

# Disclosure Brochure

March 30, 2021

## **Raskob Kambourian Financial Advisors, Ltd.**

*a Registered Investment Adviser*

This brochure provides information about the qualifications and business practices of Raskob Kambourian Financial Advisors, Ltd. (hereinafter "RK Financial" or the "Firm"). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed below. 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). RK Financial is an SEC registered investment adviser. Registration does not imply any level of skill or training.

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## **Item 2. Material Changes**

In this Item, RK Financial is required to discuss any material changes that have been made to the brochure since the last annual amendment filed May 14, 2020. The Firm has no changes to disclose in relation to this Item.

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## Item 4. Advisory Business

RK Financial is a fee-only advisory firm offering financial planning and investment management services to its clients. Prior to the rendering of any of the foregoing advisory services, clients are required to enter into one or more written agreements with RK Financial setting forth the relevant terms and conditions of the advisory relationship (the "Agreement").

RK Financial has been an independent registered investment adviser since 1986 and is wholly owned by Patricia F. Raskob. As of December 31, 2020, the Firm had \$164,814,267 of assets under management, of which \$ 67,299,148 was managed on a discretionary basis and \$ 97,515,119 was managed on a non-discretionary basis.

While this brochure generally describes the business of RK Financial, 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 RK Financial's behalf and is subject to the Firm's supervision or control.

### **Financial Planning and Consulting Services**

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RK Financial offers clients a range of financial planning and consulting services, which may include any or all of the following functions:

- Business Planning
- Cash Flow Forecasting
- Asset Allocation
- Retirement Planning
- Estate Planning
- Financial Reporting
- Investment Consulting
- Insurance Needs Analysis
- Retirement Plan Analysis
- Charitable Giving
- Risk Management
- Distribution Planning

While each of these services is available on a stand-alone basis, certain of them may also be rendered in conjunction with investment portfolio management (as described below). In performing these services, RK Financial 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.

RK Financial may recommend the services of itself or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if clients engage RK Financial to provide additional fee-based services. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by RK Financial under a financial planning or consulting engagement or to engage the services of any such

recommended professionals, including RK Financial itself. 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 RK Financial's previous recommendations and/or services.

## **Retirement Plan Consulting Services**

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RK Financial provides various consulting services to qualified employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans. Each engagement is individually negotiated and customized, and may include any or all of the following services:

- Plan Design and Strategy
- Plan Review and Evaluation
- Executive Planning and Benefits
- Investment Management and Review
- Plan Fee and Cost Analysis
- Retirement Plan Committee Consultation
- Fiduciary and Compliance
- Legacy Plan Services

As disclosed in the Agreement, certain of the foregoing services are provided by RK Financial as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In accordance with ERISA Section 408(b)(2), each plan sponsor is provided with a written description of RK Financial's fiduciary status, the specific services to be rendered and all direct and indirect compensation the Firm reasonably expects under the engagement.

## **Investment Management Services**

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RK Financial manages client investment portfolios on a discretionary or non-discretionary basis.

RK Financial primarily allocates client assets among various mutual funds, exchange-traded funds ("ETFs"), and individual equity and debt securities, in accordance with the investment objectives of its individual clients. On a limited basis, RK Financial recommends clients utilize certain independent investment managers ("Independent Managers"). Where appropriate, the Firm also provides advice about any type of legacy position or other investment held in client portfolios, however, clients should not assume that these assets are being continuously monitored or otherwise advised on by the Firm unless specifically agreed upon.

Clients can also engage RK Financial to 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, RK Financial 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.

RK Financial tailors its advisory services to meet the needs of its individual clients and continuously seeks to ensure that client portfolios are managed in a manner consistent with their specific investment profiles. RK Financial consults with clients on an initial and ongoing basis to determine their specific risk tolerance, time horizon, liquidity constraints and other qualitative factors relevant to the management of their portfolios. Clients are advised to promptly notify RK Financial 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 RK Financial 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.

## Use of Independent Managers

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As mentioned above, RK Financial recommends certain Independent Managers to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an Independent Manager are set forth in a separate written agreement between the designated Independent Manager and the client. In addition to this brochure, clients also receive the written disclosure documents of the designated Independent Managers engaged to manage their assets. RK Financial does not receive compensation from any such Independent Managers.

RK Financial evaluates various information about the Independent Managers it chooses to manage client portfolios, which may include the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. RK Financial also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

RK Financial continues to provide services relative to the non-discretionary selection of the Independent Managers. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. RK Financial seeks to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

## Item 5. Fees and Compensation

RK Financial offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management or advisement.

## Financial Planning Overview and Consulting Fees

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RK Financial generally charges either a negotiable hourly and/or fixed fee to provide clients with stand-alone financial planning or consulting services. These fees are largely determined by the scope and complexity of the agreed upon services up to \$500 on an hourly basis and between \$1,500 to \$15,000 on a fixed fee basis.

All new clients require a Financial Planning Overview. This entails a process of reviewing the entirety of their personal financial estate. The firm offers an in-depth review of the estate planning needs, an investment inventory analysis, individual risk tolerances, a complete insurance policy review, tax projection and planning, retirement planning, social security maximization, special trust recommendations, college planning, and net worth analysis. At the completion of the Financial Planning Overview clients can engage the Firm for continuing Personal Financial Planning by paying a retainer fee based on the fee schedule:

PORTFOLIO VALUE	ANNUAL FEE
Up to \$500,000	\$4,000
\$500,001 - \$1,000,000	\$6,000
\$1,000,001 - \$2,000,000	\$9,000
\$2,000,001 - \$5,000,000	\$12,000
\$5,000,001 - \$10,000,000	\$18,000
Above \$10,000,000	Negotiable

Legacy clients may have a fee arrangement that is different from that reflected in the above schedule. The specific terms and fee structure are negotiated in advance and set forth in the Agreement with RK Financial. Generally, RK Financial requires one-half of the financial planning or consulting fee payable upon execution of the Agreement and the balance due at the time the financial plan is delivered or the underlying services are rendered to completion, not to exceed six months. If the client engages RK Financial for additional investment advisory services, RK Financial 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.

## Retirement Plan Consulting Fees

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RK Financial generally charges as fixed project-based fee to provide clients with retirement plan consulting services. Each engagement is individually negotiated and tailored to accommodate the needs of the individual plan sponsor, as memorialized in the Agreement. These fees vary, based on the scope of the services to be rendered. In those situations where RK Financial has agreed to manage a plan's assets, the Firm may also charge an annual asset-based fee between 50 and 90 basis points (0.50% – 0.90%), depending upon the amount of assets to be managed.

## Investment Management Fees

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RK Financial provides investment management services for an annual fee based on the amount of assets under the Firm's management. The fee varies depending upon the size of a client's portfolio and the type of services rendered, based on the following blended fee schedule:

PORTFOLIO VALUE	ANNUAL FEE
First \$2,000,000	0.99%
Up to \$3,000,000	0.95%
Up to \$4,000,000	0.90%
Up to \$5,000,000	0.85%
Above \$5,000,000	0.70%

Legacy clients may have a fee arrangement that is different from that reflected in the above schedule. The annual fee is prorated and charged monthly in advance, based upon the market value of the assets being managed by RK Financial on the last day of the previous month.

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 not adjusted or prorated to reflect the change in portfolio value. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the Agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the unearned portion is refunded to the client, as appropriate.

Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage RK Financial for additional services for compensation, including rolling over retirement accounts or moving other assets to the Firm's management. Clients retain absolute discretion over all decisions regarding engaging the Firm and are under no obligation to act upon any of the recommendations.

## Fee Discretion

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RK Financial, in its sole discretion, may 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 client relationship, account retention and *pro bono* activities.

## Additional Fees and Expenses

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In addition to the advisory fees paid to RK Financial, clients 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 can include securities brokerage commissions and other transaction costs, custodial fees, fees charged by the Independent Managers, 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), reporting charges, 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.

### **Fee Debit**

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Clients generally provide RK Financial with the authority to directly debit their accounts for payment of the Firm's investment advisory fees. The Financial Institutions that act as qualified custodian for client accounts have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to RK Financial.

### **Account Additions and Withdrawals**

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Clients can make additions to and withdrawals from their account at any time, subject to RK Financial'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 decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to RK Financial, subject to the usual and customary securities settlement procedures. However, RK Financial designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. RK Financial 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, fees assessed at the mutual fund level (i.e., contingent deferred sales charge) and/or tax ramifications.

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

RK Financial 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**

RK Financial provides its services to individuals, pension and profit sharing plans, trusts and estates.

### **Minimum Account Fee**

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As a condition for starting and maintaining a relationship with the firm, RK Financial imposes minimum annual fee of \$5,400. This minimum fee takes into consideration all fees paid to the Firm. Depending upon the services RK Financial is providing to a client, this minimum fee may cause clients with smaller portfolios or needs to incur an effective fee rate that is higher than the Firm's stated fee schedule. RK Financial may, in its sole discretion, elect to waive its minimum fee based upon certain criteria, including

anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and pro bono activities.

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

### **Methods of Analysis**

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RK Financial utilizes a combination of fundamental, technical and cyclical methods of analysis.

Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular fund or issuer. For RK Financial, this process typically involves an analysis of an issuer's management team, investment 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.

Technical analysis involves the examination of past market data rather than specific issuer information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually recur, there is no guarantee that RK Financial will be able to accurately predict such a recurrence.

Cyclical analysis is similar to technical analysis in that it involves the assessment of market conditions at a macro (entire market or economy) or micro (company specific) level, rather than focusing on the overall fundamental analysis of the health of the particular company that RK Financial is recommending. The risks with cyclical analysis are similar to those of technical analysis.

### **Investment Strategies**

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The primary investment strategy used on client accounts is strategic asset allocation utilizing a proprietary software that ranks all standard asset classes of actively managed mutual equity, bond, and blend funds as the core investments, and then adds passively managed index and exchange traded funds where there are greater opportunities to make a difference. Portfolios are globally diversified to control the risk associated with traditional markets.

The investment strategy for a specific client is based upon the goals, objectives, risk tolerance, and time frame as stated by the client during consultations. The client may change these elements at any time.

## Risks of Loss

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### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear potential losses.

### *Market Risks*

The profitability of a significant portion of RK Financial's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that RK Financial will be able to predict those price movements accurately.

### *Volatility Risks*

The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

### *Cash Management Risks*

The Firm may invest some of a client's assets temporarily in money market funds or other similar types of investments, during which time an advisory account may be prevented from achieving its investment objective.

### *Equity-Related Securities and Instruments*

The Firm may take long and short positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies may suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small-capitalization, mid-capitalization and financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

### *Fixed Income Securities*

Fixed income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations and to price volatility.

## *Mutual Funds and 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 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.

## *Use of Independent Managers*

RK Financial may recommend the use of *Independent Managers*. In these situations, RK Financial continues to do ongoing due diligence of such managers, but such recommendations rely to a great extent on the *Independent Managers'* ability to successfully implement their investment strategies. In addition, RK Financial generally may not have the ability to supervise the *Independent Managers* on a day-to-day basis.

## **Item 9. Disciplinary Information**

RK Financial has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

## Item 10. Other Financial Industry Activities and Affiliations

### Affiliation with National Advisors Trust Company

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Patricia Raskob, Principal of RK Financial, is a shareholder of National Advisors Holdings, Inc., a Kansas corporation organized in 1998. As a shareholder, Ms. Raskob holds less than 2.0% in the aggregate of the outstanding stock of National Advisors Trust Company ("NATC"). NATC provides trust services to clients of registered investment advisory firms, such as RK Financial, across the United States.

### Tax Services

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RK Financial may provide clients with tax preparation and/or tax planning/consulting services. The Firm generally offers these services separate from any ongoing financial planning and investment management services. The fee for any such tax work is based on the forms and schedules necessary to prepare any such returns.

## Item 11. Code of Ethics

RK Financial 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. RK Financial'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 RK Financial's personnel (called "Access Persons") to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, RK Financial Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a manner 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 Access Persons to be completed without any appreciable impact on the markets of such securities. Therefore, under certain 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 Access Person may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household as the Access Person) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the *Access Person* is completed as part of a batch trade (as defined below in Item 12) 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; (iii) shares issued by open-end mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more open-end mutual funds.

Clients and prospective clients may contact RK Financial to request a copy of its *Code of Ethics*.

### **Item 12. Brokerage Practices**

RK Financial generally recommends that clients utilize the brokerage and clearing services of Schwab Advisor Services™ ("Schwab") and NATC for investment management accounts.

Factors which RK Financial considers in recommending Schwab, NATC or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. The commissions and/or transaction fees charged by Schwab and NATC may be higher or lower than those charged by other Financial Institutions.

The commissions paid by RK Financial's clients comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where RK Financial determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. RK Financial seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

RK Financial periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

The client may direct RK Financial in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to "batch" client transactions for execution through other Financial Institutions with orders for other accounts managed by RK Financial (as described below). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, RK Financial may decline a client's request to direct brokerage if, in the Firm's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless RK Financial decides to purchase or sell the same securities for several clients at approximately the same time. RK Financial may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among RK Financial’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among RK Financial’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that RK Financial determines to aggregate client orders for the purchase or sale of securities, including securities in which RK Financial’s Supervised Persons may invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. RK Financial does not receive any additional compensation or remuneration as a result of the aggregation. In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when such account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, RK Financial may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist RK Financial in its investment decision-making process. Such research generally will be used to service all of the Firm’s clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client’s portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because RK Financial does not have to produce or pay for the products or services.

### **Software and Support Provided by Financial Institutions**

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RK Financial receives from Schwab and NATC, without cost to RK Financial, computer software and related systems support, which allow RK Financial to better monitor client accounts maintained at Schwab

and NATC. RK Financial receives the software and related support without cost because RK Financial renders investment management services to clients that maintain assets at Schwab and NATC. The software and support is not provided in connection with securities transactions of clients (i.e., not “soft dollars”). The software and related systems support may benefit RK Financial, but not its clients directly. In fulfilling its duties to its clients, RK Financial endeavors at all times to put the interests of its clients first. Clients should be aware, however, that RK Financial’s receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence RK Financial’s choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support or services.

Additionally, RK Financial may receive the following benefits from Schwab through its Schwab Institutional division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services the Schwab Institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

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

#### **Account Reviews**

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For those clients to whom RK Financial provides investment management services, RK Financial monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom RK Financial provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of RK Financial’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with RK Financial and to keep RK Financial informed of any changes thereto. The Firm 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**

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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 *RK Financial* 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 those they receive from *RK Financial* or an outside service provider.



Those clients to whom RK Financial provides financial planning and/or consulting services will receive reports from RK Financial summarizing its analysis and conclusions as requested by the client or as otherwise agreed to in writing by RK Financial.

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

### **Client Referrals**

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RK Financial is required to disclose any direct or indirect compensation that it provides for client referrals. RK Financial does not have any required disclosures in relation to this Item.

### **Other Economic Benefits**

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In addition, RK Financial is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

## **Item 15. Custody**

RK Financial's Agreement and/or the separate agreement with any Financial Institution generally authorize RK Financial through such Financial Institution to debit the client's account for the amount of RK Financial's fee and to directly remit that management fee to RK Financial in accordance with applicable custody rules.

The Financial Institutions recommended by RK Financial have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to RK Financial. In addition, as discussed in Item 13, RK Financial also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from RK Financial.

## **Item 16. Investment Discretion**

In certain circumstances, RK Financial is given the authority to exercise discretion on behalf of clients. RK Financial is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. RK Financial is given this authority through a power-of-attorney included in the agreement between RK Financial and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold).

RK Financial 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**

RK Financial is required to disclose if it accepts authority to vote client securities. RK Financial does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.

## **Item 18. Financial Information**

RK Financial is not required to disclose any financial information pursuant to this Item due to the following:

- 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 does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

## **Raskob Kambourian Financial Advisors, Ltd.**

Prepared by:



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*The Adviser's Advisor®*