



The Brochure  
Part 2A of Form ADV  
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This Brochure describes the business practices, fee arrangements, and provides additional information about the qualifications of Rowland Carmichael Advisors, Inc., ("RCA"). If you have any questions about the contents of this Brochure, please contact us at (480) 421-2660 or ([janice.l.orick@rcla.com](mailto:janice.l.orick@rcla.com)). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission, ("SEC") or by any state securities authority.

Additional information about RCA is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). RCA's CRD# is 105766.

References herein to RCA as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

## Item 2      Material Changes

Since the March 30, 2020 annual update filing this ADV Part 2A Brochure has been materially amended at Item 10, D. adding licensed real estate agent for David L. Carmichael, and at Item 18, D. disclosing RCA receiving a Small Business Administration, Paycheck Protection Program loan.

**RCA's Chief Compliance Officer, Janice Lee Orick, remains available to address any questions that a client or prospective client may have about these changes or any other aspect of this Brochure.**

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

- A. RCA is an Arizona corporation that was formed on July 11, 1986, which became registered as an investment adviser with the Securities and Exchange Commission on January 29, 1988. RCA's principal owners are Timothy L. Rowland and David L. Carmichael.
- B. As discussed below, RCA offers investment advisory services to its clients and, to the extent specifically requested by a client, financial planning and related consulting services on a stand-alone basis. The investment advisory services RCA provides to clients is subject to the Employee Retirement Income Security Act of 1974, as amended (ERISA) are specifically described under the separate ERISA heading below.

#### **INVESTMENT ADVISORY SERVICES (NON-ERISA CLIENTS)**

RCA provides continuous asset management service to its clients. RCA will generally develop a written report detailing investment policies and objectives, including asset allocation, based on the client's individual needs. RCA manages a client's individual portfolios of investments. Acting with limited trading authorization, RCA effects transactions necessary to implement the client's investment objectives as developed by RCA's analysis.

Before RCA will provide investment advisory services, the client is required to enter into a formal *Investment Management Agreement* with RCA and a separate custodial/clearing agreement with each designated broker-dealer/custodian. The *Investment Management Agreement* sets the terms and conditions under which RCA will manage the client's assets.

The client can engage RCA to provide discretionary and/or non-discretionary investment advisory services on a *fee* basis. RCA's annual investment advisory fee payable quarterly in advance is based upon a percentage (%) of the market value of the assets placed under RCA's management (between 1.00% and 0.75%) as described in Item 5 below.

#### **INVESTMENT ADVISORY SERVICES - PRIVATE CLIENT SERVICES (NON-ERISA CLIENTS)**

RCA's annual investment advisory fee payable quarterly in advance for **Private Client Services** (*required minimum \$10 million commitment*) based upon a percentage (%) of the market value of the assets placed under RCA's management for Corporate/Muni Bond account(s) as described in Item 5 below. RCA may negotiate Private Client Services fees on a case-by-case basis, based in part on the scope and complexity of Private Client Services being provided by RCA to the client.

## **INVESTMENT ADVISORY SERVICES FOR ERISA CLIENTS**

RCA provides investment advisory services to clients subject to ERISA ("ERISA Clients") as set forth in the plan advisory agreement (the "Retirement Plan Agreement") between RCA and each ERISA plan sponsor (or such other plan fiduciary with authority to cause the plan to enter into the Retirement Plan Agreement with RCA). RCA will provide certain required disclosures to the ERISA Client's "responsible plan fiduciary" (as such term is defined in ERISA) in accordance with ERISA Section 408(b)(2), regarding its status as a registered investment adviser under the Advisers Act, its status as an ERISA fiduciary, its services and its compensation. The specific written disclosures required by ERISA Section 408(b)(2) are set forth in the Retirement Plan Agreement or other written disclosure document provided by RCA to the responsible plan fiduciary reasonably in advance of entering into the arrangement. RCA provides both ERISA fiduciary services and non-fiduciary services to ERISA Clients.

### **Fiduciary Services**

RCA provides ERISA fiduciary services as either a discretionary investment manager or a non-discretionary investment adviser.

### **Non-Discretionary Investment Advisory Services**

RCA provides investment advisory services on a non-discretionary basis and in that capacity, the ERISA Client retains, and exercises, final decision-making authority and responsibility for the implementation (or rejection) of RCA's recommendations or advice. Each ERISA Client who engages RCA to perform non-discretionary investment advisory services is required to enter into an investment advisory agreement. RCA's non-discretionary investment advisory services are fiduciary services under ERISA and may include the following:

***For Plans that are Participant-Directed (i.e., plans where the participant exercises independent control over the investment of his or her plan account):***

1. Providing investment advice to the ERISA Client about asset classes and investment alternatives available for the Plan in accordance with the Plan's investment policies and objectives. The ERISA Client has the final decision-making authority regarding the initial selection, retention, removal and addition of investment options.
2. Assisting the ERISA Client with the selection of a broad range of investment options consistent with ERISA Section 404(c) and the regulations thereunder.
3. Assisting the ERISA Client in the development of an Investment Policy Statement (IPS). The IPS establishes the investment policies and objectives for the Plan. The ERISA Client has the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the IPS.
4. Assisting the ERISA Client in monitoring investment options by preparing periodic investment reports that are based on conformance to the guidelines set forth in the IPS and making recommendations to maintain or remove and replace investment options.
5. Meeting with the ERISA Client on a periodic basis to discuss the reports and the investment recommendations.

6. If the ERISA Client has determined that the Plan should have a qualified default investment alternative ("QDIA") for participants who fail to make an investment election, assisting the ERISA Client in the selection of the investment that will serve as the QDIA; provided, that the ERISA Client retains the sole responsibility to provide all notices to participants required under ERISA Section 404(c)(5).

***For Plans that are Not Participant-Directed***

1. Assisting the ERISA Client in the development of an IPS.
2. Assisting the ERISA Client in developing asset allocations and portfolio modeling consistent with the plan objectives expressed in the IPS.
3. Assisting the ERISA Client in identifying and selecting investments to populate the asset allocation categories.
4. As investment results and/or cash flow change the percentage of the plan assets represented by the different asset classes, recommending to the ERISA Client periodic re-balancing as deemed appropriate in accordance with the IPS.
5. Assisting the ERISA Client in monitoring and measuring investment performance and adherence to the IPS and recommending changes in the selected investments.

**Discretionary Investment Management Services**

RCA provides investment management services to ERISA Clients that are participant-directed defined contributions plans, such as 401(k) plans, on a discretionary basis as an investment manager under ERISA Section 3(38) and in that capacity, RCA's investment decisions are made in its sole discretion without the ERISA Client's prior approval. Each ERISA Client who engages RCA to perform investment management services is required to enter into an investment management agreement. RCA's investment management services are fiduciary services under ERISA and may include:

1. Developing and implementing the IPS.
2. Selecting a broad range of investment options consistent with ERISA Section 404(c) and the regulations thereunder.
3. Providing ongoing and continuous discretionary investment management with respect to the asset classes and investment options available under the Plan in accordance with the IPS. Under this authority, RCA may select, retain, remove and/or replace the investment options available under the plan in its discretion.
4. If the ERISA Client has determined that the plan should have a QDIA for participants who fail to make an investment election, selecting the investment that will serve as the QDIA; provided, however, the ERISA Client retains the sole responsibility to provide all notices to participants required under ERISA Section 404(c)(5).
5. Providing the ERISA Client with periodic reporting of investment performance and results.

### **ERISA Non-Fiduciary Services**

RCA's ERISA Non-Fiduciary Services are designed to assist ERISA Clients in meeting their fiduciary obligations to the plan under ERISA. RCA's ERISA Non-Fiduciary Services may include:

1. Educating the ERISA Client as to its fiduciary responsibilities.
2. Assisting the ERISA Client in monitoring, selecting and supervising service vendors by providing consulting services on these matters.
3. Preparing fee analysis and benchmarking studies.
4. In the case of plans that allow participant elective contributions, assisting in the group enrollment meetings designed to increase retirement plan participation among employees and to improve investment and financial understanding by the employees.
5. In the case of participant-directed plans, assisting in the education of the participants in the Plan about general investment principles and the investment alternatives available under the Plan.

### **INVESTMENT CONSULTING SERVICES**

The client may engage RCA to provide investment consulting services which may include the development of a written report establishing investment policies and objectives for the client. If engaged by the client, RCA may analyze the historical performance of the client's investments relative to their financial situation investment objectives and identify and locate other investment advisors ("Independent Managers") for the client's consideration. These Independent Managers will have met or exceeded RCA's required performance and risk avoidance standards.

All advisory consulting services are inclusive and include performance monitoring, manager searches, asset allocation studies, and investment policy and objective development. RCA will monitor the client's account, providing comparisons of the client's actual results against market indices. RCA may provide this comparison to the client on a quarterly basis.

Before RCA provides consulting services, the client is required to enter into a formal *Limited Consulting Agreement* with RCA setting forth the terms and conditions under which RCA shall provide services.

The fee includes all consulting services for performance monitoring, asset allocation and Independent Manager searches. A quarterly asset-based fee will be charged for the consulting services; the fee will be a percentage (%) of the assets RCA is consulting on and payable quarterly in advance. RCA consulting services will continue until either party gives written notice to the other party of its intention to terminate. Transactions in progress will be completed in the normal course of business. Upon termination, the client shall receive a pro-rated refund of that portion of any prepaid consulting fees that have yet to be earned by RCA. Such refund will be calculated from the date of termination. RCA's annual investment consulting services fee is based upon a percentage (%) of the market value of the assets RCA is consulting described in Item 5 below.

If a consulting client elects to engage one or more Independent Managers, the fee paid to the selected Independent Managers will be in addition to the consulting fee paid to RCA. The fee charged by the Independent Managers, terms of payment, and termination of service, is determined by the Independent Managers and disclosed in the agreement between the client and the Independent Managers. RCA does not receive payment from the Independent Managers nor does RCA pay any fees to the Independent Managers as a consequence of locating an Independent Managers for the client's consideration. There are no additional fees charged to the client by RCA as a consequence of locating an Independent Managers for the client's consideration.

### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent specifically requested by a client, RCA *may* provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. RCA's planning and consulting fees are negotiable, as described in Item 5 below. Prior to engaging RCA to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with RCA setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to RCA commencing services.

### **MISCELLANEOUS**

#### **LIMITATIONS OF NON-INVESTMENT CONSULTING/IMPLEMENTATION SERVICES**

To the extent requested by the client, RCA may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. either as part of the investment advisory engagement or according to the terms and conditions of a stand-alone *Financial Planning and Consulting Agreement*. RCA does not serve as a law firm or accounting firm, and no portion of its services should be construed as legal or accounting services. Accordingly, RCA does not prepare estate planning documents or tax returns. Unless specifically agreed in writing, neither RCA nor its representatives are responsible to: implement any financial plans or financial planning advice; provide ongoing financial planning services; or provide ongoing monitoring of financial plans or financial planning advice. The client is solely responsible to revisit the financial plan or financial planning advice with RCA, if desired. The client retains absolute discretion over all financial planning and related implementation decisions, and is free to accept or reject any recommendation from RCA and its representatives. RCA's financial planning and consulting services are completed upon communicating its recommendations to the client. To the extent requested by a client, RCA may recommend the services of other professionals for certain implementation purposes (i.e. attorneys, accountants, insurance agents, etc.), including representatives of RCA in their separate individual capacities as licensed insurance agents as discussed in Item 10.C. below. Clients are under no obligation to engage the services of any recommended professional, who shall be solely responsible for the quality and competency of the services they provide. If the client engages any unaffiliated recommended professional, and a

dispute arises related to the engagement, the client should seek recourse exclusively from and against the engaged professional.

Conflict of Interest: As discussed in Item 10.C. below, the recommendation by RCA's representative that a client purchase an insurance commission product through RCA's representative in a separate and individual capacity as an insurance agent, ***presents a conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment or insurance products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any insurance commission products through such a representative. Clients are reminded that they may purchase insurance products recommended by RCA through other, non-affiliated insurance agents or agencies.

**Independent Managers.** RCA may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated Independent Managers, in accordance with the client's designated investment objective(s). In such situations, the Independent Managers shall have day-to-day responsibility for the active discretionary management of the allocated assets. RCA shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation, and client investment objectives. Factors which RCA shall consider in recommending Independent Managers include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The fee paid to the selected Independent Managers will be in addition to the advisory fees paid to RCA. The fee charged by the Independent Managers, terms of payment, and termination of service, is determined by the Independent Managers and disclosed in an agreement with the Independent Managers or a separate communication between the Independent Managers and the client. RCA does not receive payment from the Independent Managers nor does RCA pay any fees to the Independent Managers as a consequence of locating an Independent Managers for the client's consideration. There are no additional fees charged to the client by RCA as a consequence of locating an Independent Managers for the client's consideration. **RCA's Chief Compliance Officer, Janice Lee Orick, remains available to address any questions that a client or prospective client may have regarding the above arrangements.**

**Retirement Account Clients/ Presents a Conflict of Interest.**

RCA is a fiduciary under ERISA with respect to investment management services and investment advice provided to ERISA Clients, including ERISA plan participants. RCA is also a fiduciary under the Internal Revenue Code, (the "IRC") with respect to investment management services and investment advice provided to ERISA plans, ERISA plan participants, IRA owners and IRAs (collectively, "Retirement Account Clients"). As such, RCA is subject to specific duties and obligations under ERISA and/or the IRC that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice in which it has a conflict of interest, the fiduciary must either avoid or eliminate the conflict or rely upon a prohibited transaction exemption.



A conflict of interest would arise and the prohibited transaction rules would be implicated if RCA were to provide fiduciary advice about plan distributions and rollovers if it results in RCA receiving compensation that it would not have received absent the advice in that instance, RCA would mitigate this conflict by acting in the best interest of the client.

**No client is under any obligation to roll over ERISA plan or IRA assets to an account advised or managed by RCA.**

**RCA's Chief Compliance Officer, Janice Lee Orick, remains available to address any questions that a client or prospective client may have regarding the above.**

**Allocation to Mutual Funds and Exchange Traded Funds.** While RCA may recommend allocating investment assets to mutual funds and exchange traded funds ("ETFs") that are not available directly to the public, RCA may also recommend that clients allocate investment assets to publicly-available mutual funds and ETFs that the client could obtain without engaging RCA as an investment adviser. However, if a client or prospective client determines to allocate investment assets to publicly-available mutual funds and ETFs without engaging RCA as an investment adviser, the client or prospective client would not receive the benefit of RCA's initial and ongoing investment advisory services. Other mutual funds, such as those issued by Dimensional Fund Advisors ("DFA"), are generally only available through selected registered investment advisers. RCA may allocate client investment assets to DFA mutual funds. Therefore, upon the termination of RCA's services to a client, restrictions regarding transferability and/or additional purchases of, or reallocation among DFA funds will apply.

**Asset Aggregation / Reporting Services.** RCA may provide access to reporting services through one or more third-party aggregation / reporting platforms that can reflect all of the client's investment assets, including those investment assets that the client has not engaged RCA to manage (the "Excluded Assets"). RCA's service for the Excluded Assets is strictly limited to reporting, and specifically excludes investment management or implementation. Because RCA does not have trading authority for the Excluded Assets, the client (and/or another investment professional), and not RCA, shall be exclusively responsible for directly implementing any recommendations for the Excluded Assets. Further, the client and/or their other advisors that maintain trading authority, and not RCA, shall be exclusively responsible for the investment performance or related activity (such as timing and trade errors) pertaining to the Excluded Assets. The third-party aggregation / reporting platforms may also provide access to financial planning information and applications, which should not be construed as services, advice, or recommendations provided by RCA. Accordingly, RCA shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the third party reporting platforms without RCA's participation or oversight.

**Client Obligations.** In performing its services, RCA is not required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify RCA if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising RCA's previous recommendations and/or services.

**Unaffiliated Private Investment Fund Valuation.** If RCA bills an investment advisory fee based upon the value of private investment funds or otherwise references private investment funds owned by the client on any supplemental account reports prepared by RCA, the value for all private investment funds owned by the client will reflect the most recent valuation provided by the fund sponsor. The current value of any private investment fund could be significantly more or less than the original purchase price or the price reflected in any supplemental account report.

**Portfolio Trading Activity.** As part of its investment advisory services, RCA will review client portfolios on an ongoing basis to determine if any trades are necessary based upon various factors, including but not limited to investment performance, fund manager tenure, style drift, account additions/withdrawals, the client's financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods of time when RCA determines that trades within a client's portfolio are neither necessary nor prudent. Clients nonetheless remain subject to the fees described in Item 5 below during periods of account trading inactivity.

**Cash Positions.** RCA may maintain cash and cash equivalent positions (such as money market funds) for defensive and liquidity purposes. Unless otherwise agreed in writing, all cash and cash equivalent positions will be included as part of assets under management for purposes of calculating RCA's investment advisory fee.

**Disclosure Statement.** A copy of RCA's written Brochure as set forth on Part 2 of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Management Agreement(s)*, *Limited Consulting Agreement*, or *Financial Planning and Consulting Agreement*.

- C. RCA shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, RCA shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on RCA's services.
- D. RCA does not participate in a wrap fee program.

- E. As of December 31, 2019, RCA advises and/or consults on \$889,327,423 of which \$249,604,508 are “regulatory assets under management” on a discretionary basis, and \$16,751,924 “regulatory assets under management” on a non-discretionary basis. \$622,970,991 are assets that RCA consults on and/or monitors, but we do not maintain trading authority on those assets.

## Item 5 Fees and Compensation

- A. The client can engage RCA to provide investment advisory services on a *fee* basis. The fees pertaining to Investment advisory services for ERISA Clients are described under the separate heading below.

### **INVESTMENT ADVISORY SERVICES (NON-ERISA CLIENTS)**

If a client engages RCA to provide discretionary and/or non-discretionary investment advisory services on a *fee* basis, RCA’s annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under RCA’s management (between 1.00% and 0.75 %) as follows:

<b>Account Assets under Management</b>	<b>Quarterly Fee (% of Assets)</b>
First \$5,000,000	.25% (1.00% per year)
Balance of Account	.1875% (0.75% per year)

### **INVESTMENT ADVISORY SERVICES - PRIVATE CLIENT SERVICES (NON-ERISA CLIENTS)**

If a client engages RCA to provide discretionary and/or non-discretionary investment advisory **Private Client Services** on a *fee* basis (*required minimum \$10 million commitment*) based upon a percentage (%) of the market value of the assets placed under RCA’s management for Corporate/Muni Bond account(s) .25% and for Hedge Fund/Private Placement/Equity account(s) .50% as follows:

<b>Account Assets under Management</b>	<b>Quarterly Fee (% of Assets)</b>
Corporate/Muni Bound Account(s)	.0625% (0.25% per year)
Hedge Fund/Private Placement/ Equity Account(s)	.125% (0.50% per year)

### **INVESTMENT ADVISORY SERVICES (ERISA CLIENTS)**

RCA may negotiate fees on a case-by-case basis, based in part on the scope and complexity of services being provided to the ERISA Plan, as well as the size of the plan and other relevant factors. RCA typically provides services on an annual fee basis based upon a percentage of plan assets. Plan asset value is based upon the market value of included plan assets as reported by the plan custodian or record-keeper. Included plan assets are the plan assets for which RCA provides services as described in the plan advisory agreement. The fees may be billed in advance or in

arrears and are calculated either quarterly, monthly or semi-annually. In special circumstances, other fee paying arrangements may be negotiated. The amount, method of calculation, timing of payment, whether it is in arrears or in advance, the payment source (plan or plan sponsor) and remittance procedures are all set forth in the plan advisory agreement. As agreed to under the plan advisory agreement between RCA and the ERISA Client, the ERISA Client may authorize the plan custodian to automatically deduct the fee from the plan or the plan sponsor of the ERISA Client may choose to pay the fee.

Either RCA or the ERISA Client can terminate the plan advisory agreement at any time, without penalty, by sending the other party 30 days prior written notice. Both parties remain liable for and held to any transactions initiated before the agreement was terminated. If the ERISA Client is billed in arrears, RCA will deliver a final billing statement for unbilled work performed prior to termination, and the ERISA Client will have 30 days to pay the invoice. If the ERISA Client is billed in advance, RCA will pro-rate the fee based upon the number of days in the fee period prior to the effective date of the termination and refund to the ERISA Client any unearned fee.

### **INVESTMENT CONSULTING SERVICES**

The client may engage RCA to provide investment consulting services which may include the development of a written report establishing investment policies and objectives for the client. If engaged by the client, RCA will analyze the historical performance of the client's investments relative to his/her/its financial situation investment objectives and identify and locate other investment advisors for the client's consideration. These investment advisors will have historically met or exceeded RCA's required performance and risk avoidance standards.

The fee includes all consulting services for performance monitoring, asset allocation and manager searches. RCA's annual investment consulting services fee is based upon a percentage (%) of the market value of the assets placed under RCA's management (between 1.50% and 0.50 %) as follows:

<b>Account Assets</b>	<b>Quarterly Fee (% of Assets)</b>
\$0 to \$250,000	.375% (1.50% per year)
Next \$250,000	.3125% (1.25% per year)
Next \$500,000	.25% (1.00% per year)
Next \$2,000,000	.1875% (0.75% per year)
Next \$2,000,000	.15% (0.60% per year)
\$5,000,000 Plus	.125% (0.50% per year)

### **FINANCIAL PLANNING AND CONSULTING SERVICES FEES**

To the extent requested by a client, RCA *may* provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. RCA's planning and consulting fees are negotiable, but generally range from \$2,000

to \$10,000 on a fixed fee basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

- B. Clients may elect to have RCA's advisory fees deducted from their custodial account. Both RCA's *Investment Management Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of RCA's investment advisory fee and to directly remit that management fee to RCA in compliance with regulatory procedures. In the limited event that RCA bills the client directly, payment is due upon receipt of RCA's invoice. RCA shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, RCA generally recommends that Charles Schwab & Co., Inc. and its affiliates ("Schwab") and/or TD Ameritrade, Inc., and its affiliates ("TD Ameritrade") serves as the broker-dealer/custodian for client investment management assets. RCA may also recommend National Financial Services LLC / Fidelity Clearing and Custody Solutions, and their affiliates ("Fidelity") to serve as broker-dealer/custodian for retirement plan custodial, brokerage, and related account administration services. Broker-dealers charge transaction fees for effecting certain securities transactions according to their fee schedule, and they or their affiliated custodians also impose charges for custodial services / fees associated with maintaining the client's account. For mutual fund and ETF purchases, clients will incur charges imposed by the respective fund, which represent the client's pro rata share of the fund's management fee and other fund expenses. These fees and expenses are described in each fund's prospectus or other offering documents. The fees charged by the applicable broker-dealer/custodian, and the charges imposed by mutual funds and ETFs, are separate from and in addition to RCA's advisory fee referenced in this Item 5. RCA does not share in any portion of those fees or expenses.

Without limiting the above, when beneficial to the client, individual fixed-income and/or equity transactions may be effected through broker-dealers with whom RCA and/or the client have entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through other SEC registered and FINRA member broker-dealers (in which event, the client generally will incur both the transaction fee charged by the executing broker-dealer and a "trade away" fee charged by the original custodian/broker-dealer).

- D. RCA's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. RCA does not generally require an annual minimum fee or asset level for investment advisory services. RCA, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The *Investment Management Agreement* between RCA and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Management Agreement*. Upon termination, RCA shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

RCA's investment consulting services will be in effect until either party gives written notice to the other party of its intention to terminate. Transactions in progress will be completed in the normal course of business. Upon termination, the client shall receive a pro-rated refund of that portion of any prepaid consulting fees that have yet to be earned by RCA.

- E. Neither RCA nor its representatives accept compensation from the sale of securities or other investment products.

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

Neither RCA nor any supervised person of RCA accepts performance-based fees.

## **Item 7      Types of Clients**

RCA's clients generally include individuals, business entities, pension and profit sharing plans, trusts, estates and charitable organizations, etc. RCA does not generally require an annual minimum fee or asset level for investment advisory services. RCA, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

- A. RCA may utilize the following methods of security analysis:
- Fundamental — (analysis performed on historical and present data, with the goal of making financial forecasts)
  - Technical — (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

RCA may utilize the following investment strategies when implementing investment advice given to clients:

- Long-Term Purchases (securities held at least a year)
- Short-Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)

**Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear, including the loss of principal investment. Past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by RCA) will be profitable or equal any specific performance level. Investment strategies such as asset allocation, diversification, or rebalancing do not assure or guarantee better performance and cannot eliminate the risk of investment losses. There is no guarantee that a portfolio employing these or any other strategy will outperform a portfolio that does not engage in such strategies. While asset values may increase and client account values could benefit as a result, it is also possible that asset values may decrease and client account values could suffer a loss.

- B. RCA's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis RCA must have access to current/new market information. RCA has no control over the dissemination rate of market information; therefore, unbeknownst to RCA, certain analyses may be compiled with outdated market information, severely limiting the value of RCA's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

RCA's primary investment strategies — Long-Term Purchases, Short-Term Purchases, and Trading — are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short-term investment strategy and substantially higher transaction costs than a longer term investment strategy.

- C. Currently, RCA primarily allocates investment management assets among various mutual funds, ETFs, individual fixed income and equity securities, Independent Managers and alternative investments, on a discretionary basis, in accordance with the client's designated investment objective(s). RCA may also provide investment advisory services relative to client assets that are being actively managed by unaffiliated Independent Managers, and in limited circumstances may recommend that certain qualified clients allocate investment assets among unaffiliated private investment funds. Each type of investment has its own unique set of risks associated with it. The following provides a short description of some of

the underlying risks associated with the types of investments that RCA uses or recommends:

Market Risk. The price of a security may drop in reaction to tangible and intangible events and conditions. This type of risk may be caused by external factors (such as economic or political factors), but may also be incurred because of a security's specific underlying investments. Additionally, each security's price can fluctuate based on market movement, which may or may not be due to the security's operations or changes in its true value. For example, political, economic and social conditions may trigger market events which are temporarily negative, or temporarily positive.

Unsystematic Risk. Unsystematic risk is the company-specific or industry-specific risk in a portfolio that the investor bears. Unsystematic risk is typically addressed through diversification. However, as indicated above, diversification does not guarantee better performance and cannot eliminate the risk of investment losses.

Value Investment Risk. Value stocks may perform differently from the market as a whole and following a value-oriented investment strategy may cause a portfolio to underperform growth stocks.

Growth Investment Risk. Prices of growth stocks tend to be higher in relation to their companies' earnings and may be more sensitive to market, political and economic developments than other stocks, making their prices more volatile.

Small Company Risk. Securities of small companies are often less liquid than those of large companies and this could make it difficult to sell a small company security at a desired time or price. As a result, small company stocks may fluctuate relatively more in price. In general, small capitalization companies are more vulnerable than larger companies to adverse business or economic developments and they may have more limited resources.

Commodity Risk. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs, and international economic, political, and regulatory developments.

Foreign Securities and Currencies Risk. Foreign securities prices may decline or fluctuate because of: (i) economic or political actions of foreign governments, and/or (ii) less regulated or liquid securities markets. Investors holding these securities are also exposed to foreign currency risk (the possibility that foreign currency will fluctuate in value against the U.S. dollar).

Interest Rate Risk. Fixed income securities and fixed income-based securities are subject to interest rate risk because the prices of fixed income securities tend to move in the opposite direction of interest rates. When interest rates rise, fixed income security prices tend to fall. When interest rates fall, fixed income security



prices tend to rise. In general, fixed income securities with longer maturities are more sensitive to these price changes.

Inflation Risk. When any type of inflation is present, a dollar at present value will not carry the same purchasing power as a dollar in the future, because that purchasing power erodes at the rate of inflation.

Reinvestment Risk. Future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate), which primarily relates to fixed income securities.

Credit Risk. The issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and impact performance. Credit risk is considered greater for fixed income securities with ratings below investment grade. Fixed income securities that are below investment grade involve higher credit risk and are considered speculative.

Call Risk. During periods of falling interest rates, a bond issuer will call or repay a higher-yielding bond before its maturity date, forcing the investment to reinvest in bonds with lower interest rates than the original obligations.

Regulatory Risk. Changes in laws and regulations from any government can change the market value of companies subject to such regulations. Certain industries are more susceptible to government regulation. For example, changes in zoning, tax structure or laws may impact the return on investments.

Mutual Fund Risk. Mutual funds are operated by investment companies that raise money from shareholders and invest it in stocks, bonds, and/or other types of securities. Each fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. Mutual funds charge a separate management fee for their services, so the returns on mutual funds are reduced by the costs to manage the funds. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market. Mutual funds come in many varieties. Some invest aggressively for capital appreciation, while others are conservative and are designed to generate income for shareholders. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives).

Exchange Traded Fund Risk. ETFs are marketable securities that are designed to track, before fees and expenses, the performance or returns of a relevant index, commodity, bonds or basket of assets, like an index fund. Unlike mutual funds, ETFs trade like common stock on a stock exchange. ETFs experience price changes throughout the day as they are bought and sold. In addition to the general risks of investing, there are specific risks to consider with respect to an investment in ETFs, including, but not limited to: (i) an ETF's shares may trade at a market price that is above or below its net asset value; (ii) the ETF may employ an investment strategy

that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are delisted from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally.

Independent Manager Risk. While RCA may conduct due diligence regarding Independent Managers and their respective investment style and process, RCA will not have the opportunity to evaluate each specific investment that the Independent Managers will execute on the client's behalf. As a result, the rates of return to clients will primarily depend upon the choice of investments and other investment and management decisions of Independent Managers and returns could be adversely affected by unfavorable performance of such Independent Managers. Further, RCA depends on Independent Managers to develop the appropriate systems and procedures to control operational risks.

Unaffiliated Private Investment Fund Risk. In limited circumstances, RCA may recommend that certain qualified clients consider investing in unaffiliated private investment funds. Private investment funds generally involve various risk factors including, but not limited to: potential for complete loss of principal, liquidity constraints and lack of transparency. A complete discussion of the risks will be set forth in each fund's offering documents, which will be provided to each client for review and consideration. RCA's role related to the private investment funds is limited to its initial and ongoing due diligence and investment monitoring services. RCA's clients are under absolutely no obligation to consider or make an investment in private investment funds. Unlike liquid investments that a client may own, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a subscription agreement, pursuant to which the client will establish that they qualified for investment in the fund, and that they acknowledge and accept the various risk factors that are associated with such an investment.

## **Item 9           Disciplinary Information**

RCA has not been the subject to any disciplinary actions.

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

- A. Neither RCA, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither RCA, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

- C. **Licensed Insurance Agents**. In addition to being a registered investment advisory firm, RCA is also a licensed insurance agency. David L. Carmichael, Corey M. Bird, or Lindsay A. Black in their individual capacities, are licensed insurance agents of RCA, and may recommend the purchase of certain insurance-related products on a commission basis. Clients can therefore engage these representatives to effect insurance transactions on a commission basis. RCA has also entered into a referral agreement with WealthPoint, LLC, an unaffiliated licensed insurance agency ("WealthPoint"), pursuant to which WealthPoint will compensate RCA from insurance commissions received by WealthPoint for prospects introduced to WealthPoint by RCA. Please refer to Item 14.A. below for more information in that respect. Based on the above, the recommendation by David L. Carmichael, Corey M. Bird, Lindsay A. Black or another RCA representative that a client or prospective client purchase an insurance commission product through RCA, Mr. Carmichael, Mr. Bird or Ms. Black ***presents a conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client or prospective client is under any obligation to purchase any commission products through RCA, David L. Carmichael, Corey M. Bird or Lindsay A. Black. Clients and prospective clients are reminded that they may purchase insurance products recommended by RCA through other, non-affiliated insurance agents or agencies. **RCA's Chief Compliance Officer, Janice Lee Orick, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
- D. **Licensed Real Estate Agent**. For the purpose of providing advice to RCA's clients with regard to real estate investments, specifically but not limited to 1031 Like-Kind Exchanges, David L. Carmichael holds an **active** State of Arizona Real Estate license which is valid through March 31, 2022. Mr. Carmichael is associated with Hendrix Properties, LLC, a designated real estate agency, located at 421 East Elgin Street, Gilbert, Arizona, 85295. As consideration for Mr. Carmichael's association with Hendrix Properties, LLC, Hendrix Properties, LLC has agreed to pay David L. Carmichael a percentage of the commissions generated by the real estate activity of Mr. Carmichael. The commissions generated by Mr. Carmichael's real estate activity with Hendrix Properties, LLC ***presents a conflict of interest***, as the receipt of commissions may provide an incentive to recommend Hendrix Properties, LLC based on real estate commissions received, rather than on a particular client's need. No client or prospective client is under any obligation to purchase any commission products from Mr. Carmichael and clients and prospective clients are reminded that they may purchase real estate related products recommended by RCA through other non-affiliated real estate agents other than David L. Carmichael. Real estate commissions received are paid by Hendrix Properties, LLC and not by RCA's clients. **RCA's Chief Compliance Officer, Janice Lee Orick, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
- E. RCA does not receive, directly or indirectly, compensation from investment advisors or Independent Managers that it recommends or selects for its clients.

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

- A. RCA maintains an investment policy relative to personal securities transactions. This investment policy is part of RCA's overall Code of Ethics, which serves to establish a standard of business conduct for all of RCA's representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, RCA also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by RCA or any person associated with RCA.

- B. Neither RCA nor any related person of RCA recommends, buys, or sells for client accounts, securities in which RCA or any related person of RCA has a material financial interest.
- C. RCA and/or representatives of RCA *may* buy or sell securities that are also recommended to clients. This practice may create a situation where RCA and/or representatives of the firm are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation ***presents a conflict of interest***. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if RCA did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of RCA's clients) and other potentially abusive practices.

RCA has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of RCA's "Access Persons." RCA's securities truncation policy requires that Access Persons of RCA must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date RCA selects; provided, however, that at any time that RCA has only one Access Person, he or she shall not be required to submit any securities report described above.

RCA and/or representatives of RCA are restricted in purchasing or selling a security for his/her own, or related family member's account within 24 hours prior to, or within 24 hours after, a similar recommendation or trade has been made to a client or executed in a client account.

- D. RCA and/or representatives of RCA *may* buy or sell securities, within 24 hours prior to, or within 24 hours after those securities are recommended to clients. This practice creates a situation where RCA and/or representatives of the firm are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation ***presents a conflict of interest***. As indicated above in *Item 11 C*, RCA has a

personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of RCA's Access Persons.

## Item 12 Brokerage Practices

- A. If a client requests that RCA recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct RCA to use a specific broker-dealer/custodian), RCA generally recommends that investment management accounts be maintained at Schwab and/or TD Ameritrade. Prior to engaging RCA to provide investment management services, the client will be required to enter into a formal *Investment Management Agreement* with RCA setting forth the terms and conditions under which RCA shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that RCA considers in recommending Schwab and/or TD Ameritrade (or any other broker-dealer/custodian) include historical relationship with RCA, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by RCA's clients comply with RCA's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where RCA determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although RCA will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, RCA's investment management fee.

### 1. Non-Soft Dollar Research and Additional Benefits

#### Charles Schwab & Co., Inc.

RCA currently does not maintain any formal soft dollar arrangements. Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, RCA may receive from Schwab (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, vendor, private investment product sponsor, and/or other fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist RCA to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by RCA may be investment-related research, pricing information and market data, software and other technology that provides access to client account data, compliance and/or practice management-

related publications, discounted and/or free consulting services, discounted and/or free attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software, and/or other products used by RCA in furtherance of its investment advisory business operations.

#### TD Institutional Consumer Program

RCA participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA. 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 transactions. RCA receives some benefits from TD Ameritrade through its participation in the program (please see the disclosure under *Item 14* below).

RCA may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between RCA's participation in the program and the investment advice it gives to its clients, but RCA does receive economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): 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 RCA by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by RCA's related persons and may also pay or reimburse expenses (including travel, lodging, meals and expenses) for RCA's personnel to attend conferences or meetings relating to the program or to TD Ameritrade's advisor custody and brokerage services generally. Some of the products and services made available by TD Ameritrade through the program may benefit RCA but may not benefit its client accounts. These products or services may assist RCA in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help RCA manage and further develop its business enterprise. The benefits received by RCA through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by RCA in and of itself ***presents a conflict of interest*** and may indirectly influence RCA's recommendation of TD Ameritrade for custody and brokerage services. **RCA's Chief Compliance Officer, Janice Lee**

**Orick, remains available to address any questions about this arrangement and the conflict of interest presented.**

Private Investment Product Sponsors: Presents a Conflict of Interest

RCA recommends private investments to certain of its clients including ERISA clients. As part of its due diligence efforts, RCA employees may attend due diligence programs and/or meetings presented by various product sponsors. Typically, these products sponsors pay or reimburse all or a portion of expenses (including travel, lodging and meal expenses) for RCA's personnel to attend such programs or meetings. No RCA client or a prospective client is obligated to invest in any private funds or products. Clients and prospects should be aware that such receipt/reimbursement arrangement ***presents a conflict of interest*** since they could influence RCA's decision to recommend certain investment products to its clients or prospects. **RCA's Chief Compliance Officer, Janice Lee Orick, remains available to address any questions that a client or prospective client may have regarding this conflict of interest.**

Other Non-Soft Dollar Research and Additional Benefits

Without limiting the above, and although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, RCA may receive from Schwab and/or TD Ameritrade (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, vendor, private investment product sponsor, and/or other fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist RCA to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by RCA may be investment-related research, pricing information and market data, software and other technology that provides access to client account data, compliance and/or practice management-related publications, discounted and/or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software, and/or other products used by RCA in furtherance of its investment advisory business operations.

As indicated above, certain support services and/or products that *may* be received may assist RCA in managing and administering client accounts. Others do not directly provide such assistance, but rather assist RCA to manage and further develop its business enterprise.

RCA's clients do not pay more for investment transactions effected and/or assets maintained at Schwab and/or TD Ameritrade as a result of these arrangements. There is no corresponding commitment made by RCA to Schwab, TD Ameritrade or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangements. **RCA's Chief Compliance Officer, Janice Lee Orick, remains available to address any**

**questions about the above arrangements and the corresponding conflict of interest presented.**

2. Fidelity Referrals. Although RCA does not currently receive referrals from broker-dealers in exchange for compensation, RCA receives referrals from Fidelity for the services it provides to ERISA Clients, which **presents a conflict of interest**. RCA does not consider the fact that it receives referrals from Fidelity when recommending brokerage or custodial services. RCA therefore does not direct client transactions to Fidelity in return for referrals. RCA nonetheless has an incentive to recommend Fidelity to clients based on its interest in receiving more referrals in the future, rather than based on clients' interest in receiving most favorable execution. RCA also acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Fidelity may be executed through a different broker-dealer than trades for RCA's other clients. Therefore, trades for accounts custodied at Fidelity may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers. RCA will therefore consider other broker-dealers/custodians besides Fidelity for brokerage and custodial services and will limit its recommendation that clients engage Fidelity when RCA reasonably believes that recommendation best serves their best interests. **RCA's Chief Compliance Officer, Janice Lee Orick, remains available to address any questions about the above arrangements and the corresponding conflict of interest presented.**
3. Directed Brokerage. RCA does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client-directed arrangements, the client will negotiate terms and arrangements for his/her/ its financial situation account with that broker-dealer and RCA will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by RCA. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs RCA to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through RCA. Higher transaction costs adversely impact account performance. **Please Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

**RCA's Chief Compliance Officer, Janice Lee Orick, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**



- B. To the extent that RCA provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless RCA decides to purchase or sell the same securities for several clients at approximately the same time. RCA may (but is not obligated to) combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among RCA’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. RCA shall not receive any additional compensation or remuneration as a result of such aggregation.

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

- A. For those clients to whom RCA provides investment advisory services, account reviews are conducted on an ongoing basis by RCA's principals and/or representatives. All investment advisory clients are advised that it remains their responsibility to advise RCA of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives, and account performance with RCA on an annual basis.
- B. RCA *may* conduct account reviews other than on a periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. RCA may also provide a written periodic report summarizing account activity and performance.

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

- A. RCA has entered into a referral agreement with WealthPoint, LLC, an unaffiliated licensed insurance agency ("WealthPoint"), pursuant to which WealthPoint will compensate RCA thirty percent (30%) of the initial and renewal of life, long-term care, and disability insurance and other related insurance products from insurance commissions received by WealthPoint for prospects introduced to WealthPoint by RCA. No RCA client or prospect is obligated to use WealthPoint’s services. The receipt of the referral compensation from WealthPoint presents a ***conflict of interest*** since this could influence RCA’s decision to recommend certain insurance products to its clients or prospects. Upon commencing any referral activity, RCA will provide the referral with a current copy of Part 2A and Part 2B of RCA’s Form ADV/Brochure and an Acknowledgement of Fee Sharing Disclosure Statement. **RCA’s Chief**

**Compliance Officer, Janice Lee Orick, remains available to address any questions that a client or prospective client may have regarding this conflict of interest.**

As disclosed in *Item 12 A. above*, RCA also may receive economic benefits from: Schwab, TD Ameritrade, another broker-dealer/custodian, investment platform, unaffiliated investment manager, vendor, private investment product sponsor, and/or other fund sponsor. The benefits may include support services and/or products without cost or at a discount. Details about these products and services, how they benefit us, and the related conflicts of interest are described above under *Item 12 Brokerage Practices*.

RCA's clients do not pay more for investment transactions effected and/or assets maintained at Schwab, TD Ameritrade, or any other entity as a result of these arrangements. There is no corresponding commitment made by RCA to Schwab, TD Ameritrade or any other entity to give particular investment advice or invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangements.

**RCA's Chief Compliance Officer, Janice Lee Orick, remains available to address any questions about the above arrangements and the corresponding conflicts of interest presented.**

- B. Neither RCA nor any of its representatives compensates any person other than its supervised persons for new client referrals.

## **Item 15      Custody**

RCA shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. RCA may also provide a written periodic report summarizing account activity and performance.

To the extent that RCA provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by RCA with the account statements received from the account custodian. The account custodian does not verify the accuracy of RCA's advisory fee calculation.

RCA provides other services on behalf of its clients that require disclosure at ADV Part 1, Item 9. In particular, certain clients have signed asset transfer authorizations that permit its clients' designated qualified custodian to rely upon instructions from RCA to transfer client funds to "third parties." In accordance with the guidance provided in the SEC Staff's February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subjected to an annual surprise CPA examination.

## Item 16 Investment Discretion

The client can engage RCA to provide investment advisory services on a discretionary basis. For non-ERISA Clients, prior to RCA assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Management Agreement* naming RCA as the client's attorney and agent in fact, granting RCA full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name or found in the discretionary account. For ERISA Clients, the terms of the *Investment Management Agreement* are described in.

Clients who engage RCA on a discretionary basis may, at any time, impose restrictions, in writing, on RCA's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe RCA's use of margin, etc.).

## Item 17 Voting Client Securities

- A. Except with respect to ERISA Clients as described below, and unless the client directs otherwise in writing, RCA (and/or the Independent Managers) is responsible for voting client proxies. (**However**, the client shall maintain exclusive responsibility for all legal proceedings or other events pertaining to the account assets, including, but not limited to, class action lawsuits). RCA shall vote proxies in accordance with its Proxy Voting Policy, a copy of which is available upon request. RCA shall monitor corporate actions of individual issuers and investment companies consistent with RCA's fiduciary duty to vote proxies in the best interest of its clients. Although the factors which RCA will consider when determining how it will vote differ on a case by case basis, they may, but are not limited to, include the following: a review of recommendations from issuer management, shareholder proposals, cost effects of such proposals, effect on employees, and executive and director compensation. With respect to individual issuers, RCA may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), RCA may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. RCA shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2 (c)(2) under the Advisers Act. Copies of Rules 206(4)-6 and 204-2(c)(2) are available upon written request. In addition, information pertaining to how RCA voted on any specific proxy issue is also available upon written request. **Requests should be made by contacting RCA's Chief Compliance Officer, Janice Lee Orick.**

Under the terms of the service agreement with an ERISA Client, RCA is precluded from and does not have any authority to and does not vote (or recommend how to vote) proxies on behalf of ERISA Clients. Responsibility for voting proxies of investments held by the ERISA Plan (or its trust) remain with the ERISA Client.

- B. Except as indicated above, as set forth in *Item 17 A.*, RCA (and/or the Independent Managers) votes client proxies.

## **Item 18 Financial Information**

- A. RCA does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. RCA is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. RCA has not been the subject of a bankruptcy petition.
- D. RCA received a Small Business Administration, ("SBA") Paycheck Protection Program, ("PPP") loan on May 6, 2020 in the amount of \$206,244. The PPP loan will be used to pay the salaries of employees who are primarily responsible for performing advisory functions, salaries of non-advisory employees and qualifying expenses. PPP loans are unsecured requiring no personal guarantee, and do not require otherwise SBA acceptable credit. PPP loans are federally guaranteed and potentially entirely forgivable.

Meeting the requirements for accepting the PPP loan may ***present a conflict of interest*** and could potentially affect RCA's ability to meet its contractual commitments to clients depending on the economic consequences that may occur as/or result of the COVID-19 pandemic.

Failure to meet the requirements and conditions for the PPP loan forgiveness may result in RCA being obligated to repay the loan, potentially reducing financial assets of RCA. To mitigate this conflict RCA has adopted the following policies, RCA's Board of Directors approved the PPP loan necessity by taking into consideration current economic uncertainty making the PPP loan request necessary to support the ongoing operations of RCA. RCA will monitor spending of the PPP loan payout to support the forgiveness claim for the loan.

**ANY QUESTIONS: RCA's Chief Compliance Officer, Janice Lee Orick, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**