



## ADV Part 2A, Brochure January 12, 2021

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*This brochure provides information about the qualifications and business practices of River Wealth Advisors, LLC ("River Wealth" or the "Firm"). If you have any questions about the contents of this Brochure, please contact the Firm at the phone number listed above. 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 the Firm is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment advisor. Registration does not imply any level of skill or training.*

## ITEM 2. MATERIAL CHANGES

Since the March 25, 2020 annual amendment filing and subsequent May 15, 2020 filing, this ADV Part 2A Brochure has been amended at Section 18 to remove reference to our participation in the Paycheck Protection Program (PPP), since that issue has been resolved.

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## ITEM 4. ADVISORY BUSINESS

River Wealth offers a variety of advisory services, including asset management, financial planning, and investment consulting. Prior to River Wealth rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with River Wealth setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

River Wealth was formed on October 8, 2014 and is principally owned by Robert Caplan and Edward O’Gorman. As of December 31, 2019, River Wealth had \$639,882,519 in assets under management.

While this brochure generally describes the business of River Wealth, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on River Wealth’s behalf and is subject to the Firm’s supervision or control.

### Financial Planning and Investment Consulting Services

River Wealth offers clients a broad range of financial planning and investment consulting services, which may include any or all of the following functions:

- |                            |                           |
|----------------------------|---------------------------|
| •Business Planning         | •Investment Consulting    |
| •Cash Flow Forecasting     | •Insurance Needs Analysis |
| •Portfolio Modeling        | •Retirement Plan Analysis |
| •Retirement Planning       | •Charitable Giving        |
| •Trust and Estate Planning | •Risk Management          |
| •Financial Reporting       | •Distribution Planning    |

In performing these services, River Wealth is not required to verify any information received from the client or from the client’s other professionals (e.g., attorneys, accountants, etc.,) and is expressly authorized to rely on such information. River Wealth may recommend clients engage the Firm for additional related services, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if clients engage River Wealth or its affiliates to provide additional services for compensation. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by River Wealth under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising River Wealth’s recommendations and/or services.

## Asset Management Services

River Wealth manages client investment portfolios on a discretionary or non-discretionary basis. River Wealth primarily allocates client assets among various stocks, bonds, mutual funds, exchange-traded funds (“ETFs”) and options in accordance with the investment objectives of its individual clients. In addition, River Wealth may also recommend that clients who qualify as accredited investors, as defined by Rule 501 of the Securities Act of 1933, invest in privately placed securities, which may include debt, equity and/or pooled investment vehicles (e.g., hedge funds, private equity funds, etc.). Where appropriate, the Firm may also provide advice about any type of legacy position or other investment held in client portfolios.

Clients may engage River Wealth to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, River Wealth directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product’s provider.

River Wealth tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. River Wealth consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify River Wealth if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if River Wealth determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm’s management efforts.

## Investment Advisory Services

The client can determine to engage River Wealth to provide discretionary investment advisory services on a fee-only basis. River Wealth’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under River Wealth’s management as described in Item 5 below. River Wealth may also charge an hourly rate for consulting services determined based on the agreed upon services. For additional information, please refer to **Miscellaneous** below and Item 5. Fees and Compensation.

## Miscellaneous

### Limitations of Financial Planning and Non-Investment Consulting/Implementation Services

To the extent specifically requested, River Wealth will generally provide limited planning and consulting services regarding non-investment related matters, such as tax and estate planning, insurance, etc. inclusive of its advisory fee set forth at Item 5 below (limited exceptions may occur based upon assets under management, advanced planning needs, special projects, etc. for which Firm may charge a mutually agreeable additional fee and/or stand-alone financial planning engagement). River Wealth **does not** serve as an attorney, accountant, or insurance agent, and no portion of our services should be construed as same. Accordingly, River Wealth **does not** prepare estate planning documents, tax returns, or sell insurance products. To the extent requested by a client, we may recommend the services of other professionals for non-investment implementation purpose (i.e. attorneys, accountants, insurance, etc. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from River Wealth and/or its representatives.

### Retirement Rollovers-Potential for Conflict of Interest

A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If River Wealth recommends that a client roll over their retirement plan assets into an account to be managed by River Wealth, such a recommendation creates a conflict of interest if River Wealth will earn new (or increase its current) compensation as a result of the rollover.

- No client is under any obligation to roll over retirement plan assets to an account managed by River Wealth. River Wealth's Chief Compliance Officer, Ralph Manna, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.

### Custodian Charges-Additional Fees

As discussed below at Item 12 below, when requested to recommend a broker-dealer/custodian for client accounts, River Wealth generally recommends that Charles Schwab and Co., Inc. "Schwab" and/or Fidelity Investments ("Fidelity") (and their respective affiliates, as applicable) serve as the broker-dealer/custodian for client assets. Broker-dealers such as Schwab and Fidelity charge transaction fees for effecting securities transactions. In addition to River Wealth's investment advisory fee referenced in Item 5 below, the client will also incur transaction fees to purchase securities for the client's account (i.e.,

mutual funds, exchange traded funds, and individual equity and fixed income securities purchased by River Wealth for the client's account).

### Use of Mutual and Exchange-Traded Funds

Most mutual funds and exchange traded funds are available directly to the public. Thus, a prospective client can obtain many of the funds that may be utilized by River Wealth independent of engaging River Wealth as an investment advisor. However, if a prospective client determines to do so, he/she will not receive River Wealth's initial and ongoing investment advisory services.

- **Use of DFA Mutual Funds:** River Wealth utilizes mutual funds issued by Dimensional Fund Advisors ("DFA"). DFA funds are generally only available through registered investment advisers. Thus, if the client was to terminate River Wealth's services, and not transition to another adviser who utilizes DFA funds, restrictions regarding additional purchases of, or reallocation among other, DFA funds will generally apply.
- **Please Also Note:** In addition to River Wealth's investment advisory fee described below, and transaction and/or custodial fees discussed below, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

### ERISA Plan and 401(k) Individual Engagements

- **Trustee Directed Plans:** River Wealth may be engaged to provide investment advisory services to ERISA retirement plans, whereby the Firm shall manage Plan assets consistent with the investment objective designated by the Plan trustees. In such engagements, River Wealth will serve as an investment fiduciary as that term is defined under The Employee Retirement Income Security Act of 1974 ("ERISA"). River Wealth will generally provide services on an "assets under management" fee basis per the terms and conditions of an *Investment Advisory Agreement* between the Plan and the Firm.
- **Participant Directed Retirement Plans:** River Wealth may also provide investment advisory and consulting services to participant directed retirement plans per the terms and conditions of a *Retirement Plan Services Agreement* between River Wealth and the plan. For such engagements, River Wealth shall assist the Plan sponsor with the selection of an investment platform from which Plan participants shall make their respective investment choices (which may include investment strategies devised and managed by River Wealth), and, to the extent engaged to do so, may also provide corresponding education to assist the participants with their decision making process.
- **Client Retirement Plan Assets:** If requested to do so, River Wealth shall provide investment advisory services relative to the client's 401(k) plan assets. In such event, River Wealth shall recommend that the client allocate the retirement account assets among the investment options available on the 401(k) platform. River Wealth shall be limited to making recommendations regarding the allocation of the assets among the investment alternatives available through the

plan. River Wealth will not receive any communications from the plan sponsor or custodian, and it shall remain the client's exclusive obligation to notify River Wealth of any changes in investment alternatives, restrictions, etc. pertaining to the retirement account.

## **Tradeaway/Prime Broker Fees**

If, in the reasonable determination of River Wealth that it would be beneficial for the client, individual fixed income transactions may be effected through broker-dealers other than the account custodian, in which event, the client generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate "tradeaway" and/or prime broker fee charged by the account custodian (i.e., Schwab or Fidelity).

- **Any questions?** River Wealth's Chief Compliance Officer, Ralph Manna, remains available to address any questions that a client or prospective client may have regarding tradeaway arrangements.

## **Client Obligations**

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

## **Investment Risk**

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 River Wealth) will be profitable or equal any specific performance level(s).

## ITEM 5. FEES AND COMPENSATION

River Wealth offers services on a fee basis, which may include hourly fees, as well as fees based upon assets under management or advisement. As a fee-only adviser, the Firm does not receive any form of commissions or transaction-based compensation.

### Financial Planning and Investment Consulting Fees

River Wealth generally charges an hourly fee for providing financial planning and consulting services under a stand-alone engagement. These fees are negotiable, but generally range from \$150 to \$300 on an hourly basis, depending upon the scope and complexity of the services and the professional rendering the financial planning and/or the consulting services. If the client engages the Firm for additional investment advisory services, River Wealth may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

The terms and conditions of the financial planning and/or consulting engagement are set forth in the Advisory Agreement and River Wealth generally requires one-half of the fee (estimated hourly or fixed) payable upon execution of the Advisory Agreement. The outstanding balance is generally due upon delivery of the financial plan or completion of the agreed upon services. The Firm does not, however, take receipt of \$1,200 or more in prepaid fees in excess of six months in advance of services rendered.

### Asset Management Fees

River Wealth provides asset management services for an annual fee based upon the amount of assets under the Firm's management. This fee is negotiable and generally ranges up to 125 basis points (1.25%), depending largely upon the size and complexity of a client's portfolio. This fee is prorated and charged quarterly in arrears based upon the market value of the assets being managed by River Wealth on the last day of the previous quarter.

If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is generally adjusted to reflect the interim change in portfolio value. For the initial term of an engagement, the fee is calculated on a pro rata basis. In the event the Client Agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding balance is charged to the client, as appropriate.

### Fee Discretion

River Wealth may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.



## Additional Fees and Expenses

In addition to the advisory fees paid to River Wealth, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively “Financial Institutions”). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, charges imposed directly by a mutual fund or ETF in a client’s account, as disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm’s brokerage practices are described at length in Item 12, below.

## Direct Fee Debit

Clients generally provide River Wealth with the authority to directly debit their accounts for payment of the investment advisory fees. In these situations, the Financial Institutions that serve as “qualified custodian” send clients a statement detailing all account activity and transactional history on at least a quarterly basis. Alternatively, clients may elect to have River Wealth send them an invoice for direct payment.

## Account Additions and Withdrawals

Clients may make additions to and withdrawals from their account at any time, subject to River Wealth’s right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client’s account. Clients may withdraw account assets on notice to River Wealth, subject to the usual and customary securities settlement procedures. However, the Firm generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client’s investment objectives. River Wealth may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

## Conflict of Interest

Although River Wealth will allocate client assets consistent with the client’s designated investment objective, the fact that River Wealth earns a higher fee for management of securities (i.e. individual equity, mutual funds, and ETFs) other than individual fixed income securities as referenced in the above fee schedule, River Wealth has a **conflict of interest** since it will present an economic incentive to allocate more assets to those types of securities from which it will earn a higher advisory fee.

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

River Wealth does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

## **ITEM 7. TYPES OF CLIENTS**

River Wealth, in its sole discretion, may charge a lesser investment advisory fee and/or charge a flat 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, competition, negotiations with client, etc.)

As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

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

### **Methods of Analysis and Investment Strategies**

River Wealth employs a variety of investment strategies and allocations, which are individually customized based upon each client's specific risk profile and investment objectives. River Wealth takes a largely fundamental approach to analyzing investments, which may include stocks, bonds, ETFs, mutual funds, options and other such asset classes.

Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular issuer or fund. For River Wealth, this process typically involves an analysis of an issuer's management team, growth strategies, style drift, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact the security or asset class.

## Risk of Loss

### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of River Wealth's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that River Wealth will be able to predict those price movements accurately or capitalize on any such assumptions.

### *Mutual Funds and Exchange Traded Funds (ETFs)*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *Management through Similarly Managed "Model" Accounts*

River Wealth manages certain accounts through the use of similarly managed "model" portfolios, whereby the Firm allocates all or a portion of its clients' assets among various mutual funds and/or securities on a discretionary basis using one or more of its proprietary investment strategies. In managing assets through

the use of models, the Firm remains in compliance with the safe harbor provisions of Rule 3a-4 of the Investment Company Act of 1940.

The strategy used to manage a model portfolio may involve an above average portfolio turnover that could negatively impact clients' net after tax gains. While the Firm seeks to ensure that clients' assets are managed in a manner consistent with their individual financial situations and investment objectives, securities transactions effected pursuant to a model investment strategy are usually done without regard to a client's individual tax ramifications. Clients should contact the Firm if they experience a change in their financial situation or if they want to impose reasonable restrictions on the management of their accounts.

## **ITEM 9. DISCIPLINARY INFORMATION**

While River Wealth has not been involved in any legal or disciplinary events that it considers material to a client's evaluation of its advisory business or the integrity of its management, it entered into a "Consent Agreement and Order" with the Commonwealth of Pennsylvania Department of Banking and Securities, Bureau of Licensing, Compliance and Examinations (the "Bureau") on June 13, 2016. The Consent Agreement and Order reflects the Bureau's finding that River Wealth violated a specific section of the Pennsylvania Securities Act of 1972 because it did not individually register two of its employees as investment adviser representatives between March 2015 and June 2016, by failing to submit applicable forms and fees. Notably, River Wealth previously contracted with an independent compliance consultant and law firm to not only facilitate and submit such forms on its behalf, but to also provide ongoing monitoring of registration status to prevent lapses. As a result of the Bureau's finding, River Wealth agreed to pay an administrative assessment. River Wealth has terminated its use of the previously engaged compliance consultant and law firm's services, in addition to adopting internal controls to prevent future registration lapses.

## **ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

River Wealth is not engaged in any other financial industry activities and does not have any affiliations that are otherwise material to the Firm's advisory business.

## ITEM 11. CODE OF ETHICS

River Wealth has adopted a code of ethics in compliance with applicable securities laws (“Code of Ethics”) that sets forth the standards of conduct expected of its Supervised Persons. River Wealth’s Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of River Wealth’s personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, the Firm’s Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm’s policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly affect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household) a transaction in that security unless:

- The transaction has been completed
- The transaction for the Supervised Person is completed as part of a batch trade with clients, or
- A decision has been made not to engage in the transaction for the client

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact River Wealth to request a copy of its Code of Ethics.

## ITEM 12. BROKERAGE PRACTICES

If the client requests that River Wealth recommend a broker-dealer/custodian for execution and/or custodial services, River Wealth generally recommends that investment advisory accounts be maintained at Schwab and/or Fidelity. Prior to engaging River Wealth to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with River Wealth setting

forth the terms and conditions under which River Wealth shall advise on the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that River Wealth considers in recommending Schwab and/or Fidelity (or any other broker-dealer/custodian to clients) include historical relationship with River Wealth, financial strength, reputation, execution capabilities, pricing, research, and service. Although the transaction fees paid by River Wealth's clients shall comply with River Wealth's duty to obtain best execution, a client may pay a transaction fee that is higher than another qualified broker-dealer might charge to affect the same transaction where River Wealth determines, in good faith, that the transaction fee is reasonable. 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, transaction rates, and responsiveness. Accordingly, although River Wealth will seek competitive rates, it may not necessarily obtain the lowest possible rates for client account transactions. Transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, River Wealth's investment advisory fee.

## **Non-Soft Dollar Research and Benefits**

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, River Wealth receives from Schwab and Fidelity (and could receive from another broker-dealer/custodian, investment platform, independent investment manager, and/or product/fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist River Wealth to better monitor and service client accounts maintained at such institutions. The support services that River Wealth receives can include: investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or free consulting services, discounted and/or free travel and attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by River Wealth in furtherance of its investment advisory business operations. Certain support services and/or products that River Wealth can receive may assist River Wealth in managing and administering client accounts. Others do not directly provide such assistance, but rather assist River Wealth to manage and further develop its business enterprise. The receipt of these support services and products presents conflicts of interest, because River Wealth has the incentive to recommend that clients utilize Schwab or Fidelity as broker-dealer/custodian based upon its interest in continuing to receive the above-described support services and products, rather than based on a client's particular need. However, River Wealth's clients do not pay more for investment transactions effected and/or assets maintained at Schwab or Fidelity as a result of these arrangements. There is no corresponding commitment made by River Wealth to Schwab, Fidelity, 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.

#### Schwab Advisor Services

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like River Wealth. Schwab Advisor Services provides River Wealth and its clients with access to its institutional brokerage –trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services and additional economic benefits ("Additional Benefits"). Some of those support services and Additional Benefits help River Wealth manage or administer its clients' accounts while others help River Wealth manage and grow its business. As part of the Additional Benefits, Schwab may also provide monetary assistance to third parties on River Wealth's behalf to defray certain costs towards certain technology, marketing, and research related expenses. Schwab's support services are generally available on an unsolicited basis (River Wealth does not have to request them) and at no charge to River Wealth. The availability of these services from Schwab benefits River Wealth because River Wealth does not have to produce or purchase them. River Wealth is not required to pay for Schwab's services. A more detailed description of Schwab's Additional Benefits follows.

#### Services that Benefit the Client

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which River Wealth might not otherwise have access or that would require a significantly higher minimum initial investment by River Wealth's clients. Schwab's services described in this paragraph generally benefit River Wealth's clients and their accounts.

#### Services that May Not Directly Benefit the Client

Schwab also makes available to River Wealth other products and services that benefit River Wealth but may not directly benefit River Wealth's clients or their accounts. These products and services assist River Wealth in managing and administering its clients' accounts. They include investment research, both Schwab's own and that of third parties. River Wealth may use this research to service all or some substantial number of its clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of River Wealth's fees from River Wealth's clients' accounts; and

- assist with back-office functions, recordkeeping and client reporting.

#### Services that Generally Benefit Only River Wealth

Schwab also offers other services intended to help River Wealth manage and further develop its business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to River Wealth. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide River Wealth with other benefits such as occasional business entertainment of its personnel.

#### Additional Benefits Received

River Wealth has and may continue to receive certain Additional Benefits that may or may not be offered to River Wealth again in the future. Schwab has agreed to directly reimburse River Wealth's clients for any transfer of account exit fees they may incur when transferring their account assets from another broker-dealer/custodian to Schwab and designated for River Wealth's management. This reimbursement is capped at \$12,500 for River Wealth's clients in the aggregate and is limited to transitions made through July 23, 2020.

Schwab has also agreed to make additional payments to one or more third-party vendors on River Wealth's behalf, which will be applied to the cost of technology or research-related expenses that River Wealth uses to help effectively manage its clients' accounts, or towards marketing costs for River Wealth's benefit. The payments could total up to \$55,000, based upon the amount of River Wealth's new client assets that will be transferred to and held in Schwab's custody until July 2020 according to the following benchmarks: \$75 million in new assets will trigger \$20,000 in support payments; \$150 million in new assets will trigger an additional \$15,000 in support payments; \$200 million in new assets will trigger an additional \$10,000 in support payments, and \$250 million in new assets will trigger a final \$10,000 in support payments.

River Wealth has no expectation that these Additional Benefits will be offered again; however, River Wealth reserves the right to negotiate for these Additional Benefits in the future. Schwab provides the Additional Benefits to River Wealth in its sole discretion and at its own expense, and neither River Wealth nor its clients pay any fees to Schwab for the Additional Benefits. The Additional Benefits are generally provided on an unsolicited basis. However, the receipt of these Additional Benefits is based on the



expectation that River Wealth will have an additional \$250 million in end client statement equity in Schwab client accounts by July 2020 as described above.

Based on all of the above, the recommendation by River Wealth or its representatives that a client select Schwab as designated broker-dealer/custodian for their accounts or transfer their account assets from another broker-dealer/custodian to Schwab presents conflicts of interest, because River Wealth has the incentive to make such a recommendation based on its interest in receiving the Additional Benefits to benefit its business interests, rather than based on clients' interest in receiving the best value in custody services and the most favorable execution of transactions. To mitigate this conflict of interest, River Wealth will only recommend that a client select Schwab as broker-dealer/custodian if it reasonably believes that the arrangement is in the best interests of its clients based upon the factors discussed throughout this Item 12. Further, River Wealth reminds clients that they are not under any obligation to select Schwab for broker-dealer/custodial services. River Wealth's Chief Compliance Officer, Ralph Manna, remains available to address any questions regarding these conflicts of interest.

## Directed Brokerage

River Wealth recommends that its clients utilize the brokerage and custodial services provided by Schwab and/or Fidelity. The Firm generally does not accept directed brokerage arrangements (when a client requires that account transactions be affected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Firm 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 River Wealth. As a result, a 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 River Wealth 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 River Wealth. Higher transaction costs adversely impact account performance.

Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

## Order Aggregation

Transactions for each client account generally will be affected independently, unless Firm decides to purchase or sell the same securities for several clients at approximately the same time. Firm 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 Firm'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. Firm shall not receive any additional compensation or remuneration as a result of such aggregation.

## **ITEM 13. REVIEW OF ACCOUNTS**

### **Account Reviews**

River Wealth monitors client portfolios on a continuous and ongoing basis while regular account reviews are conducted on at least a quarterly basis. For those clients to whom River Wealth provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of River Wealth’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with River Wealth and to keep River Wealth informed of any changes thereto. River Wealth contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

### **Account Statements and Reports**

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from River Wealth and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from River Wealth or an outside service provider for accuracy and report any discrepancies to River Wealth immediately.

## **ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION**

As indicated at Item 12 above, River Wealth can receive from Schwab and/or Fidelity without cost (and/or at a discount), support services and/or products. River Wealth’s clients do not pay more for investment transactions effected and/or assets maintained at Schwab or Fidelity (or any other institution) as result of this arrangement. There is no corresponding commitment made by River Wealth to Schwab, Fidelity, or to 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 arrangement.

## Client Referrals

In the event a client is introduced to River Wealth by either an unaffiliated or an affiliated solicitor, the Firm may pay that solicitor a referral fee in accordance with applicable state securities laws. Unless otherwise disclosed, any such referral fee is paid solely from River Wealth's investment management fee and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the solicitor is required to provide the client with River Wealth's written brochure(s) and a copy of a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of River Wealth is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written brochure(s) at the time of the solicitation.

## Schwab Advisor Network

River Wealth may receive client referrals from Schwab through its participation in Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an independent investment adviser. Schwab is a broker-dealer independent of and unaffiliated with River Wealth. Schwab does not supervise River Wealth and has no responsibility for the Firm's management of clients' portfolios or the firm's other advice or services. River Wealth pays Schwab fees to receive client referrals through the Service. The Firm's participation in the Service may raise potential conflicts of interest described below.

River Wealth pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by River Wealth is a percentage of the fees the client owes to River Wealth or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. The Firm pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to the Firm quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by River Wealth and not by the client. River Wealth will not charge clients referred through the Service fees or costs greater than the fees or costs River Wealth charges clients with similar portfolios who were not referred through the Service.

The Firm generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Advisor generally would pay in a single year. Thus, River Wealth will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of River Wealth's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, the Firm will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit River Wealth's fees directly from the accounts.

For accounts of River Wealth's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from the Firm's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, River Wealth may have an incentive to cause trades to be executed through Schwab rather than another broker/dealer. The Firm nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker/dealer than trades for River Wealth's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker/dealers.

### **Other Economic Benefit**

River Wealth receives economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses conflicts of interest, as more fully described in Item 12 above.

## **ITEM 15. CUSTODY**

River Wealth shall have the ability to deduct its advisory fee from the client's custodial account on a quarterly basis. Clients are provided with written transaction confirmation notices, and a written summary account statement directly from the custodian (i.e., Schwab, Fidelity, etc.) at least quarterly.

To the extent that River Wealth provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by River Wealth with the account statements received from the account custodian.

The account custodian does not verify the accuracy of River Wealth's advisory fee calculation.

In addition, certain clients have established asset transfer authorizations that permit the qualified custodian to rely upon instructions from River Wealth to transfer client funds or securities to third parties. These arrangements are disclosed at Item 9 of Part 1 of Form ADV. However, in accordance with the

guidance provided in the SEC's February 21, 2017 *Investment Adviser Association* No-Action Letter, the affected accounts are not subject to an annual surprise CPA examination.

## ITEM 16. INVESTMENT DISCRETION

River Wealth may be given the authority to exercise discretion on behalf of clients. River Wealth is considered to exercise investment discretion over a client's account if it can affect and/or direct transactions in client accounts without first seeking their consent. River Wealth is given this authority through a power-of-attorney included in the agreement between River Wealth and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). River Wealth takes discretion over the following activities:

- The securities to be purchased or sold
- The amount of securities to be purchased or sold, and
- When transactions are made

## ITEM 17. VOTING CLIENT SECURITIES

### Acceptance of Proxy Voting Authority

River Wealth may accept the authority to vote a client's securities (i.e., proxies) on their behalf. When River Wealth accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its clients. Absent special circumstances, which are fully described in the Firm's Proxy Voting Policies and Procedures, all proxies will be voted consistent with management.

- Although the Proxy Voting Guidelines are followed as a general policy, certain issues are considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving, the Firm devotes an appropriate amount of time and resources to monitor these changes.
- Clients cannot direct River Wealth's vote on a particular solicitation but can revoke the Firm's authority to vote proxies.

In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that River Wealth maintains with persons having an interest in the outcome of certain votes, the Firm takes appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict.

## ITEM 18. FINANCIAL INFORMATION

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

**Any questions?** River Wealth's Chief Compliance Officer, Ralph Manna, remains available to address any questions regarding this Part 2A, including the disclosure additions and enhancements as described in this Brochure.