

# Form ADV Part 2A Brochure

## Resources Investment Advisors, LLC

(Wealth Management Division)

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March 31, 2021

This Brochure provides information about the qualifications and business practices of Resources Investment Advisors, LLC (“Resources”). If you have any questions about the contents of this Brochure, please contact us at 877-742-2021. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or any state securities authority.

Resources is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information from which you can determine whether to hire or retain an adviser.

When a registered investment adviser provides investment advisory services, it is a fiduciary under the Investment Advisers Act of 1940 and has a duty to act in its clients’ best interest and to make full and fair disclosure to its clients of all material facts and conflicts of interest. The purpose of this Part 2A Brochure and individual Part 2B Brochure Supplements is to disclose those material facts and conflicts of interest.

Additional information about Resources is also available via the SEC’s website: [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

## **Item 2 – Material Changes**

This Brochure, dated March 31, 2021, represents the annual update to the firm’s brochure.

On January 21, 2020, the owners of Resources entered into a Unit Purchase Agreement to sell all their ownership interests in the firm to Digital Insurance LLC (d/b/a “OneDigital”), an Atlanta-based employee benefits consulting firm. Resources and its employed advisers are in the process of transitioning to OneDigital’s information technology platform but will continue to rely upon some of their existing software licenses. In addition, Resources and its employed advisers will begin using the assumed name of “OneDigital Investment Advisers” in 2021. However, Resources’ non-acquired, affiliated advisers will continue to refer to the company’s legal name in their client agreements and advertising.

Resources’ assets under management grew significantly in 2020, primarily as a result of the acquisition of the books of business from a number of previously independent investment adviser representatives. Resources will continue to purchase additional books of business in 2021.

Pursuant to SEC Rules, Resources will deliver a summary of any materials changes to this and subsequent Brochures to you within 120 days of the close of our fiscal year, as well as providing notices of material changes as necessary. All such information will be provided to you free of charge.

Resources’ Brochure may be requested by contacting 877-742-2021. Additional information about Resources is also available via the SEC’s web site [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with Resources who are registered as investment adviser representatives of the firm.

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#### **Item 4 – Advisory Business**

Resources is registered as an investment adviser with the United States Securities and Exchange Commission (CRD # 106766). Resources was organized as a corporation under the laws of the State of Missouri in 1987 and was converted to a limited liability company in 2018. Pursuant to a Unit Purchase Agreement dated January 21, 2020, Resources is now a wholly-owned subsidiary of OneDigital.

Resources provides investment advisory, investment management, and financial planning services to individual and institutional clients. Resources also provides investment advisory and management services to retirement plan clients, and those services are outlined in a separate brochure specifically tailored to the Retirement Plan Division.

Although some clients use Resources solely for investment advice, most clients rely upon the firm to actively manage their accounts for them. When Resources manages clients' accounts on a discretionary basis, it has the authority to make trades within those accounts without the clients' prior consent. However, the firm's investment management services are tailored to the individual needs of each client. That process usually begins by conducting an initial meeting with clients to determine their personal goals regarding each account and conducting a risk assessment profile to determine how much investment risk the clients are willing to incur. Based upon those considerations, clients will generally be categorized into an appropriate investment strategy.

Clients can impose specific restrictions on investing in certain securities or types of securities in their investment management agreement and are reminded to notify the firm of any new restrictions on a quarterly basis. In addition, Resources' investment adviser representatives typically attempt to hold investment review sessions with clients to discuss any adjustments clients desire to make to the investments in their accounts.

In 2018, Resources partnered with Charles Schwab & Co, Inc. ("Schwab") to offer a "robo" advisory platform. The purpose of this platform was to provide clients – especially those with smaller account balances – a cost efficient method of obtaining professional management of their investments. The platform provides for online enrollment but does not include annual face-to-face meetings with one of Resources' investment adviser representatives. Instead, Resources creates and manages the allocation models offered to participants in the robo advisory platform. In addition, Resources asks enrollees in the platform if they want to impose specific restrictions on investing in certain securities or types of securities and are reminded to notify the firm of any new restrictions on a quarterly basis. However, because the robo advisory platform is managed entirely through investment allocation models, those

participants who request such restrictions are required to transfer their account to Resources' traditional investment management platform, which will allow for that type of customization but will usually result in higher advisory fees.

Some of Resources' investment adviser representatives utilize turnkey asset management programs ("TAMPs") to allocate either all or certain segments of their clients' investments. In most cases in which a TAMP is used, Resources has discretion to determine which TAMP and/or which strategy will be used to manage the client's investment, including discretion to change those selections at any time. As a result, these client accounts are included in Resources' calculation of its regulatory assets under management ("RAUM").

As of December 31, 2020, Resources managed approximately \$64,797,868,905 in assets, of which approximately \$14,289,489,262 was managed on a discretionary basis and approximately \$50,508,179,643 was managed on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

Resources typically bases its annual advisory fee on a percentage of the total value of the assets in all of the accounts managed by RIA in a client's household. However, Resources does not utilize a uniform fee schedule. Much of Resources' growth in recent years has resulted from independent firms from around the country partnering with Resources to receive compliance, investment management, and practice management assistance. When those firms move their client accounts to RIA, they have already established an agreement with those clients regarding the appropriate price of their investment services. As a result, Resources does not dictate a set fee schedule for all clients.

Instead, the firm's investment adviser representatives have the flexibility to establish a fee schedule for each client based upon the total assets contained in the client's accounts, the types of investments held in the accounts, and the amount of time the representative believes he or she will need to spend in managing the accounts, so long as it does not exceed 1.75% of the assets under management. In addition, clients generally have the ability to negotiate the fee schedule that will be applied to their accounts. However, because Resources' robo advisory accounts are managed pursuant to investment allocation models created and maintained by Resources' Portfolio Management Team, the robo platform has a standard annual fee of 1.00% of the assets contained in the client's account.

Resources calculates the applicable fee for clients' accounts and forwards its calculations to the custodian. Because the advisory fee is based upon the assets in a client's account each pay

period (an amount that will likely change from pay period to pay period), clients should understand the stated percentage is not intended to represent an annualized fee applicable to the average total of assets within the accounts during a calendar year. Instead, the stated percentage, divided by the number of pay periods in a year, represents the percentage that will be deducted from the client's account each pay period. Resources can combine multiple accounts from within a household for purposes of determining the applicable breakpoints if a tiered fee schedule is used.

For accounts held at Schwab and Fidelity, Resources will typically collect its advisory fee in advance of the quarter in which the investment advice is given. For accounts custodied at TD Ameritrade, including those managed through FTJ FundChoice, the advisory fee is usually collected in arrears each month. For new accounts held at Schwab or Fidelity, Resources will usually pro-rate the first quarterly fee based upon the date the client's assets are transferred to the custodian. However, in certain circumstances, Resources will pro-rate the first quarterly fee based upon the value of the client's assets at the time Resources' management agreement became effective. If the advisory fee had been collected in advance and the agreement is terminated in the middle of a calendar quarter, any unearned fees paid in advance will be refunded to the client on a pro-rata basis. All of these provisions will be specified in the client's investment management agreement with RIA.

As noted in Resources' investment advisory or management agreements, Resources' advisory fee does not include any applicable taxes; confirmation fees for trades; custodial fees; brokerage commissions; transaction fees; charges imposed directly by a mutual fund, index fund, or exchange traded fund (as disclosed on the fund's prospectus); fees imposed by variable annuity providers (as disclosed in the annuity contract); certain deferred sales charges; odd-lot differentials; transfer taxes; wire transfer and electronic fund fees, as well as other fees imposed upon brokerage accounts and securities transactions.

Clients' accounts can be managed by Resources' Portfolio Management Team, Resources' investment adviser representative, or a TAMP. If the account is managed by an investment adviser representative, Resources will require the account to be enrolled in account management service (Orion) so it can monitor the account and calculate the advisory fee. Resources will also require the adviser representative to cover the cost of that service. However, the adviser representative can choose to pass along all, or a portion, of that fee to the client. In that event, this additional fee will be designated on the client's investment management agreement. If the account is managed by Resources' Portfolio Management Team, it will reduce the percentage of the advisory fee paid to the investment adviser representative and use those additional funds to cover the cost of the account management service – with the exception of accounts on Resources' "robo" advisory platform, which are charged an annual administrative fee to cover the costs of the account management service.

If the investment adviser representative utilizes a TAMP to manage all or any part of the client's account, the client will likely be required to enter into a separate agreement with the TAMP. If the TAMP agreement governs the terms under which the advisory fee will be collected, Resources' investment management agreement will only specify the fee it will collect from the TAMP. Specifically, if the TAMP collects a unified fee, it will forward the fee specified on Resources' investment management agreement with the client to RIA. Alternatively, Resources can collect the advisory fee and forward a portion to the TAMP, or the parties can charge separate management fees.

Resources or its representatives can act as a solicitor for certain TAMPs. In those instances, the TAMP will forward a portion of the advisory fee it collects to the firm and/or its adviser representative as a solicitor's fee. This creates an incentive for Resources' investment adviser representatives to recommend clients retain certain TAMPs based on the receipt of the solicitor's fee, which is a conflict of interest. However, if Resources or its representative is acting as a solicitor for another investment adviser, Resources will not charge an advisory fee and the client will be provided with a solicitor's disclosure statement detailing the arrangement. Conversely, Resources utilizes third parties as solicitors and pay them a portion of the advisory fee Resources collects as compensation for the referral.

Some of Resources' investment adviser representatives are also registered as representatives of Triad Advisors, LLC ("Triad") a securities broker-dealer (member FINRA/SIPC). As a result, these representatives can offer investment products and insurance company annuities for which they would be entitled to a sales commission, which creates a conflict of interest. However, Triad does not take custody of Resources' investment advisory accounts and, therefore, neither Triad nor Resources' investment adviser representatives collect any of the sales commissions (12b-1 fees or sub-TA fees) offered by mutual fund companies utilized in Resources' client accounts. In fact, Resources' investment adviser representatives typically recommend "no load" mutual funds or exchange traded funds, which do not offer sales commissions, when available to advisory clients.

In the event one of Resources' investment adviser representatives previously earned a commission on a product that is transferred into an account governed by an investment management agreement, Resources will – depending on the length of time between the initial sale of the product and its conversion to an advisory account - delay charging an advisory fee as an offset of the compensation it already received. If an investment adviser representative recommends the purchase of an investment product or annuity in an account that is not governed by an investment management agreement, the client should understand: 1) those services are not offered through Resources and it is not responsible for these recommendations; 2) those products can be purchased through a broker or agent that is not

affiliated with Resources; and 3) Resources' clients are under no obligation to accept and act upon its investment adviser representatives' recommendations regarding such products.

Some of Resources' investment adviser representatives also provide separate financial planning or investment consulting services. These services are separate from the firm's investment management services. As a result, these services will be provided pursuant to a separate contract and fee, which is usually based upon an hourly rate or flat fee. However, unlike their sale of commissioned-based investments as the representative of a broker-dealer, Resources is responsible for any financial planning and investment consulting services offered by its investment adviser representatives.

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

Resources does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client), and consequently does not simultaneously manage performance based and non-performance based accounts.

### **Item 7 – Types of Clients**

Resources offers portfolio management and advisory services to individuals, trusts, estates, endowments, foundations, charitable organizations, retirement plans, and business entities.

Resources has established a “robo” advisory platform in partnership with Schwab to provide online account opening services and standardized investment allocation models. This platform offers fewer benefits to clients than Resources' traditional platform. Specifically, clients are not permitted to impose restrictions on Resources' management of their investments and the services do not include face-to-face meetings with one of Resources' investment adviser representatives. For this reason, the robo platform is generally intended for accounts under \$250,000, but accounts must initially contain at least \$5,000 to be eligible. However, there is no requirement that investment adviser representatives utilize the robo platform for any particular client. In fact, those clients that want to impose restrictions on Resources' ability to manage the investments in their account – no matter how small their accounts may be - are illegible to participate in the robo platform.

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

Resources' investment advisers utilize risk questionnaires to determine clients' level of risk tolerance. For clients utilizing Resources' traditional platform, the results of the risk questionnaire can be supplemented with discussions with the client to determine the

appropriate investment allocation strategy. By contrast, clients utilizing Resources' "robo" advisory platform will automatically be placed in the investment allocation model that corresponds to the results of their online risk questionnaire.

Resources' investment adviser representatives will attempt to meet (or communicate via phone or Zoom) with clients on Resources' traditional platform at least annually to determine whether there have been any significant changes in their financial condition. If at any time the investment adviser representative believes there has also been a significant change in the client's risk tolerance, the client can be asked to complete a new risk questionnaire. By contrast, Resources' investment adviser representatives will generally not meet or communicate with clients on Resources' "robo" advisory platform after their account is established. Instead, Resources will email clients annually to ask if there have been any significant changes in their financial condition or risk tolerance.

The investment strategy utilized by Resources' Portfolio Management Team and most of its investment adviser representatives is consistent with the tenets of Modern Portfolio Theory and is intended to reduce risk and volatility by building globally diversified portfolios. To implement this strategy, Resources typically recommends the use of no-load mutual funds, exchange traded funds (ETF's), government securities, individual stocks and bonds, and other types of securities. In addition, some of Resources' investment adviser representatives utilize TAMPs to manage all or certain market segments to build a diversified portfolio.

Resources' Portfolio Management Team manages client accounts through a series of investment allocation models. These models range from Aggressive to Conservative based upon the allocation between equities and debt securities. For example, the Aggressive Model is benchmarked against an index in which 80% of the assets are invested in equities and 20% are invested in debt securities. However, that does not mean clients invested in Resources' Aggressive Model will always be maintained in an 80-20 ratio. Instead, Resources' Portfolio Management Team will adjust those ratios based upon their interpretation of current market conditions. In addition, Resources' Portfolio Management Team can adjust the models to respond to restrictions imposed by individual clients, such as requests not to sell certain investments already contained in the client's portfolio. For clients utilizing Resources' "robo" advisory platform, Resources' Portfolio Management Team will develop and maintain a series of investment allocation models that are similar (but not necessarily the same) as those used for clients on Resources' traditional platforms.

Several of Resources' investment adviser representatives utilize alternative investment strategies. This includes a deep value commodities strategies, which seeks to generate higher returns by investing in certain commodities (gold, silver, coal, etc.) that have low price to

equity ratios (“PE ratios”). In addition, some advisers use options or frequent trading based upon perceived market conditions as hedging strategies intended to protect against significant downturns in the market. Clients whose accounts utilize these strategies need to understand their allocations are not consistent with the tenets of Modern Portfolio Theory in that their investments are not diversified over a broad spectrum of industries and it is very difficult to accurately predict the direction of market prices – especially in the short term. As a result, while these strategies could result in greater investment gains or offset market downturns, there is no guarantee they will work as planned and these strategies are inherently more risky than a strategy that is consistent with the tenets of Modern Portfolio Theory.

In order to broaden its perspective, in 2019 Resources’ Portfolio Management Team formed the Resources Investment Strategic Council (“RISC”), which is comprised of a limited number its own employees and those of its affiliates who are focused on investments. The RISC and those investment adviser representatives who manage their own client accounts conduct research to identify and evaluate investment options they feel would be appropriate to represent various asset classes and investment styles in clients’ portfolios. This includes evaluating the performance of existing investments utilized in the client’s account or Resources’ investment allocation models to determine if they continue to be appropriate. However, clients must remember that investing in securities involves risk of loss, which they should be prepared to bear. These risks include market risk, interest rate risk, currency risk, and political risk, among others. No investment strategy, nor the use of a TAMP, can assure a profit or avoid a loss, and Resources does not guaranty any level of investment returns.

## **Item 9 – Disciplinary Information**

Resources and its “management persons” are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of the firm or the integrity of its management, such as criminal convictions or violations of securities laws. (A “management person” is generally defined as any of the firm’s principal executive officers and members of the firm’s investment committee.) Neither Resources nor any of its executive officers and investment committee members are currently subject to, or have ever been subject to, any material events resulting from legal or disciplinary action. The investment adviser representatives working on a client’s account are also required to disclose any such events in their biographies, which are provided to clients in a separate document (ADV Part 2B).

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

Resources employs some of its investment adviser representatives, while others are employed by, or acting as independent contractors for, independent financial services firms that operate under their own brand name. Because those independent financial services firms are not licensed investment advisers, their employees and independent contractors register through Resources to provide their investment advisory services. However, regardless as to whether they are acting as employees or independent contractors, Resources is statutorily responsible for supervising the investment advisory activities of its investment adviser representatives and is directly liable to its clients for the advice they provide.

Some of Resources' investment adviser representatives are registered representatives of Triad and, in that capacity, can recommend securities for individuals or entities who are also clients of RIA. In that event, Triad will typically pay these individuals a portion of the brokerage commissions received for products they sell, which creates a conflict of interest. However, Resources' investment adviser representatives are not permitted to collect commissions on investment products purchased within the client's investment advisory account. In addition, clients are free to choose not to implement the representative's recommendation or to purchase these products from another registered representative or broker-dealer.

Some of Resources' investment adviser representatives are licensed insurance agents and, in that capacity, can recommend the purchase of insurance products, such as fixed or variable annuities, for individuals or entities who are also clients of RIA. In that event, the insurance company will pay these individuals a sales commission for the products they sell. This creates a conflict of interest, and clients should understand Resources does not have a duty to monitor insurance products offered by its investment adviser representatives (unless the investment adviser representative provides ongoing management of the investments within a variable annuity). In addition, clients are free to choose not to implement the representative's recommendation or to purchase these products from another authorized individual.

Resources has relationships with entities that have agreed to provide client referrals or have agreed to pay Resources for referring clients to it. This creates a conflict of interest. However, before Resources will pay or receive a referral fee, it will enter into a solicitor's agreement with that entity or individual and require the solicitor to provide each prospective client with a solicitor's disclosure form, which details the arrangement.

## **Item 11 – Code of Ethics**

### **Code of Ethics**

In compliance with Rule 204A-1 of the Investment Advisors Act, Resources has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. The Code of Ethics describes the firm's fiduciary duties and responsibilities to clients by requiring compliance with applicable securities laws, including those that protect the confidentiality of client information, require the reporting of personal securities transactions, and prohibit trading on insider information. Each of Resources' "access persons" is required to acknowledge receipt of the firm's Code of Ethics within ten (10) business days of joining the firm. In addition, each access person is required to annually acknowledge that their continued employment is contingent upon their compliance with its terms. Resources will provide a complete copy of its Code of Ethics to any client upon request.

### **Trading Conflicts of Interest**

Resources' access persons are permitted to buy or sell securities for their personal accounts that are identical to transactions recommended to clients. However, in order to address potential conflicts of interest, Resources prohibits its access persons from trading a security in their personal accounts, if they reasonably believe the security will be purchased or sold in a client's account, until the completion of all anticipated trading in that security for client accounts has occurred for that day. This prohibition only extends to transactions initiated by the access person, though, and does not apply to block trades or in accounts managed pursuant to the investment allocation models maintained by Resources' Portfolio Management Team (in which case transactions in the access person's account are conducted on the same basis as other accounts) or accounts managed by a turnkey asset management program.

For this reason, Resources requires its access persons to disclose their holdings of "reportable securities" annually and transactions in such securities each quarter. ("Reportable securities" do not include shares of mutual funds or government-issued securities.) Those reports are then reviewed by Resources' Compliance Department to ensure its access persons are not engaging in "front-running" or other prohibited acts which put their interests ahead of those of its clients. Resources also requires its access persons to obtain prior approval from its Chief Compliance Officer before investing in any limited investment opportunities (i.e., initial public offerings or shares in a thinly traded security) so they do not appropriate a trading opportunity that should rightfully belong to Resources' clients. Finally, before an access person can invest in a publicly-held company that is a retirement plan client of RIA, the access person must confirm that any trading decision is not based upon nonpublic, insider information.

### **Item 12 – Brokerage Practices**

Resources does not maintain physical custody of any client accounts or any assets within them. Instead, clients are required to deposit assets at a broker-dealer, investment company, or another financial institution that meets the definition of a “qualified custodian” under Rule 206(4)-2(c)(3) of the Investment Advisors Act. As a result, clients are required to complete all documentation required by the applicable custodian for each account, including the appropriate new account documentation, if necessary. While Resources does not open custodial accounts for its clients, it assists them in doing so.

In the event a broker-dealer is selected as the custodian of the client’s account, Resources will process all trades in the account through that custodian. While clients generally designate the custodian of their accounts on the investment advisory or management agreement, Resources seeks to limit the custodians which hold its client’s assets due to the complexity associated with managing accounts on multiple custodial platforms. At this time, Schwab, TD Ameritrade, and Fidelity (“Custodial Partners”) serve as custodians of Resources’ investment management accounts – unless the accounts are managed by TAMP, in which case it usually requires the funds to be held with a particular custodian. Resources recommends the Custodial Partners to its clients based upon the quality and types of services they offer, their overall capability, execution quality, competitiveness of transaction costs, the investment research they make available to Resources and its clients, and their reputation and financial stability, among other things. That being said, Resources has and will continue to consider other potential custodians requested by clients or utilized by firms seeking to affiliate with it.

Because some employees of Resources are registered as representatives of Triad, it has a duty to oversee certain aspects of our investment advisory activities. Resources pays Triad an oversight fee for certain types of investment advisory accounts. However, Triad will waive the oversight fee for any of Resources’ investment advisory services custodied at National Financial Services (“NFS”), with whom it has an arrangement. This would create a conflict of interest by providing a financial incentive for Resources to custody client accounts at NFS. However, Resources has generally not utilized NFS as custodian for its client accounts. Instead, almost all of Resources’ client accounts are custodied with one of the Custodial Partners.

Clients should understand the Custodial Partners provide products and services to RIA, including the following:

Services that Benefit Clients. The Custodial Partners’ brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products offered through the Custodial Partners could include some to which clients might not otherwise have access or that would require a

significantly higher minimum initial investment. In addition, when independent firms affiliate with Resources and recommend their clients transfer their accounts to a Custodial Partner, that Custodial Partner will often offer transition assistance to Resources which is typically used, in part, to cover the account termination fees charged by the clients' incumbent custodian. In addition, the Custodial Partners provide free trading during the transition period so clients do not incur trading costs in establishing their accounts. The Custodial Partners also occasionally provide free trading days to enable Resources to make adjustments to its investment allocation models, which saves clients' money.

Services that Do Not Directly Benefit Clients. The Custodial Partners also make available other products and services that benefit Resources but do not generally benefit clients' accounts directly. These products and services that assist Resources in managing and administering its client accounts, such as investment research, which Resources can use to service all or some substantial number of its client accounts, including accounts not maintained at the Custodial Partner who is providing the research. In addition to investment research, the Custodial Partners also make 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 our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

Services that Generally Benefit Only RIA. The Custodial Partners also offer other services intended to help Resources manage and further develop its business enterprise. These services include:

- travel expenses for Resources' investment adviser representatives and/or staff to attend educational conferences and events or to serve as members of the Custodial Partner's advisory committee;
- sponsorship of Resources' conferences and client marketing 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.

Custodial Partners can provide some of these services themselves. In other cases, they

will arrange for third-party vendors to provide the services to RIA. These Custodial Partners also provide Resources' staff and investment adviser representatives with other benefits such as occasional meals or business entertainment.

Resources' receipt of these benefits creates a conflict of interest because they relieve the firm from paying for these items or producing them itself. As result, the receipt of these benefits makes it more likely Resources will recommend these companies as the custodian for its clients' accounts. However, Resources believes its recommendation of these companies to serve as the custodians and brokers on its clients' accounts is in the best interests of its clients, based upon the scope, quality, and price of their services that benefit them, as opposed to the services that only benefit it.

### **Item 13 – Review of Accounts**

Resources' Portfolio Management Team and its investment adviser representatives monitor market conditions on a daily basis. In addition, members of the RISC meet periodically to review current market conditions and discuss potential changes to the investment strategies used in Resources' investment models.

As part of the initial negotiation a client's management agreement, the investment adviser representative and the client will discuss how frequently the parties will meet to conduct a formal investment review the accounts. Those meetings generally take place on an annual, semi-annual or quarterly basis, depending upon the size of the account and the client's time commitment to participate in such reviews. Additional client reviews can be triggered by a specific client request or by a change in market or economic conditions. However, as noted above, Resources' investment adviser representatives generally do not meet with clients participating in Resources' "robo" advisory platform. While the investment adviser representatives will periodically review the performance of their clients' investments, clients are advised that it remains their responsibility to notify their adviser of any changes in their investment factors, including their investment objectives, financial situation, or family and work situations.

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

As noted in Item 12, above, Resources receives economic benefits from the custodians of its customers' accounts in the form of the support, products, and services. However, these offers of products and services are not based on the willingness of Resources or its investment adviser representatives to provide any particular investment advice to their clients, such as recommendations to purchase any particular securities products.

Resources and its investment adviser representatives receive direct or indirect compensation from other third parties, such as companies that offer investment products. This compensation includes payments for Resources' investment adviser representatives and/or other associated persons to attend educational and marketing seminars, gifts valued at less than \$100 annually, an occasional meal, or ticket to a sporting event. In addition, Resources maintains a Strategic Partners Program, pursuant to which certain investment product and service providers provide funds that are used to sponsor educational seminars and/or client marketing events conducted by Resources. While this creates a conflict of interest, the program does not require Resources to favor the Strategic Partners over firms that do not participate in the program when recommending or selecting any products or services. In addition, Resources maintains records of all such payments, and those records are available for inspection at a client's request.

As referenced above, Resources sometimes pays individuals or entities to refer clients to it. However, these solicitor agreements are structured to be in compliance with applicable securities laws, which include the existence of a formal contract between Resources and the solicitor. Pursuant to that contract, the solicitor is required to provide each potential client with a disclosure statement, which describes the specific relationship between Resources and the solicitor – including the compensation that will be paid to the solicitor - prior to or at the time the client enters into an investment advisory or management agreement.

## **Item 15 – Custody**

Resources requires clients to designate an unaffiliated “qualified custodian” to hold the assets in their accounts. Although Resources does not hold these assets, it is deemed by statute to have a form of custody if it calculates the applicable advisory fee and has authority to instruct the custodian to deduct the fee from the client's account and remit it to Resources – as Resources does with accounts custodied with the Custodial Partners.

Resources' investment management agreement also includes a limited power of attorney to permit us to make securities trades and other transactions on our clients' behalf. However, that limited power of attorney will not give Resources the authority to transfer funds out of the client's account. Similarly, the agreements clients sign with the Custodial Partners grant Resources the authority to undertake certain actions in their accounts on a discretionary basis. However, the authority granted in those agreements does not provide Resources with the ability to transfer funds out of the client's account to a third party without the client's prior permission.

Clients will receive account statements directly from the account's custodian not less frequently than each calendar quarter, which will detail all activity and list any fee

deductions noted above. These reports will be sent to the email or postal mailing address provided by the client, and they should carefully review those account statements to ensure they accurately reflect the assets that should be in the account.

### **Item 16 – Investment Discretion**

For most client accounts, Resources has discretionary authority to manage the investments within the account. The investment management agreement provided to the client will include a limited power of attorney that outlines the specific authority Resources will have to initiate investment transactions in the client's accounts.

Specifically, Resources will have the authority to:

- i. buy, sell, and trade securities (stocks, bonds, options, etc.);
- ii. place, withdraw, or change transaction orders or instructions with the account's custodian;
- iii. instruct the custodian as to which cost basis formula to apply to each account; and
- iv. enter into securities repurchase and securities reverse repurchase transactions.

However, Resources manages each client's account consistent with the client's investment objectives, which are established at the opening of the account but are subject to change at any time at the client's direction. In addition, clients can designate specific restrictions on the investments to be held in their accounts on the account management agreement and are reminded each calendar quarter to notify Resources of any changes they want to make to those restrictions.

### **Item 17 – Voting Client Securities**

Resources will not accept authority vote on securities held in client accounts (i.e., proxy requests). In addition, it generally does not take any action or render advice with respect to the voting of proxies, unless it believes the advice is appropriate and necessary.

### **Item 18 – Financial Information**

Registered investment advisors are required in some cases to provide certain financial information and or disclosures about financial condition. For example, if Resources required clients to prepay advisory fees six months or more in advance, had a financial condition that was reasonably likely to impair its ability to meet its contractual commitments to its clients, or had been the subject of a bankruptcy petition during the past ten (10) years, it would be required to include certain financial information and make disclosures.

However, none of these factors are applicable to RIA, so no such disclosures are necessary.