc.

Debt securities: Investing in debt securities includes risks such as the possibility of default on the principal, fluctuation in interest rates, and counterparties being unable to meet obligations.

Exchange Traded Funds (ETF): Investing in ETF's carries the risk of capital loss (sometimes up to a 100% loss). Investments in these securities are not guaranteed or insured by the FDIC or any other government agency.

Hedge Funds: Hedge funds are not suitable for all investors and involve a high degree of risk due to several factors that may contribute to above average gains or significant losses. Such factors include leveraging or other speculative investment practices, commodity trading, complex tax structures, a lack of transparency in the underlying investments, and generally the absence of a secondary market.

REITs: Real estate investment trusts have specific risks including valuation due to cash flows, dividends paid in stock rather than cash, and the payment of debt resulting in dilution of shares.

Precious Metal ETFs: Gold, Silver, and Palladium Bullion backed “electronic shares”, not physical metals. Investing in precious metal ETFs carries the risk of capital loss.

Long-term trading: Long-term trading is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various other types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

Short-term trading: short-term trading risks include liquidity, economic stability and inflation.

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

#### **Item 9 – Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary event that would be used by a client in evaluating the advisor. Neither TRC, nor its supervised persons have any criminal or civil disciplinary information to report.

TRC and its advisory personnel value the trust our clients place in us, and we encourage clients to perform due diligence on all prospective advisors. A review of TRC's advisory personnel backgrounds is available on the Investment Advisor Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) for your review. To review the firm information contained in ADV Part 1, select the option for Investment Adviser Firm and enter 289276 in the field labeled "Firm IARD/CRD Number." This will provide access to Form ADV Parts 1 and 2. Item 11 of the ADV Parts 1 lists legal and disciplinary information.

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

TRC is not affiliated with any other investment advisory firm or broker/dealer.

Joshua A. Rudd is licensed in the State of Texas as a General Lines Agent and a licensed producer in the state of Connecticut and as such may receive commissions as compensation.

The Rudd Company, LLC does not hold any insurance licenses and does not act as an insurance agent or broker.

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

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

TRC has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

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

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

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

From time to time, representatives of TRC may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of TRC to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions could create a conflict of interest. To avoid any conflict of interest, TRC will always document/monitor any transactions that could be construed as conflicts of interest and will always transact client business at the same time or before their own when similar securities are being bought or sold.

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

From time to time, representatives of TRC may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of TRC to buy or sell securities before or after recommending securities to clients resulting in representatives profiting from the recommendations they provide to clients. Such transactions could create a conflict of interest. Again, to avoid any conflict of interest, TRC will always document/monitor any transactions that could be construed as conflicts of interest and will always transact client business at the same time or before their own when similar securities are being bought or sold.

## **Item 12 – Brokerage Practices**

TRC does not maintain custody of client assets (although TRC may be deemed to have custody of client assets to the extent clients give TRC authority to withdraw advisory fees from their accounts maintained with the custodian (see Item 15 Custody, below)). Client assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank.

### **A. The Custodian/Brokers Used by TRC**

Advisor participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. (“TD Ameritrade”), member FINRA/SIPC. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transaction. Advisor receives some benefits from TD Ameritrade through its participation in the program. (Please see Item 14). TD Ameritrade will hold client assets in a brokerage account and buy and sell securities as instructed by TRC. As discussed below, TRC may use other brokers to execute trades for client accounts. Clients establish an account with TD Ameritrade by entering into an account agreement directly with them.

For 529 accounts and retirement accounts TRC may serve as advisor of record for accounts held at other custodians, subject to review and approval.

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

TRC seeks to recommend a custodian/broker that will hold client assets and execute transactions on terms that are overall most advantageous to clients when compared to other available providers and their services.

TRC considers a wide range of factors, including, among others:

- Combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- Capability to execute, clear and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check request, bill payment, etc.)
- Breadth of investment products made available (stocks, mutual funds, exchange traded funds (ETFs), etc.)
- Availability of investments research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- Reputation, financial strength and stability of the provider
- Their prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see “Products and Services Available to TRC from TD Ameritrade”).

**C. Research and Other Soft-Dollar Benefits**

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

**D. Brokerage for Client Referrals**

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

**E. Clients Directing Which Broker/Dealer/Custodian to Use**

TRC does not allow clients to direct brokerage.

**F. Aggregating (Block) Trading for Multiple Client Accounts**

TRC maintains the ability to block trade purchases across accounts. Block trading may benefit a large group of clients by providing TRC the ability to purchase larger blocks resulting in smaller transaction costs to the clients. Declining to block trade can cause more expensive trades for clients. There is no obligation to include any client account in a blocked trade and TRC will only do so when it believes it to be in the best interest of the client.

## **Item 13 – Review of Accounts**

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

Client accounts are monitored on a regular and continuous basis. Portfolios are informally reviewed with clients via phone or in-person meetings to monitor personal or financial changes with each client that may impact the client's financial needs or risk tolerance. All clients are asked to participate in a formal review at least annually that reviews investment performance, current strategy, risk tolerance and cost efficiency.

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

In addition to the investment monitoring noted above, reviews may be triggered by material market, economic or political events, or by changes in a client's financial circumstances (such as retirement, termination of employment, physical move, or inheritance). A client has the right to request a review of his/her account at any time and the client should notify TRC if changes occur in his/her personal financial circumstances that might adversely affect his/her investment plan.

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

Each client will receive at least quarterly a written report or statement directly from the custodian that details client's account including assets held and asset values. Client brokerage statements will include all positions, transactions and fees relating to the client's account(s). Clients may also establish electronic access to the custodian's website so that they may view these reports and their account activity. TRC also provides clients with quarterly performance reports via mail or the client's private online document vault.

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

TRC receives an economic benefit from TD Ameritrade in the form of the support products and services it makes available to TRC and other independent investment advisors whose clients maintain accounts with TRC. These products and services include custody of securities, trade execution, and clearance and settlement of transactions, and are more fully described above (see item 12 – Brokerage Practices). The availability of these products and services is not based on TRC providing particular investment recommendations or types of advice, such as buying particular securities for its clients.

TRC does not directly or indirectly compensate any person who is not a member of advisor's personnel for client referrals.

## **Item 15 – Custody**

As disclosed in Item 12 above, Advisor participates in TD Ameritrade's institutional customer program and Advisor may recommend TD Ameritrade to Client's for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its Clients, although Advisor receives economic benefits through its participation in the program that are not typically available to TD Ameritrade retail investors. 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 fund 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 Advisor by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Advisor but may not benefit its client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interest of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

TRC also urges clients to compare TD Ameritrade's account statements to the quarterly performance reports provided by TRC.



**Item 16 – Investment Discretion**

TRC generally receives discretionary investment authority from each client in writing at the beginning of the advisory relationship. This authority relates to the investment of client's accounts including the securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to each client before any advisory relationship has commenced. The client provides TRC discretionary authority via a limited power of attorney in the Investment Advisory Contract and in the contract between the client and the custodian. In all cases, TRC exercises such discretion in a manner consistent with the client's investment objectives and other written instructions.

**Item 17 – Voting Client Securities**

TRC does not accept proxy voting responsibility for any client.

**Item 18 – Financial Information**

TRC does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Neither TRC, nor its management is subject to any adverse financial circumstances that would impair the ability of TRC to meet all obligations to its clients. Neither TRC, nor its management has been subject to a bankruptcy or financial compromise.

**Item 19 – Requirements for State-Registered Advisers**

TRC is not registered or required to be registering with any state securities authorities.