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This brochure provides information about the qualifications and business practices of Rather & Kittrell, Inc. If you have any questions about the contents of this brochure, please contact us at 865-218-8400 or lrather@rkcapital.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.

Rather & Kittrell, Inc. is a SEC registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Rather & Kittrell, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

This brochure is an update to our previous Annual Updating Amendment filing dated March 10, 2020 and we have the following material changes to report:

- Items 4, 5, 10 11, 12 and 14 were amended to remove reference to Securities Service Network, LLC, an unaffiliated registered broker/dealer. Associated persons of Rather & Kittrell are no longer affiliated with Securities Service Network, LLC and do not receive commissions for the sale of securities products.
- Item 5 was amended to indicate that fees for Retirement Plan clients may be calculated using the fee methodology determined by the custodian and disclosed in the custodial client agreement.
- Item 5 was amended to provide additional disclosure about mutual fund share classes and the process our firm takes to determine the lowest cost share class available for our clients.
- Item 10 was amended to provide additional disclosure about the conflicts of interest that exist when clients use the services of our affiliated company.
- Item 14 was amended to provide additional disclosure about the criteria our firm uses when determining whether to recommend the services of our affiliated service provider.
- Item 14 was amended to indicate that RKI no longer compensates any unaffiliated entities or persons for client referrals.
- Item 18 was previously amended in May 2020 to disclose a Paycheck Protection Program loan our firm took to support our ongoing operations during the Covid-19 pandemic. As of November 4, 2020, this loan was fully forgiven pursuant to the terms of the Paycheck Protection Program.

This brochure supersedes all previous versions. A complete copy of our brochure is available by contact Lytle Rather, President, at 865-218-8400 or lrather@rkcapital.com.

Additional information about Rather & Kittrell, Inc. is available by accessing the SEC's web site at www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Rather & Kittrell, Inc. who are registered, or are required to be registered, as investment adviser representatives of the firm.

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Item 4 Advisory Business

Rather & Kittrell, Inc. ("RKI" or "the firm") is a registered investment adviser that was founded in 2000. RKI is wholly owned by RK Holdings, Inc., the principal owners of which are Lytle A. Rather, IV, President, and Christian G. Kittrell, Secretary. Jeff Hall, Greg McMurphy and Tim Eichhorn are minority owners of RK Holdings, Inc.. The firm's only office is located in Knoxville, Tennessee.

RKI offers both financial planning and portfolio management services to its clients for a fee. RKI also offers retirement plan services and the option of more limited consulting services to clients who desire advice in an isolated area of concern. Specific details about these advisory services are described below:

Wealth Management Services

RKI provides individualized investment advice to clients based upon the client's specific needs. Through personal consultations, RKI gathers specific financial data to develop a client's personalized profile, which includes a client's investment objectives, current financial position, risk profile, investment time horizon, tax situation and liquidity needs. RKI reviews the client's personalized profile and based upon this review, develops a specific risk profile which guides the investment recommendations made to the client. Based on the client's risk profile, RKI determines an appropriate asset allocation for the client and recommends specific investments to implement the recommended asset allocation. RKI incorporates a client's existing holdings where appropriate. RKI provides these wealth management services on either a non-discretionary or discretionary basis, based on a client's needs and desires. In either case, clients may place reasonable restrictions on the types of investments recommended by RKI and for non-discretionary wealth management services, clients may decline to implement any investment recommendation made by RKI.

For discretionary accounts, RKI manages client assets in accordance with specific allocation models, although variation in each client's holdings may exist. RKI has comprised model allocations designed to achieve eleven different risk profiles ranging from preservation of capital to aggressive growth. Clients are individually profiled for their appropriate investment objective and risk tolerance, and individual advice is accorded to each client. An allocation model is then recommended and client assets are invested according to the model. Clients should recognize, however, that the models are intended to complement an overall portfolio strategy that is appropriate for each client's situation. Clients have the ability to impose reasonable restrictions on the types of investments made for their accounts, although accounts may not be eligible for management according to a model if these restrictions are considered to be material by RKI. Clients retain the right of ownership over all securities and funds in their accounts.

RKI may also offer non-discretionary portfolio management services. If a client enters into non-discretionary arrangements with our firm, we must obtain approval prior to executing any transactions on behalf of an account. A client has an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

As part of RKI's portfolio management services, in addition to other types of investments (see disclosures below in this section), RKI typically invests assets according to one or more model portfolios developed by our firm. These models are designed for investors with varying degrees of risk tolerance ranging from a more aggressive investment strategy to a more conservative investment approach. Clients whose assets are invested in model portfolios may not be able to set restrictions on the specific holdings or allocations within the model, nor the types of securities that can

be purchased in the model. Nonetheless, clients may impose restrictions on investing in certain securities or types of securities in their account. In such cases, this may prevent a client from investing in certain models that are managed by our firm.

Financial Planning Services

RKI also provides financial, strategic, or tactical planning services that are outside of the customary portfolio management services described above. Financial planning services typically cover areas such as budgeting, tax and cash flow planning, investment planning, insurance planning, retirement planning, estate planning and death and disability planning. Through in-depth personal consultations, RKI gathers information related to a client's current financial situation, future goals, and attitudes toward risk. Clients are asked a detailed series of questions and provide any related documents that are necessary for RKI to gain an understanding of the client's financial situation. These financial planning services may or may not include matters relating to securities and clients will receive a written financial plan typically within 90 days of the date of the financial planning agreement. Clients are responsible for providing all information necessary for RKI to prepare the financial plan in a timely manner. In order to implement recommendations made in the written financial plan, clients are strongly encouraged to consult with their other trusted advisors, including attorneys and accountants. RKI does not provide legal or tax advice.

Financial plans are based on a client's financial situation at the time RKI presents the plan to the client, and on the financial information provided to us. Clients must promptly notify RKI if their financial situation, goals, objectives, or needs change.

If clients choose to implement financial planning strategies involving portfolio management services, clients may engage RKI for the portfolio management services described above. Such services would be separate and apart from the financial planning services described here, and clients are under no obligation to implement financial planning recommendations.

Consulting Services

In some cases, clients may choose to engage RKI for more limited consulting services. These services typically involve consultation on a specific or isolated area of concern, such as estate planning, retirement planning, or any other specific area of financial planning. Consulting services will generally not include the development of a written plan and will be more limited in focus.

Retirement Plan Services

RKI offers consulting and advisory services for employer-sponsored retirement plans that are designed to assist plan sponsors of employee benefit plans ("Sponsor(s)"). RKI also offers to assist Sponsors with enrollment and/or providing investment education to plan participants and beneficiaries.

Retirement Services are either ERISA Fiduciary Services or Retirement Plan Consulting Services. Retirement Plan Consulting Services may be performed only so that they would not be considered fiduciary services under the Employee Retirement Income Security Act of 1974, as amended (ERISA). When delivering ERISA Fiduciary Services, RKI will perform those services to the plan as a fiduciary under ERISA Section 3(21)(A)(ii) and will act in good faith and with the degree of diligence, care and skill that a prudent person rendering similar services would exercise under similar circumstances. When providing any ERISA Fiduciary Services, RKI will solely be making recommendations to the Sponsor and the Sponsor retains full discretionary authority or control over assets of the plan.

RKI will provide Sponsor a copy of this Form ADV Part 2 and an advisory services Agreement for review. The Agreement describes the terms of the arrangement between RKI and the Sponsor, including a description of the Retirement Services and the fees to be charged by RKI. By signing the Agreement, the Sponsor represents that Sponsor has received sufficient information and determined that the Retirement Services selected are: (i) necessary for the operation of the plan and (ii) reasonable and appropriate based upon the compensation to be paid for the Services. Sponsor must sign and submit the Agreement to RKI before RKI performs any Services.

RKI offers the following retirement plan service options (as selected by a client on the advisory agreement):

ERISA Fiduciary Services

Recommendations to Establish or Revise the Plan's Investment Policy Statement (IPS):

RKI will review with the Plan Fiduciary the investment objectives, risk tolerance and goals of the plan. If the plan does not have an IPS, RKI typically recommends investment policies to assist the Plan Fiduciary to establish an appropriate IPS. If the plan has an existing IPS, RKI reviews it for consistency with the plan's objectives. If the IPS does not represent the objectives of the plan RKI may recommend to the Plan Fiduciary revisions that will establish investment policies that are congruent with the plan's objectives.

Recommendations to Select and Monitor the Designated Investment Alternatives:

Based on the plan's IPS or other guidelines established by the plan, RKI will review the investment options available to the plan and will make recommendations to assist the Plan Fiduciary to select the Designated Investment Alternatives ("DIAs") to be offered to plan participants. Once the Plan Fiduciary selects the DIAs, RKI will, on a quarterly basis and/or upon reasonable request, provide reports, information and recommendations to assist the Plan Fiduciary to monitor the investments. If the IPS criteria require an investment to be removed, RKI will provide information, analysis and recommendations to the Plan Fiduciary to help evaluate replacing investment alternatives.

Recommendations to Select and Monitor Qualified Default Investment Alternative(s):

Based on the plan's IPS or other guidelines established by the plan, RKI reviews the investment options available to the plan and will make recommendations to assist the Plan Fiduciary to select the Plan's QDIA(s) for plan participants that fail to direct the investment of their accounts. Once the Plan Fiduciary selects the QDIAs, RKI will provide reports, information and recommendations, on a quarterly or upon reasonably requested basis, to assist the Plan Fiduciary to monitor the investments. If the IPS criteria require an investment to be removed, RKI typically provides information and analysis to assist the Plan Fiduciary to evaluate replacement investment alternatives.

Recommendations to Select and Monitor Investment Managers:

Based on the Plan's IPS or other guidelines established by the plan, RKI typically reviews the potential investment managers available to the plan and makes recommendations to assist the Plan Fiduciary to select one or more investment managers. Once the Plan Fiduciary approves the investment manager, RKI will provide, on a periodic basis, reports, information and recommendations to assist the Plan Fiduciary to monitor the plan's investment managers. If the IPS criteria require an investment manager to be removed, RKI may provide information and analysis to assist the Plan Fiduciary to evaluate replacement investment managers.

Retirement Plan Consulting Services

Investment Monitoring Support

- Periodic review of investment policy in the context of plan objectives
- Assist the plan committee with monitoring investment performance
- Provide analysis of investment managers and model portfolios
- Assist with monitoring Designated Investment Managers and/or third-party advice providers
- Educate plan committee members, as needed, regarding replacement of DIA(s) and/or QDIA(s)

Participant Services

- Facilitate group enrollment meetings and coordinate investment education.
- Assist plan participants with financial wellness education, retirement planning and/or gap analysis.

In providing Retirement Services, RKI may establish a client relationship with one or more plan participants or beneficiaries. Such client relationships develop in various ways, including, without limitation: 1) as a result of a decision by the participant or beneficiary to purchase services from RKI not involving the use of plan assets; 2) as part of an individual or family financial plan for which any specific recommendations concerning the allocation of assets or investment recommendations relate exclusively to assets held outside of the plan; or 3) through an Individual Retirement Account rollover ("IRA Rollover"). RKI will not, however, solicit services from plan participants or beneficiaries when providing Retirement Services. If RKI is providing Retirement Services to a plan, RKI may, when requested by a plan participant or beneficiary, arrange to provide services to that participant or beneficiary through a separate agreement that excludes any investment advice on plan assets (but may consider the participant's or beneficiary's interest in the plan in providing that service). If a plan participant or beneficiary desires to affect an IRA Rollover, any decision to affect the rollover or about what to do with the rollover assets remains that of the participant or beneficiary alone.

All investments involve risk and investment performance can never be predicted or guaranteed. The values of the account will fluctuate (perhaps significantly) due to market conditions, manager performance and other factors. Using any benchmark or index in connection with the Retirement Services is no promise that the performance of the plan's particular investments will experience the same results, including the results shown on the various reports that are delivered as part of the Services.

Sponsor or the plan participants and beneficiaries retain all investment discretion over plan assets provided to them by the plan. Each is free to make his or her own investment decisions. No one is required to accept any assistance or follow any recommendations provided as part of the Retirement Services. If the plan selects RKI's Service to allocate or rebalance among model portfolios or to recommend investment managers, the responsible Sponsor or participant or beneficiary can freely change allocations or managers.

RKI may use or provide to Sponsor data or information provided by third parties when providing Retirement Services. While RKI reasonably believes that the information or data is reliable, it does not promise that it is accurate, current or consistently available. Sponsor is responsible for all the tax liabilities arising from any transactions, including any liabilities arising from the failure to maintain the qualified status of a retirement plan receiving the Services.

As part of the Services to Provide Recommendations to Select and Monitor Investment Managers, Qualified Default Investment Alternative(s) ("QDIA") or Designated Investment Alternatives ("DIAs"), RKI may provide Sponsor a list of investments, including mutual funds, to consider as options for the

plan, and may provide a list of investment managers to manage the assets of the plan. Any list is for informational purposes only and Sponsor retains full authority to select all plan investments. It should not be considered a primary basis for the Sponsor's decision.

RKI will consider information provided by Sponsor about the plan when assisting with or making recommendations about the plan's IPS. It is important that that information be accurate and current. Changes in the information may impact what assistance or recommendations may be made so it is important that RKI be accurately informed.

Any report containing a proposed asset allocation model is based upon a number of factors which may include the demographics of plan participants, current asset allocations and the value of the assets. RKI may change asset allocations and investment options within the model portfolios and has no obligation to revise the report or otherwise advise Sponsor if a model or any of RKI's assumptions change in the future.

The analyses and suggested asset allocations contained in the reports may be based on historical financial data, assumptions about future financial trends (including market appreciation or decline, rates of return and risks for various asset classes), assumptions about applicable laws and regulations, and appropriate financial planning strategies.

Any projections, analyses or other information contained in or with the reports regarding various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results.

The reports do not provide advice regarding the plan's specific securities investments. Therefore, it is important for Sponsor to monitor current events, such as changes in tax laws or in the financial markets, which may affect Sponsor's decisions about the plan.

The return rates and dollar figures contained in the report may not include all investment expenses; thus, any results shown may be reduced by such costs. Also, where applicable (and only as indicated) assumptions as to federal income tax rates, state income tax rates, and estate taxes reflected in the report would only be general estimates.

General Information Regarding Investment Advice

For any of the investment advisory services offered by RKI, the firm does not limit its investment recommendations to any specific type of product or security. A client's individual needs and objectives are analyzed to determine appropriate investments and products for the client. For clients who choose to have their assets managed in accordance with a model portfolio, investments selected will be based on the objective of the model portfolio and the individual objectives of the client. Each model is assigned specific constraints and weights. Since different types of investments typically involve different types of risk, the firm conducts a risk analysis of the client and his/her overall portfolio, before recommending a certain investment. RKI manages assets on either a non-discretionary or discretionary basis. Either way, the client is always free to place restrictions on the types of investments the firm recommends for the client's portfolio. For non-discretionary portfolio management, the client may also decline to implement any of the recommendations made by the firm.

RKI primarily recommends that clients purchase shares of mutual funds and exchange traded funds. However, RKI also provides recommendations on individual stocks, individual bond positions, certificates of deposit, variable annuities and variable life insurance products. The firm also provides

advice on other products not listed above, as is appropriate for the specific client. In some cases, these products may be non-securities products. In some cases, RKI will receive normal and customary insurance commissions when insurance products are recommended and sold to clients. Thus, a conflict of interest exists, but RKI only recommends that clients purchase insurance products when it is in the best interest of the client.

As part of its comprehensive approach to investment advisory services, RKI may refer clients to unaffiliated third-party service providers for specific areas for which a client may need advice. Examples of these referrals may include local CPAs or attorneys. RKI offers this referral service as a convenience to clients only and any decision to engage a third-party service provider lies solely with the client. RKI is not responsible or liable for any of the services provided by these unaffiliated third-parties and the firm is not compensated for these referrals.

Assets Under Management

As of December 31, 2020, RKI was providing investment advisory services to 758 clients. The firm was providing regular and continuous discretionary Portfolio Management services for 2,202 accounts, and the total value of assets under management in these accounts was \$601,435,338. The firm was also providing regular and continuous non-discretionary Portfolio Management services for 89 accounts, and the total value of assets under management in these accounts was \$456,138,308.

Item 5 Fees and Compensation

Wealth Management Services

The annual management fee for wealth management services is based on the market value of the portfolio as of the last business day of the billing period and is payable quarterly in arrears of services being rendered. If a market value is not available, RKI will use the value based on the original cost of the asset. Fees are typically debited directly from a client's custodial account, as agreed upon in writing. In some cases, RKI may allow a client to pay fees directly, upon presentation of an invoice.

The annual fee for wealth management services is based on the following fee schedule:

Annual Fee	Asset Level
1.25%	For the first \$500,000
1.00%	For amounts greater than \$500,000 and up to \$1,000,000
.75%	For amounts greater than \$1,000,000 and up to \$5,000,000
.50%	For amounts greater than \$5,000,000 and up to \$10,000,000
.25%	For amounts greater than \$10,000,000 and up to \$25,000,000
Negotiable	Over \$25,000,000

In certain circumstances, RKI may charge a lower fee at its sole discretion or RKI may adjust the wealth management fee in relation to transaction costs incurred by a client. The wealth management fee is exclusive of all transaction costs, which client will incur separately. Clients are responsible for paying all execution and/or transaction costs associated with trade execution and/or account custody. If mutual funds are purchased, clients should refer to the product prospectus for a complete discussion of the fees associated with the product. Wealth management fees are negotiable at the sole discretion of RKI and fees may be higher or lower than fees charged by other investment advisors.

Fees charged upon the establishment or termination of an account will be prorated for the portion of the billing period for which RKI is retained by the client. Portfolio Management Agreements may be canceled by either party at any time by written notice. If the agreement is canceled within the first five (5) business days after the signing of the agreement, then the client is entitled to a full refund of any fees paid.

Financial Planning and Consulting Services

Financial planning and consulting services fees are charged in one or both the following two ways:

1. As a fixed fee, typically ranging from \$500 to \$15,000, depending on the nature and complexity of the client's circumstances and upon mutual agreement with the client. RKI may collect one-half of this fee upon execution of the financial planning or consulting services agreement, with the balance due upon presentation of the written financial plan or completion of the consulting services; or,
2. On an hourly basis, with hourly fees ranging from \$100 to \$300, depending on the nature and complexity of the client's circumstances and upon mutual agreement with the client. An estimate of the total hours expected to be expended will be provided to the client at the start of the engagement. RKI may collect one-half of the total estimated fee upon execution of the financial planning or consulting services agreement, with the remaining fee due upon presentation of the final invoice detailing actual hours expended.

RKI also offers advice on single subject financial planning/general consulting services at the same hourly rate. RKI will not require prepayment of a fee more than six months in advance and in excess of \$1,200. At RKI's discretion, the firm may offset the financial planning fees to the extent a client implements the financial plan through our Portfolio Management Service.

Retirement Services

Fees for the Retirement Services ("Fees") are flexible, and Sponsor may be charged a fee based on a percentage of plan assets, an hourly rate or a flat dollar amount. Sponsor may specify whether to pay the Fees directly or may authorize the plan's recordkeeper or custodian to pay RKI from plan assets. The Fees will typically be billed quarterly in arrears, although in certain cases may be billed in advance, and Fees may be negotiable. If the Fee is not hourly, the initial Fee will be prorated based upon the number of days remaining in the initial quarterly period from the date of execution of the Agreement. If the Fee is based on a percentage of plan assets, the Fee will be based upon the market value of the plan assets at the close of business on the last business day of the quarterly period, or as specified by the custodian of plan assets in the custodial client agreement. In some cases, the Fee may be assessed on the average daily balance of the plan, for example, if indicated in the client agreement.

If the Agreement is terminated prior to the end of a quarter, RKI will be entitled to a quarterly fee, prorated for the number of days in the quarter prior to the effective date of termination.

Sponsors receiving Retirement Services may pay more or less than a client might otherwise pay if purchasing the Retirement Services separately or through another service provider. There are several factors that determine whether the costs would be more or less, including, but not limited to, the size of the plan, the specific investments made by the plan, the number of locations of participants, the Retirement Services offered by another service provider, and the actual costs of Retirement Services purchased elsewhere. In light of the specific Retirement Services offered by RKI, the Fees charged may be more or less than those of other similar service provider.

All fees paid to RKI for Retirement Services are separate and distinct from the fees and expenses charged by mutual funds and exchange traded funds to their shareholders. These fees and expenses are described in each investment's prospectus. These fees will generally include a management fee, other expenses, and possible distribution fees. The Retirement Services provided by RKI are designed to, among other things, assist the client in determining which Manager(s) are most appropriate to each client's financial condition and objectives and to provide other administrative assistance as selected by the client. Accordingly, the client should review both the fees charged by the funds, the Manager, the plan's other service providers and the fees charged by RKI to fully understand the total amount of fees to be paid by the client and to evaluate the Retirement Services being provided.

The specific fee to which a Sponsor is subject, will be specified in the Agreement signed by Sponsor and RKI. Generally, the fees will range from .25% to 1.00% of plan assets.

General Information Regarding Fees and Account Termination

All fees charged by RKI for investment advisory services are separate and distinct from the fees and expenses charged by account custodians or product issuers. RKI will not charge any advisory fees on the basis of a share of capital gains or capital appreciation in a client's account. In some cases, advisory fees may be negotiable at the sole discretion of RKI. As discussed above, clients are responsible for paying all execution and/or transaction costs associated with trade execution and/or account custody. If mutual funds or variable insurance products are purchased, clients should refer to the product prospectus for a complete discussion of the fees associated with the product, including any management fees, fund expenses, distribution fees or other sales charges.

As part of its comprehensive approach to investment advisory services, RKI may refer clients to unaffiliated third-party service providers for specific areas for which a client may need advice. Examples of these referrals may include local CPAs or attorneys. In these cases, clients may be subject to additional fees charged by the third-party service provider to whom the client has been referred. RKI does not receive any portion of the fees charged by these third-party service providers. RKI offers this referral service as a convenience to clients only, and any decision to engage a third-party service provider lies solely with the client. RKI is not responsible or liable for any of the fees charged or services provided by these unaffiliated third-parties.

Investment advisory agreements may be terminated at any time by any party with prior written notice. If an agreement is terminated within the first five business days, clients are entitled to a full refund of any fees pre-paid. If an investment advisory agreement is terminated after more than five business days, clients are assessed fees on a pro-rata basis, based on the investment advisory services provided prior to termination.

Additional Fees and Expenses

As part of our investment advisory services to clients, RKI may invest, or recommend that clients invest in mutual funds and exchange traded funds. The fees that clients pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. Clients will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through which account transactions are executed. RKI does not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost a client will incur, the client should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, refer to the *Brokerage Practices* section of this brochure.

Mutual Fund Share Classes

Mutual funds are sold with different share classes. Share classes are described in the mutual fund's prospectus. Generally, mutual funds will only be purchased at net asset value when that fund is available at net asset value to the client. RKI will conduct an initial assessment prior to purchase to determine whether clients are purchasing the most beneficial mutual fund share classes available. As a fiduciary, RKI will conduct an initial share class assessment when a mutual fund is purchased, a new advised account is opened with mutual funds in the account, or upon receipt of mutual funds into the client's advised account. RKI will convert mutual fund share classes to more beneficial share classes, when available and if such conversion is in the client's best interest. Note: due to contingent deferred sale charges (CDSC), also known as back-end sales loads, it may not be in the client's best interest to liquidate mutual funds with such charges. Conversely, from time to time, some mutual fund companies may allow for the free exchange of one share class to another less expensive share class.

Compensation for the Sale of Insurance Products

Certain RKI associates providing investment advice, are licensed as independent insurance agents. These associates earn commission-based compensation for selling insurance products, including insurance products they sell to clients. Insurance commissions earned by these associates are separate and in addition to RKI's advisory fees. This is a conflict of interest because associates providing investment advice on behalf of RKI who are insurance agents have an incentive to recommend insurance products to clients for the purpose of generating commissions. However, as stated above, RKI does not charge advisory fees on commission-based products. Clients are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with RKI.

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

RKI does not charge performance-based fees.

Item 7 Types of Clients

RKI provides investment advisory services to individuals, high-net worth individuals, pension and profit sharing plans, corporations or other businesses, trust, estates and charitable organizations. RKI typically provides its portfolio management services to clients who have at least \$500,000 of assets under management. This minimum may be waived at RKI's sole discretion.

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

There are general standards of education and business experience which RKI requires of those involved in determining or giving investment advice to its clients. RKI associates are required to have the technical knowledge in the areas of securities portfolio management and investment manager evaluation in order for an associate to provide investment advisory services. They are also expected to possess, minimally, a college degree and/or appropriate business experience, including all required professional licenses.

RKI uses various methods of analysis in formulating the investment advice offered on behalf of the firm. RKI takes a holistic approach to evaluate an overall portfolio strategy and asset allocation that meets a client's needs and objectives. Rather than focusing on specific investments, RKI identifies an appropriate ratio of securities, fixed income investments, cash and other investments, to build a

portfolio that is suitable for a client's investment needs, objectives and risk tolerance. Portfolios are typically made up of various mutual funds and exchange traded funds, and may also include other investment as appropriate for the client.

RKI's core investment strategy consists of a series of globally diversified, multi-asset class model portfolios designed to deliver expected long-term returns within well-defined ranges of risk. Conservative strategies emphasize preservation of capital while aggressive strategies emphasize long term growth. Investment selection and strategy decisions are made by RKI's investment committee within the following Tiered Discipline management philosophy.

Modern Portfolio Foundations: Modern Portfolio Theory has become a hallmark of professional money management. It has shown that markets are practically efficient so that market timing and security selection are not consistently profitable. It is the portfolio's exposure to asset classes such as stocks, bonds, real estate, etc. that will determine over ninety percent of the investment return. For this reason, RKI predominantly uses passive investments in entire asset classes to acquire desired portfolio exposure to economic traits. The benefits to passively managed mutual funds and exchange-traded funds include style purity, low costs, and tax efficiency, all of which can enhance the net return kept by the firm's clients.

RKI believes that wide global diversification reduces portfolio risk and enhances returns when compared to portfolios concentrated in one or a few types of investments. RKI manages risk in part by targeting assets with different economic footprints and non-correlating behavior. The firm's belief in diversification places emphasis on total real return after taxes and inflation. Whether conservative or aggressive, individuals must usually invest in such a way that their purchasing power meets or exceeds inflation over time.

Within the equity universe RKI adheres to statistical evidence that small and profitable value stock premiums exist across geographical markets. Targeting these risk factors through "portfolio engineering" may increase the expected return of stock portfolios over the long term.

Strategic Allocation Structure: RKI's investment committee determines how each strategy will allocate capital among two broad categories: (1) global equity and (2) global fixed income. Neutral percentage weights are established for each category according to the risk-return profile of the client's investment strategy. These baselines set the strategic allocation structure for equilibrium market conditions. Each category is then further broken down into a number of asset classes to engineer the desired level of risk and expected return.

RKI uses investment management strategies that it feels best meet its clients' needs and objectives. Such strategies typically include long-term investment strategies of asset allocation and diversification. While this strategy typically meets the needs and objectives of the firm's clients, long-term investment strategies may include the risk of not taking advantage of short-term gains that could be profitable to a client. In addition, all securities investments involve risk and clients may lose all or part of their investment. Clients who elect to invest in securities must be willing to bear this risk. For this reason, RKI takes extra care to determine an appropriate risk tolerance of its clients. Investment recommendations are made with this risk tolerance in mind.

Long-Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Risk: Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if

the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

Short-Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

Risk: Using a short-term purchase strategy generally assumes that one can predict how financial markets will perform in the short-term, and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

RKI's investment strategies and advice vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon a client's predefined objectives, risk tolerance, time horizon, financial information, liquidity needs and other suitability factors. A client's restrictions and guidelines may affect the composition of their portfolio. **It is important that clients notify RKI immediately, with respect to any material changes to their financial circumstances, including for example, a change in current or expected income level, tax circumstances, or employment status.**

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. RKI does not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. RKI cannot offer any guarantees or promises that a client's financial goals and objectives will be met. Past performance is in no way an indication of future performance.

Other Risk Considerations

When evaluating risk, financial loss can be viewed differently by each client and depends on many different risks, each of which affect the probability and magnitude of any potential losses. The following risks may not be all-inclusive, but should be considered carefully by a prospective client before retaining our services.

Liquidity Risk: The risk of being unable to sell an investment at a fair price at a given time due to high volatility or lack of active liquid markets. An investor may receive a lower price or it may not be possible to sell the investment at all.

Credit Risk: Credit risk typically applies to debt investments such as corporate, municipal, and sovereign fixed income or bonds. A bond issuing entity can experience a credit event that could impair or erase the value of an issuer's securities held by a client.

Inflation and Interest Rate Risk: Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of a client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed income investments to decline.

Horizon and Longevity Risk: The risk that an investment horizon is shortened because of an

unforeseen event, for example, the loss of a job. This may force an investor to sell investments that were expected to be held for the long term. If an investor must sell at a time that markets are down, he/she may lose money. Longevity Risk is the risk of outliving savings. This risk is particularly relevant for people who are retired, or are nearing retirement.

Recommendation of Particular Types of Securities

RKI recommends various types of securities and we do not primarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment. A description of the types of securities we recommend and some of their inherent risks are provided below.

Money Market Funds: A money market fund is technically a security. The fund managers attempt to keep the share price constant at \$1/share. However, there is no guarantee that the share price will stay at \$1/share. If the share price goes down, you can lose some or all of your principal. In return for this risk, an investor should earn a greater return on cash than would be expected from a Federal Deposit Insurance Corporation ("FDIC") insured savings account (money market funds are not FDIC insured). Money market fund rates are variable and the rate could go up or go down. A final risk an investor takes with money market funds has to do with inflation. Because money market funds are considered to be safer than other investments like stocks, long-term average returns on money market funds tend to be less than long term average returns on riskier investments. Over long periods of time, inflation can impact returns.

Municipal Securities: Municipal securities, while generally thought of as safe, can have significant risks associated with them including, but not limited to: the credit worthiness of the governmental entity that issues the bond; the stability of the revenue stream used to pay the interest to bondholders; when the bond is due to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same amount of interest or yield to maturity.

Bonds: Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

Stocks: There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to, the class of stock (for example, preferred or common), the health of the market sector of the issuing company, and the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

Mutual Funds and Exchange Traded Funds: Mutual funds and exchange traded funds ("ETF") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market,

primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock, and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds charge such fees, which can also reduce returns. Mutual funds can be "closed end" or "open end". Open end mutual funds continue to allow in new investors indefinitely whereas closed end funds have a fixed number of shares to sell which can limit their availability to new investors.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of its Underlying Index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their Underlying Indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities included in its Underlying Index, or its weighting of investment exposure to such securities may vary from that of the Underlying Index. Some ETFs may invest in securities or financial instruments that are not included in the Underlying Index, but which are expected to yield similar performance.

Variable Annuities: A variable annuity is a form of insurance where the seller or issuer (typically an insurance company) makes a series of future payments to a buyer (annuitant) in exchange for the immediate payment of a lump sum (single-payment annuity) or a series of regular payments (regular-payment annuity). The payment stream from the issuer to the annuitant has an unknown duration based principally upon the date of death of the annuitant. Annuities can be purchased to provide an income during retirement. Unlike fixed annuities that make payments in fixed amounts or in amounts that increase by a fixed percentage, variable annuities, pay amounts that vary according to the performance of a specified set of investments, typically bond and equity mutual funds. Variable annuities typically impose asset-based sales charges or surrender charges for withdrawals within a specified period. Variable annuities may impose a variety of fees and expenses, in addition to sales and surrender charges, such as mortality and expense risk charges; administrative fees; underlying fund expenses; and charges for special features, all of which can reduce the return. Earnings in a variable annuity do not provide all the tax advantages of 401(k)s and other before-tax retirement plans. Once the investor starts withdrawing money from their variable annuity, earnings are taxed at the ordinary income rate, rather than at the lower capital gains rates applied to other non-tax-deferred vehicles held for more than one year. Proceeds of most variable annuities do not receive a "step-up" in cost basis when the owner dies, as do stocks, bonds and mutual funds. Some variable annuities offer "bonus credits." In order to fund these bonus credits, insurance companies typically impose mortality and expense charges and surrender charge periods. In an exchange of an existing annuity for a new annuity (1035 exchange), the new variable annuity may have a lower contract value and a smaller death benefit; may impose new surrender charges or increase the period of time for which the surrender charge applies; may have higher annual fees; and provide another commission for the selling agent.

Item 9 Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of RKI or the integrity of RKI's management. RKI has no reportable information applicable to this Item.

Item 10 Other Financial Industry Activities and Affiliations

As noted in Item 4 above, RKI is wholly owned by RK Holdings, Inc. ("RKH"), which, in addition, is also majority owner of Tennessee Pension Administrators, Inc. ("TPA"), a third-party administrator which provides services to qualified pension plans. Some of the RKH owners are Executive Officers of RKI and TPA. Therefore, RKI and TPA are affiliated entities under common control. Owners of RKH receive economic benefit from both RKI and TPA. Certain employees of RKI perform services for TPA, and vice versa, all for which they are compensated. In some cases, clients of RKI and TPA are served by both companies. Thus, a conflict of interest exists to the extent that owners of RKH and certain employees of both RKI and TPA derive economic benefit from both RKI and TPA. Clients of RKI are not required to use the services of TPA, and clients of TPA are not required to use the services of RKI. If a client chooses to utilize the services of RKI's affiliate TPA, the client will execute a separate agreement with TPA for those services. The agreement will stipulate the terms of the agreement and the fees to which the client is subject for those services. RKI does not directly share in any compensation paid to TPA by a client, other than indirect economic benefit to RKI's executive officers as described above. Similarly, TPA does not directly share in any compensation paid to RKI. A conflict of interest exists when employees of RKI refer clients to TPA and when employees of TPA refer clients to RKI. Again, neither RKI nor TPA compel clients to use the services provided by either company or any other affiliated entity and clients do so at their own discretion.

RKI associates are also licensed to sell various insurance products for which they may receive product commissions. The potential for this additional insurance compensation is a conflict of interest when making financial planning recommendations that involve insurance products for which commissions may be earned. RKI associates make insurance product recommendations when they feel it is in the client's best interest, based on the specific needs and objectives of the client. The potential for additional compensation is not a criterion on which these recommendations are based.

RKI may refer clients to an unaffiliated third-party service provider for specific services such as legal or accounting services. RKI is not compensated for these referrals but instead makes these referrals when it feels it is in the client's best interest to do so, based on the specific needs and objectives of the client. Clients are under no obligation to engage the services of the third-party service provider and clients do so at their own discretion. RKI is not liable or responsible for any of the fees charged or services provided by an unaffiliated third-party service provider.

Administrative Services

We have contracted with service providers to utilize technology platforms that support data reconciliation, performance reporting, fee calculation and billing, client database maintenance, quarterly performance evaluations, payable reports, and other functions related to the administrative tasks of managing client accounts. Due to these arrangements, certain service providers will have access to client information, but these firms will not serve as an investment adviser to our clients. RKI and these service providers are non-affiliated companies and any company engaged by RKI is required to agree to maintaining the confidentiality and privacy of non-public client information. RKI conducts due diligence on these service providers to ensure any relationship between RKI and a service provider is in the best interest of our clients.

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

RKI has adopted a Code of Ethics to promote the principles of honesty and integrity in its business practices, and to maintain RKI's reputation as a firm that operates with the highest level of professionalism. RKI recognizes its fiduciary responsibilities to its clients, and its duty and pledge to place clients' interests first and foremost. In connection with this duty, all employees of RKI are subject to the firm's Code of Ethics, and are required to acknowledge their understanding of its terms. A copy of the RKI Code of Ethics will be provided to any client or prospective client upon request.

RKI's Code of Ethics establishes procedures for employees to report personal securities transactions and personal securities holdings. The Code sets forth procedures for management review of these reports. In some cases, RKI's employees are required to obtain pre-approval for certain personal securities transactions or refrain from certain transactions altogether. RKI's Code of Ethics also sets forth the obligation of all RKI employees to comply with applicable state and federal securities laws, and the duty to cooperate in any investigation or inquiry conducted on or by RKI. Finally, RKI's Code of Ethics establishes procedures for the reporting of any potential violation of the firm's Code.

RKI or its owners, officers and employees are permitted to buy or sell securities that are the same or different than those they recommend to clients. While buying or selling the same security as a client would be incidental, it is a potential conflict of interest, which would be fully disclosed to the client. RKI or its owners, officers and employees may not sell securities from their accounts directly to a client, nor may they purchase securities directly from a client. RKI, its owners, officers and employees are prohibited from trading on material nonpublic information. RKI does not trade ahead of clients, but instead puts clients' interests first. Employees may not purchase or sell any security prior to a transaction being implemented for an advisory client, unless the timing of such transaction was done without the employee's knowledge of a client's transaction. RKI endeavors to ensure that the personal trading activities of its owners, officers and employees do not interfere with the decision making process for client investment recommendations. RKI also endeavors to ensure that the personal trading activities of its owners, officers and employees do not interfere with the implementation of investment recommendations made to clients. RKI's owners, officers and employees may implement trading strategies for their personal accounts that are more speculative or more conservative than client trading strategies.

RKI prohibits its owners, officers, and employees from participating in any principal transactions, where securities are purchased directly from, or sold directly to a client. RKI also prohibits its owners, officers and employees from purchasing shares in initial public offerings or private placement offerings, unless express written permission is provided in advance, by the firm's Chief Compliance Officer. RKI, its owners, officers and employees, do not recommend to clients that they buy or sell securities in which a person associated with RKI has a material financial interest.

Item 12 Brokerage Practices

RKI provides portfolio management services on either a non-discretionary or discretionary basis. Clients are generally free to implement or decline investment recommendations made by RKI, unless RKI is acting in a discretionary role. In addition, clients are free to implement investment recommendations at firms of their choice; however, if clients choose to implement transactions at firms other than those recommended by RKI, the firm may be unable to provide investment advisory services for those assets. For discretionary portfolio management services, RKI will determine which custodian to use for account custody and trade execution.

For portfolio management services, RKI generally recommends the clearing and custodial services offered through Fidelity Institutional Wealth Services ("FIWS"). FIWS provides RKI with various institutional platform services which include, among other things, brokerage, custody and other related services. The institutional platform services assist RKI in managing and administering client accounts, and include software and other technology that (i) provide access to client account data through trade confirmations and account statements; (ii) facilitate trade execution; (iii) provide research, pricing and other market data; (iv) facilitate the payment of advisory fees from client accounts; and (iv) assist with back-office functions, recordkeeping and client reporting. FIWS offers the clearing, custody and brokerage services of either National Financial Services, Inc. ("NFS") or Fidelity Brokerage Services, LLC ("FBS"), members NYSE, SIPC. FIWS generally does not charge clients separately for custodial services but is compensated by account holders through commissions and other transaction-related or asset-based fees for trades executed through either FBS or NFS. RKI and FIWS are independently operated and are not affiliated companies.

While RKI cannot guarantee that the execution services provided by the above referenced custodian is the best execution available, the firm feels that that the overall quality of execution services provided by this firm is in the clients' best interests. Clients must agree in writing to the establishment of custodial accounts at the above referenced firm. The firm believes that the overall quality of the execution services provided by FIWS is in clients' best interest, but best execution cannot be guaranteed.

As stated previously, RKI routinely recommends that portfolio management clients utilize the clearing, brokerage and custodial services offered through FIWS, unlike other advisors who may permit clients to direct brokerage to any firm of their choice. RKI is unable to negotiate specific transaction costs for transaction execution. On occasion, RKI will aggregate or "block" trades and will adhere to a policy of allotting shares on a pro-rata basis. Transactions executed by these firms will be subject to the transaction and commission fee schedule in effect at the time of execution. RKI does not negotiate commission rates or volume discounts. Therefore, brokerage and investment advisory services offered by RKI may cost a client more or less than similar investment advisory services offered by another firm, or by purchasing similar services separately.

Through its relationship with FIWS, RKI has access to free research, software, account administrative support, record keeping, brokerage, custodial and other related services that are intended to support advisers in conducting an investment advisory business. RKI also has access to an extensive list of product offerings from which client recommendations can be made, and has the ability to execute client no-load or low-load mutual fund transactions without transaction charges or with nominal transaction charges. RKI also has access to the Fidelity Wealth Central program, which provides RKI with software downlinks of daily transaction, balance and position information on client accounts held at each custodian. The provision of these additional services is a conflict of interest in that RKI is incented to recommend the custodial and brokerage services of this firm. However, receipt of these services is not dependent upon any level of trade execution and RKI uses these services to benefit all

client accounts, whether or not a client has chosen to use either FIWS. As a fiduciary, RKI endeavors to seek qualitative execution services for its clients, regardless of the provision of these additional services.

For financial planning services, clients may choose to implement investment recommendations at firms of their choice. If clients choose to implement investment recommendations through RKI associates, the custodial, clearing and brokerage services offered through FIWS will be recommended. For Retirement Plan Services, other custodians may be recommended, specific to the plan sponsor.

RKI may accept reimbursement for marketing costs, such as expenses related to meetings held by, or attended by RKI associates. Such costs may be associated with "due diligence" or training trips that allow RKI to better analyze a company and/or investment manager. The acceptance of reimbursement will not be contingent upon any commitment by RKI to place client assets with a product sponsor or investment manager, and will not influence RKI's decision to select a product or investment manager for its clients, other than to allow RKI's associated persons an opportunity to gain further knowledge.

Item 13 Review of Accounts

For discretionary portfolio management accounts, RKI's investment committee reviews the strategic allocation in asset classes, as well as the allocation to the underlying investment styles within these asset classes, on a monthly basis as part of the firm's Investment Committee meetings. The model portfolios are adjusted accordingly, within a range that is dictated by prevailing market conditions and is consistent with the portfolio's assigned constraints and weights. In addition, RKI's investment committee performs regular reviews of model portfolios and RKI associates perform reviews of client portfolios. Each account is reviewed in light of the client's specific needs, goals, objectives, asset mix and overall market conditions. Special reviews with clients are made in the case of substantial changes in market conditions or changes in the client's investment objectives.

For non-discretionary portfolio management services, RKI reviews client accounts at least annually, or at the request of a client. Significant changes in social, economic or political conditions or a change in a client's financial situation may prompt more frequent reviews. Financial planning and consulting services clients do not receive regular account reviews unless a client has specifically engaged RKI for these services.

RKI provides quarterly performance reports to portfolio management clients, upon a client's request or at the adviser's discretion. The nature of performance information provided will depend upon the type of client and the needs of the client. All clients will receive normal and customary brokerage or custodial statements, which they should compare against any information provided by RKI. Statements should be reviewed carefully.

Financial planning and consulting services clients will not receive regular reports from RKI. Any written reports will be agreed upon at the inception of the financial planning or consulting services relationship.

Item 14 Client Referrals and Other Compensation

As discussed previously, RKI associates have an economic incentive to recommend the third-party administrator services provided by TPA, an affiliated company of RKI. However, as fiduciaries, RKI associates only recommend the services of TPA when they believe it is in the client's best interest. In other cases, associates of TPA may recommend the services of RKI. Thus, a conflict of interest exists in that certain RKI associates derive economic benefit from the relationship between RKI and TPA. Please refer to Item 10, *Other Financial Industry Activities and Affiliations*, above.

In determining whether to utilize the services of our affiliated company, RKI encourages clients to consider many factors including, among others, the following:

- Location of the service provider and proximity for customer service
- Qualifications and experience of key personnel, including professional credentials
- Audit support capabilities
- Breadth of services provided
- Cost and expenses

In recommending our affiliated company, RKI associates consider each of the above factors in comparison with other service providers providing the same or similar services. When helping clients evaluate their TPA choice, we ask three primary questions: (1) are the fees reasonable in comparison to other firms; (2) is there a service problem or issue with a current TPA and can changing the TPA create a higher expectation for service; and (3) is there a local TPA alternative that provides services in the best interest of the client.

If RKI associates make recommendations to clients for the purchase of insurance products and if clients implement such recommendations, clients pay a normal and customary insurance commission for the purchase of the product. In these cases, RKI associates receive commission as insurance agents, generally based upon a percentage of the premiums paid. Such insurance commission is paid directly to RKI or the RKI associate from the issuer of the insurance product. RKI makes this service available to clients simply as a convenience to clients. Clients are not obligated to purchase any insurance products from RKI associates. The receipt of additional compensation is a conflict of interest in that RKI associates may be induced to recommend that clients purchase insurance products. While this may be true, RKI associates endeavor at all times to act in the best interests of their clients, and recommendations to purchase insurance products are only made when they feel it is in the best interest of a client.

In some cases, RKI may refer clients to a third-party service provider for specific services. RKI is not compensated for these referrals. RKI makes these referrals when it feels it is in the client's best interest to do so, based on the specific needs and objectives of the client. Clients are under no obligation to engage the services of the third-party service provider and clients do so at their own discretion. RKI is not liable or responsible for any of the fees charged or services provided by an unaffiliated third-party service provider.

RKI may, from time to time, accept reimbursement for costs associated with on-site inspections of product sponsors or investment managers to which clients' assets may or may not be directed. Such costs will be associated with "due diligence" trips that allow associated persons of RKI to better analyze a company and/or investment manager. The acceptance of reimbursement will not be contingent upon any commitment by RKI to place client assets with a product sponsor or investment manager, and will not influence RKI's decision to select a product or investment manager for its clients, other than to allow RKI's associated persons an opportunity to gain further knowledge.

In some cases, employees of our firm receive compensation from us for the establishment of new client relationships. This compensation will typically be in the form of a bonus payment for client referrals. Clients will not be charged additional fees based on this compensation arrangement. Incentive based compensation is contingent upon a client entering into an advisory agreement with us. Therefore, the individual has a financial incentive to recommend our firm to potential clients for advisory services. This creates a conflict of interest; however, referred individuals are not obligated to retain our firm for advisory services.

Item 15 Custody

RKI maintains custody of client funds or securities to the extent that it has the ability to debit advisory fees directly from client accounts, as agreed to in writing by the client. RKI is also deemed to have custody by virtue of standing letters of authorization signed by Clients, to allow RKI to disburse funds from Client accounts, as instructed by Clients. Clients receive normal and customary custodial account statements that detail the amount of advisory fees debited from an account. Clients are responsible for verifying the accuracy of the fees debited, as custodians do not verify accuracy. Clients are also strongly encouraged to compare information provided on custodial statements against any information provided by RKI.

For purposes of managing a client's 401k assets, RKI may have authority, granted by the client, to log into client 401k accounts for purposes of viewing or rebalancing client assets. Such login privilege is limited to trading authority only, and does not allow RKI to take custody of funds. We do not have the ability to disburse funds to third parties or make withdrawals from these accounts.

Wire Transfer and/or Standing Letter of Authorization

RKI, or RKI associates, may effect wire transfers from client accounts to one or more third parties designated, in writing, by the client without obtaining written client consent for each separate, individual transaction, as long as the client has provided written authorization to do so. Such written authorization is known as a Standing Letter of Authorization. An adviser with authority to conduct such third party wire transfers has access to the client's assets, and therefore has custody of the client's assets in any related accounts.

However, RKI is not required to undergo a surprise annual audit, as would otherwise be required by reason of having custody, as long as RKI meets the following criteria:

1. Client provides written, signed instruction to the qualified custodian that includes the third party's name and address or account number at a custodian;
2. Client authorizes us in writing to direct transfers to the third party either on a specified schedule or from time to time;
3. Client's qualified custodian verifies the authorization (e.g., signature review) and provides a transfer of funds notice to you promptly after each transfer;
4. Client can terminate or change the instruction;
5. RKI has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party;
6. RKI maintains records showing that the third party is not a related party to us nor located at the same address as us; and
7. Client's qualified custodian sends a written initial notice confirming the instruction and an annual written notice reconfirming the instruction.

RKI hereby confirms the firm meets the above criteria.

Item 16 Investment Discretion

RKI accepts discretionary authority to manage securities accounts on behalf of clients, upon express written permission from the client. Clients will execute required custodial applications granting discretion to RKI. Clients will also execute Discretionary Investment Management Agreements. RKI also offers non-discretionary portfolio management services, so clients may choose the best option for their situations.

If a client enters into non-discretionary arrangements with RKI, the firm will obtain client approval prior to the execution of any transactions for the account(s). A non-discretionary client has an unrestricted right to decline to implement any advice provided by RKI on a non-discretionary basis.

Item 17 Voting Client Securities

RKI does not accept authority to vote client securities on behalf of clients. Clients retain all rights to their brokerage accounts, including the right to vote proxies. Clients are responsible for directing each custodian of their assets to forward copies of all proxies and shareholder communications directly to the client. While RKI may provide information or consultation to assist a client in deciding how to vote a particular security, the ultimate decision and responsibility to vote a security lies with the client.

In addition, RKI will neither advise nor act on behalf of a client in any legal proceeding involving companies whose securities are held in a client's account. This includes such things as class action lawsuits or settlements.

Item 18 Financial Information

RKI does not require or solicit prepayment of more than \$1,200 in advisory fees more than six months in advance of services rendered. RKI is therefore not required to include a financial statement or balance sheet with this brochure.

RKI does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. RKI has not been the subject of any bankruptcy petition.

Item 19 Additional Information

Trade Errors

In the event a trading error occurs in a client account, our policy is to restore a client's account to the position it should have been had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

Class Action Lawsuits

We do not determine if securities held by clients are the subject of a class action lawsuit or whether clients are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on a client's behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by a client.

IRA Rollover Considerations

As part of our investment advisory services, we may recommend that clients withdraw assets from an employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on the client's behalf. If a client elects to roll the assets to an IRA that is subject to our management, we will charge an asset based fee as set forth in the agreement executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to a client for the purpose of generating fee based compensation rather than solely based on a client's needs. A client is under no obligation, contractually or otherwise, to complete the rollover. Moreover, if a client does complete the rollover, the client is under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, clients should consider the costs and benefits of:

1. Leaving the funds in an employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage clients to speak with their CPA and/or tax attorney.

If a client is considering rolling over retirement funds to an IRA for us to manage, the following points should be considered by the client:

1. Determine whether the investment options in the employer's retirement plan address the client's needs or whether other types of investments should be considered.
 - a. Employer retirement plans generally have a more limited investment menu than IRAs.
 - b. Employer retirement plans may have unique investment options not available to the public such as employer securities or previously closed funds.
2. The current plan may have lower fees than our fees.
 - a. If a client is interested in investing only in mutual funds, they should understand the cost structure of the share classes available in the employer's retirement plan and how the costs of those share classes compare with those available in an IRA.

- b. A client should understand the various products and services at an IRA provider and the potential costs of those products and services.
- 3. Our strategy may have higher risk than the option(s) provided in an employer's plan.
- 4. A client's current plan may also offer financial advice.
- 5. If a client keeps assets titled in a 401k or retirement account, the client could potentially delay their required minimum distribution beyond age 72.
- 6. A 401k may offer more liability protection than a rollover IRA; each state may vary.
 - a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. Clients should consult with an attorney regarding any concerns for protecting retirement plan assets from creditors.
- 7. A client may be able to take out a loan on a 401k, but not from an IRA.
- 8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
- 9. If a client owns company stock in their plan, the client may be able to liquidate those shares at a lower capital gains tax rate.
- 10. A plan may allow a client to hire a manager and keep the assets titled in the plan name.

Privacy Policy

RKI maintains a specific Privacy Policy that is distributed to each client at the time an account is opened and annually thereafter. RKI collects nonpublic information about clients from the following sources: information the firm receives from clients verbally, on applications or other forms and information about client transactions with others or the firm.

RKI may have to share non-public client information with unaffiliated firms in order to service client accounts. Additionally, RKI may have to provide information about clients to regulatory agencies as required by law. Otherwise, RKI will not disclose any client information to an unaffiliated entity unless a client has given express permission for the firm to do so.

RKI is committed to protecting client privacy. The firm restricts access to clients' personal and account information to those employees who need to know the information. RKI also maintains physical, electronic and procedural safeguards that the firm believes comply with Federal standards to protect against threats to the safety and integrity of client records and information.