

ADV Part 2A: Firm Brochure

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This brochure provides information about the qualification and business practices of RNC Genter Capital Management. If you have any questions about the contents of this brochure, please contact us at 1-310-477-6543, or by email at adv@rncgenter.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

RNC Genter Capital Management is an investment adviser registered with the Securities and Exchange Commission ("SEC"). Being registered with the SEC does not imply a certain level of skill or training.

Additional information about RNC Genter Capital Management is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

Material Changes since the Last Update

There have been no material changes to RNC Genter Capital Management since the last brochure dated June 30, 2020.

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Advisory Business

Firm Description

RNC Genter Capital Management ("RNC or RNC Genter") was originally founded in 1968 for the express purpose of managing investments using the common stocks of large and medium capitalized corporations, government fixed income, and investment grade corporate and municipal fixed income. The firm is a Registered Investment Adviser under the Investment Advisers Act of 1940 and has been continuously and actively engaged in the investment management business since its inception.

Principal Owners

RNC Genter is 100% owned by Genter Capital LLC. Mr. Daniel J. Genter is the principal owner of Genter Capital LLC.

Types of Advisory Services

RNC Genter furnishes "investment supervisory services," defined as the giving of continuous advice to clients about the investment of funds on the basis of each client's individual needs and objectives.

RNC acts as investment adviser to the RNC Genter Dividend Income Fund (GDIIX).

RNC offers a broad range of portfolio strategies ranging from equity to a variety of fixed income products, to include municipal bonds. These styles are designed to meet the risk profiles of our many clients. Client may impose restrictions on the portfolios managed by RNC; *please refer to the section entitled Investment Discretion for more information.*

RNC has also established arrangements where it acts as a sub-advisor on certain accounts or provides model portfolio recommendations to other investment advisers. Services and fees for these arrangements will be negotiated.

Wrap Fee Program

RNC participates in certain programs where a client enters into an agreement with RNC and a registered broker/dealer either directly or indirectly through an affiliate. The client is charged a combined fee (referred to as a "wrap fee") based upon a percentage of the market value of the account, which generally covers all services for:

- 1) selection of program;
- 2) the investment advisers' fee to manage the client's portfolio on a fully discretionary basis;
- 3) brokerage commissions and, in some instances, dealer mark-ups or mark-downs for the execution of trades by the designated broker;
- 4) acting as custodian for the assets in the client's portfolio which also includes providing the client with trade confirmations and monthly statements;
- 5) periodic evaluation and comparison of account performance; and
- 6) continuing consultations on investment objectives.

However, there are some programs where some of these fees are not covered, but are charged separately. RNC receives a portion of this “wrap fee” for providing investment supervisory services. In some cases, RNC’s advisory fee is a separate fee.

For Fixed Income accounts, all wrap accounts are traded with non-wrap accounts; *please refer to the section entitled Order Aggregation for information on blocking transactions*. For Equity accounts, wrap accounts are traded on a rotational basis with non-wrap accounts.

Assets Under Management

As of December 31, 2020, RNC has a total of \$5.0 billion of assets under management, including \$858 million of model portfolio assets not included on the Firm’s ADV Part 1.

Fees and Compensation

Description

Fees are payable annually in advance at the beginning of each annual management period. Fees will be based on the total market value of the account. Net additions during the year will be billed on a pro-rated basis. A nonrecurring, non-refundable one time set up fee of \$250 is payable in advance. RNC Genter has a minimum annual fee of \$4,750 for accounts below the standard minimum. The standard fee schedule for all of RNC Genter’s products is as follows:

| <u>Accounts under \$3 million</u> | <u>Fee</u> |
|---|-----------------------|
| First \$200,000 | 2.00% |
| Next \$200,000 | 1.50% |
| Next \$2,600,000 | 1.00% |
| <u>Accounts over \$3 million</u> | <u>Fee</u> |
| First \$5,000,000 | 1.00% |
| Over \$5,000,000 | 0.75% |
| <u>Fixed Income Accounts</u> | <u>Fee</u> |
| \$1,000,000 minimum account size | 0.50% |

Fees may be discounted or negotiated at RNC’s discretion. As an example, consideration may be given, in some circumstances, to the combination or related accounts for the purpose of meeting fee break points as well as fee reductions for accounts that are represented by independent professional business managers. RNC occasionally accepts smaller accounts at its discretion, but may require a minimum fee on such accounts. Smaller accounts are more difficult to diversify and often do not have the same number of securities as larger accounts in the same strategies. In addition, the fees as a percentage of assets under management will be higher than other clients. RNC has a customized fee arrangement with an advisory client to which RNC provides certain non-discretionary investment related services. RNC has

older existing client relationships pursuant to prior fee schedules that are no longer in effect. Thus, fees being charged to existing clients may be different than the fees set out in the current fee schedule.

Clients may terminate an investment advisory contract at any time by delivering thirty (30) day, prior written notice to RNC and will receive a pro-rated refund of management fees previously paid to RNC.

Direct Debit of Fees

RNC has the ability to directly debit fees from client accounts. Currently, the investment management agreement stipulates the direct debit of fees from the client accounts. Clients have the option to have their fees billed separately or at specific periodic intervals, by making prior arrangement with RNC.

Other Fees

RNC may invest client assets in one or more pooled investment vehicles, such as mutual funds and exchange-traded funds (including mutual funds managed by RNC), if such investments are consistent with the investment objectives and policies of the client accounts involved. If RNC makes such an investment on behalf of its clients, those clients will be responsible, indirectly as investors in the pooled investment vehicles, for a portion of the operating expenses of the pooled investment vehicles in which they are invested, in addition to the advisory fees those clients pay directly to RNC. In effect, those clients would be paying multiple advisory fees. If the mutual fund in which a client is invested is also advised by RNC, and/or RNC receives an asset-based fee for providing certain shareholder services, then the multiple fees will inure directly to RNC's benefit.

Clients may incur fees in addition to the management fees paid RNC Genter. This can include brokerage commissions and other custodian fees. *Please refer to the section entitled Brokerage Practices for more information.*

Performance-Based Fees

RNC Genter does not receive performance-based fees.

Types of Clients

Description

RNC has many types of clients including but not limited to pension and profit sharing plans, investment companies, foundations, endowments, individuals, trusts, corporations, charitable organizations, and State or local government entities and their respective agencies.

Account Minimums

RNC has a minimum account size of \$1 million for fixed income accounts. It may negotiate the account size on others and may set separate minimums for sponsored programs *as discussed in the section entitled Fees and Compensation.*

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Both fundamental and quantitative valuation factors are considered in establishing positions in securities and in monitoring their progress. The firm is very interested in the future prospects of the company and the industry in which it competes. The firm is interested in the quality of a company or entity, its financial soundness, and especially its value and relative attractiveness as an investment. RNC is very conscious of the difference between a “good” company and an attractive security and uses various fundamental and valuation tools in the selection of issues and the timing of purchases and sales. The sale of an issue is considered to be as important as its purchase in the total investment process. The fixed income process uses quantitative techniques to control risk including but not limited to duration management and break-even analysis (in conjunction with historical and fundamental data) in identifying the appropriate quality and sector spreads. In addition, return analysis is performed using various interest rate scenarios and time horizon studies along with other relevant considerations. There is no single source of investment ideas. A great deal of research information and reports comes from outside sources. RNC also does its own internal research and evaluation of a company’s prospects. The firm uses outside research as a potential source of investment ideas and as a means of monitoring changing expectations for various industries and companies. The principal sources of information include financial newspapers and magazines, brokerage firm reports, presentations by brokerage firm analysts, presentations by companies, company annual reports and news releases, databases, rating services, financial market information services (FactSet, Bloomberg, etc.), inspections of corporate activities, prospectuses and filings with the Securities and Exchange Commission.

Investment Strategies

Generally, RNC provides investment advice on both equity and fixed income securities. Equity securities may include (but are not limited to) common stock - both exchange-listed and over-the-counter stock, listed American Depositary Receipts, warrants, convertibles, and investment company securities. Fixed income securities include (but are not limited to) corporate debt securities, internationally issued bonds, commercial paper, bank certificates of deposit, municipal securities, and United States Treasury and government agency securities. The firm generally does not provide investment advice on futures contracts and/or interests in partnerships.

Within the overall investment decision-making process, the Investment Policy Committee sets general strategic guidelines for RNC. The portfolio managers translate these guidelines in a manner appropriate to the risk objectives of the accounts for which they are responsible. RNC seeks to anticipate and capitalize on major market cycles although it is not likely to make abrupt, dramatic changes. However, the prices of individual securities are closely monitored while fundamentals and expectations, etc. are constantly reexamined.

Risk of Loss

Although RNC Genter makes every effort to preserve each client's capital and achieve real growth of wealth, investing in the stock or bond markets involves risk of loss that each client should be prepared to bear.

Clients entering into a management agreement with RNC Genter should be aware that stock and bond values fluctuate. Generally, their worth is based directly on the performance of the specific company. Individual stock values will also be impacted by the general movement of the stock market. Clients should be aware that when investing in stocks, the risk of significant loss exists. The value of bonds is subject to movements in interest rates, along with the all-important structure and the credit characteristics of the individual securities. Clients investing in bonds should be aware that there is moderate risk of loss. The value of both stocks and bonds are influenced by economic conditions both domestically and globally.

Disciplinary Information

Legal and Disciplinary

RNC Genter has not been subject to any legal or disciplinary events.

Other Financial Industry Activities and Affiliations

Financial Industry Activities

RNC is not engaged in any business or profession other than acting as an investment adviser. It does not offer to sell any type of product, other than investment advice concerning securities to clients.

Affiliations

RNC Genter Capital Management and Genter Advisors LLC, a registered investment adviser, are both wholly owned subsidiaries of Genter Capital LLC. Under Genter Advisors' separate account management program, Genter Advisors may select RNC Genter Capital Management to manage the assets of certain clients of Genter Advisors. If RNC is selected as the investment adviser, those clients will be responsible for the fees charged by RNC as well as the fees charged by Genter Advisors. Thus Genter Advisors and RNC may directly receive multiple fees for selecting RNC as an investment adviser to manage client assets under the separate account management program.

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

Code of Ethics and Personal Trading

RNC has adopted a written Code of Ethics designed to address the confidentiality of client transactions, insider trading and potential conflicts of interest that may arise with regard to personal trading.

RNC Code of Ethics requires, among other things, the following:

- Employees should observe maximum confidentiality with respect to the portfolio and research activities of RNC's clients and that all records of client transactions are kept in a secure manner and shall not be released to anyone other than authorized persons;
- Policy prohibiting employees from insider trading;
- Employees may not serve as officer or director of a publicly traded company without prior approval;
- Subject to certain limited exceptions that RNC believes do not create a conflict between interests of its clients and its employees, employees may not purchase or sell any security on the same day that a client is purchasing or selling the same security;
- Access Persons must obtain prior approval before directly or indirectly acquiring any securities in an initial public offering or a limited offering;
- Compliance with applicable provisions of the federal securities laws.

RNC Code of Ethics also requires employees to:

- report personal securities transactions on at least a quarterly basis, and
- provide a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which the employee has a direct or indirect beneficial interest.

A copy of RNC Code of Ethics shall be provided to any client or prospective client upon request.

Participation or Interest in Client Transactions

RNC officers, directors and employees (and their immediate family members) are permitted to buy and sell securities for their own personal investment accounts provided they comply with the Code of Ethics' procedures and reporting requirements which are designed to prevent any potential conflict of interest with client transactions. RNC believes that these procedures are adequate to prevent any intentional or inadvertent conflict of interest. However, it is possible that, from time to time, RNC may recommend to clients, or purchase for or sell from clients' portfolios, securities that are also held in the personal investment portfolios of RNC officers, directors and employees.

RNC officers, directors and employees (and their immediate family members) are permitted to open managed investment accounts with RNC. Such accounts are managed in accordance with policies and procedures for RNC client accounts.

Thus, RNC portfolio managers have discretionary authority to make determinations regarding which securities are to be bought or sold; the total amount of the securities to be bought or sold; through which broker securities are to be bought or sold; and the commission rates at which securities transactions are effected. Such accounts may be included in block trades (aggregate orders for several or more clients). If such accounts participate in a block trade, they will receive the average share price and a pro rata portion of the transaction costs on the trade. *See additional information on RNC's Brokerage Practices below.* RNC believes that its procedures and reporting requirements for officers, directors and employees are adequate to prevent such accounts from being favored over any other client account.

Brokerage Practices

Selecting Brokerage Firms

RNC considers the full range and quality of the broker's services in selecting/approving brokers to meet best execution obligations which include:

1. Ability to provide anonymity
2. Promptness of execution
3. Access to inventory in case of fixed income, or access to multiple centers and alternative networks in case of equity
4. Best available price; competitive bids/offers
5. Trader has adequate backup
6. Financial stability/business reputation
7. Fairness in resolving errors
8. Overall responsiveness, communication, etc.
9. Other factors

Best Execution

RNC has the obligation to seek "best execution" when it places trades with broker-dealers. Best execution entails the efficient placement of orders, clearance, settlement and the overall quality of execution as well as the cost of the transaction.

RNC monitors transaction results as orders are executed to evaluate the quality of execution provided by the various brokers and dealers it uses, to determine that compensation rates are competitive and otherwise to evaluate the reasonableness of the compensation paid to those brokers and dealers in light of all the factors described above.

Soft Dollars

RNC generally pays higher commission rates for equity transactions to obtain research services and products. This practice of using client brokerage to generate "soft dollar" credits which benefit RNC in providing advisory services creates a conflict of interest. For this reason, RNC carefully evaluates the value of the products and services it receives on a "soft dollar" basis to ensure that RNC is receiving good value in relation to the higher commissions paid and to ensure that the products and services are

useful to RNC in performing its advisory duties to the benefit of its clients. RNC does not believe that the quality of executions or prices obtained are adversely affected by this practice.

Research services and products include tangible research products, (publications or writings as to the value of securities, the suitability of securities, recommendation of purchase or sale of securities, analysis and reports concerning issuers, industries, economic factors and trends, portfolio strategy, client objectives, and the performance of accounts) as well as direct access to analysts and traders. In addition, a broker may provide RNC with products such as software products and programming that can be used to perform research activities.

Research services and products frequently benefit many clients' accounts. It is impractical to allocate the benefits among clients. Thus, research services and products may be used in servicing all the firm's clients, and not all such services may be used by RNC in connection with the client(s) who paid commission to the broker providing such services.

Over-the-counter ("OTC") equity transactions are occasionally effected on a principal basis directly with market maker firms. These market maker firms are compensated through the principal "spread," and may also charge related transaction fees. However, in order to obtain additional research and brokerage services on a "soft dollar" basis, and in order to obtain other qualitative execution services that RNC believes are important to best execution, RNC places over-the-counter ("OTC") equity transactions with specialized broker-dealers with which RNC has a "soft dollar" credit arrangement, and that execute such transactions on an agency basis ("an OTC broker"). When RNC uses OTC brokers to execute OTC equity transactions on an agency basis, RNC will take steps intended to ensure that the prices obtained in such transactions are competitive with the prices that could have been obtained had the transactions been conducted on a principal basis (i.e., directly with market maker firms). However, the total cost (i.e., price plus/minus commission) of executing an OTC equity transaction through an OTC broker on an agency basis will generally be less favorable than that of executing the same transaction directly with a market maker firm on a principal basis because the OTC broker will receive a commission for its services including for the provision of research products, services or credits. RNC will take steps intended to ensure that these commissions paid are reasonable in relation to, among other things: (i) the value of all the brokerage and research products and services provided by that OTC broker and (ii) the quality of execution provided by that OTC broker. Accordingly, RNC uses OTC brokers to effect OTC equity transactions for its clients where the total cost is, in RNC's opinion, reasonable, but not necessarily the lowest total cost available.

Directed Brokerage

The client should be aware that directing brokerage may result in the client not being able to participate in an allocation of share/par value of a stock, convertible or bond if such issue is being offered by another broker or dealer. Subject to the foregoing, the client's designation of a broker and the negotiated rate of commission agreed upon between the two parties will generally be honored.

In cases where commission rates are not negotiated because of a client instruction, the client should also be aware of and should take into consideration the following:

- 1) a conflict of interest may exist to the extent RNC receives or may receive referrals from the broker or dealer;

- 2) the client may pay higher commission rates due to RNC's inability to fully negotiate the commission rate and/or obtain volume discount when the client's transaction is combined with those of other clients and traded as a "block";
- 3) execution of all trades for the client by one broker or dealer could result in failure to receive the best execution in some transactions; and/or
- 4) the clients' instructions may restrict RNC's ability to allocate brokerage to receive research-related products and services which may be of benefit to the client's account and to other accounts.

Brokerage for Client Referrals

RNC receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through RNC's participation in Schwab Advisor Network ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with RNC. Schwab does not supervise Advisor and has no responsibility for RNC's management of clients' portfolios or Advisor's other advice or services. RNC pays Schwab fees to receive client referrals through the Service. RNC's participation in the Service may raise potential conflicts of interest described below.

RNC 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 RNC is a percentage of the fees the client owes to RNC or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. RNC 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 RNC quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by RNC and not by the client. RNC has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs RNC charges clients with similar portfolios who were not referred through the Service. RNC 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 onetime 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 RNC generally would pay in a single year. Thus, RNC 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 RNC's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, RNC 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 RNC's fees directly from the accounts.

For accounts of RNC's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from RNC'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, RNC may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. RNC 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 RNC'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 with other broker-dealers.

RNC may recommend that clients establish brokerage accounts with the Schwab Institutional Division of Charles Schwab & Co. (Schwab), a registered broker-dealer, Member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Schwab provides RNC with access to its institutional trading and operations services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets is maintained in accounts at Schwab Institutional and is not otherwise contingent upon Advisor committing to Schwab Institutional any specific amount of business (assets in custody or trading). Schwab's services include brokerage, custody, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Schwab Institutional also makes available to RNC other products and services that benefit RNC but may not necessarily benefit its clients' accounts. Some of these other products and services assist RNC in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), pricing information and other market data, facilitate payment of RNC's fees from its clients' accounts, and assist with back-office support, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of RNC's accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional may also provide RNC with other services intended to help RNC manage and further develop its business enterprise. These services may include consulting, publications, conferences and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services to RNC by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to RNC. While as a fiduciary, RNC endeavors to act in its clients' best interests, and its recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to RNC of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

RNC participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an unaffiliated SEC registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. RNC receives some benefits from TD Ameritrade through its participation in the program.

Under the TD Ameritrade's Institutional program, RNC may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between RNC's participation in the program and the investment advice it gives to clients, although it receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; access to a trading desk serving advisor participants; access to block

trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, and practice management products or services provided to RNC or its related persons by third party vendors. Some of the products and services made available by TD Ameritrade through the program may benefit RNC but may not benefit its client accounts. These products or services assist RNC in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help RNC manage and further develop its business enterprise. Additionally, RNC may receive discounts, through the participation in this program, on compliance, marketing, technology, and practice management products or services provided by third party vendors. These benefits do not depend on the amount of brokerage transactions directed to TD Ameritrade. The receipt of such economic benefits creates a potential conflict of interest; however, RNC endeavors at all times to put the interests of its clients first, in fulfillment of its fiduciary responsibilities.

RNC may receive client referrals from TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC, through its participation in TD Ameritrade AdvisorDirect (the "referral program"). In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, RNC may have been selected to participate based on the amount and profitability of the assets, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with RNC and there is no employee or agency relationship between them. TD Ameritrade has established the referral program as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise nor does it have the responsibility for RNC's management of client portfolios or other services. RNC pays TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to RNC or a standard tiered basis points structure based on the average business day value of a client's account ("Solicitation Fee"). RNC will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by RNC from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with referred client and hired RNC on the recommendation of such referred client. RNC will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form. Advisor participation in the program raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Thus, RNC may have an incentive to recommend that client assets be held in custody and to place transactions for client accounts with TD Ameritrade. In addition, RNC has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts or establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Participation in AdvisorDirect does not diminish RNC's duty to seek best execution of trades for client accounts.

Advisor serves on the Schwab Advisor Services Technology, Operations and Service Advisory Board (the "TOS Advisory Board"). The TOS Advisory Board consists of representatives of independent investment advisory firms who have been invited by Schwab management to participate in meetings and discussions of Schwab Advisor Services' services for independent investment advisory firms and their

clients. TOS Advisory Board members enter nondisclosure agreements with Schwab under which they agree not to disclose confidential information shared with them. This information generally does not include material nonpublic information about the Charles Schwab Corporation, whose common stock is listed for public trading on the New York Stock Exchange (symbol SCHW). The TOS Advisory Board meets in person or virtually approximately twice per year and has periodic conference calls scheduled as needed. TOS Advisory Board members are not compensated by Schwab for their service, but Schwab does pay for or reimburse TOS Advisory Board members' travel, lodging, meals and other incidental expenses incurred in attending Board meetings.

Order Aggregation

As part of its effort to obtain best execution, RNC may aggregate orders for several or more clients (a practice known as block trading). Each client that participates in a block trade will receive the average share price and a pro rata portion of the transaction costs on the trade. When recommending or effecting a transaction in a particular investment for more than one client, RNC may be required to allocate such recommendations or transactions because of market conditions or limited supply and demand. Limited opportunities will be allocated among clients on such basis as RNC deems equitable. In addition, unless transactions for multiple clients are aggregated, transactions in specific investments may not be recommended or effected at the same time or at the same price for all client accounts for which such transactions might be appropriate. RNC will seek to ensure that no client account will be favored consistently over any other client account.

Cross Transactions

Subject to any applicable restrictions or requirements under ERISA or the Investment Company Act of 1940, RNC may seek to adjust or rebalance client investment accounts periodically by effecting cross-trades between or among client investment accounts (i.e., causing one or more client accounts to sell securities to one or more other client accounts). In effecting these cross-trades, RNC seeks to reduce the transaction costs to its clients of the account adjustments. All cross-trades will be consistent with the investment objectives and policies of each client account involved in the trades and will be effected at the current independent market price of the securities involved in the trades. The cross-trades will be effected through broker-dealers not affiliated with RNC, and the client accounts involved in the cross-trades will not pay any brokerage commissions or other transactions costs in connection with the trades, but the accounts will pay customary transfer fees (e.g., ticket charges) that are assessed by the broker-dealers through which RNC effects the cross-trades. RNC limits cross transactions to municipal bonds only, in order to retain positions that are deemed to be of benefit to its clients.

Trade Errors

As a fiduciary, RNC has the responsibility to effect orders correctly, promptly and in the best interests of our clients. In the event an error occurs in the handling of any client transactions due to RNC's actions, or inaction, or actions of others, RNC's policy is to seek to identify and correct any errors as promptly as possible without disadvantaging the client. If the error is the responsibility of RNC, any client transaction will be corrected and RNC will be responsible for reimbursing the client for any loss resulting from an inaccurate or erroneous order. If the broker-dealer is responsible for the error, RNC will take necessary steps under the circumstances to see that the appropriate correction is made by the broker-dealer. RNC may establish error accounts with the broker-dealer in its name for purposes of correcting its own errors. Any profit generated by errors is transferred to the error account and used together with any

necessary funds contributed by the firm to compensate clients for any loss resulting from trade errors, or donated to charity.

However, some broker-dealers may have differing error correction practices. For instance, Schwab's practice is as follows: If an investment gain results from correcting the trade, the gain will remain in the client's account unless the same error involved other client account(s) that should have received the gain, or it is not permissible for the client to retain the gain, or we confer with client and client decides to forego the gain (e.g., due to tax reasons). If the gain does not remain in the client's account, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, Advisor will pay for the loss. Schwab will retain the loss or gain (if such gain is not retained in client's account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in the client's account, they may be netted by Schwab.

RNC's policy and practice is to regularly monitor and reconcile all trading activity, identify and resolve any trade errors promptly, document each trade error with appropriate supervisory approval and maintain a trade error file.

Review of Accounts

Periodic Reviews

The individual portfolio managers continuously monitor the accounts they manage. In addition, the Director of Equity Portfolio Management and Director of Fixed Income review these portfolios on a weekly basis and review individual trades more frequently. The portfolio managers have detailed client status reports as well as master summaries of security positions cross referenced by account. When a security acquisition is contemplated, accounts are reviewed to determine whether the particular security is appropriate when taking into account such factors as diversification, risk, and return. When a security position is to be sold, the affected accounts are also reviewed. The accounts are reviewed frequently to assess the total portfolio taking into account such factors as diversification, risk, return and relative performance.

Regular Reports

Clients receive a written quarterly summary of their portfolio which includes portfolio characteristics, sector diversification, security description, percent of each security, quantity, original unit cost, total cost, market price, market value, annual interest/dividend rate, annual income, and percent yield. This summary also shows the management fees paid by the client. These reports are in addition to the confirmations and/or reports the client may receive directly from the brokerage firm, trustee or custodian.

Client Referrals and Other Compensation

Incoming Referrals

RNC may from time to time compensate non-employees for referrals. Pursuant to Rule 206(4)-3 of the Investment Advisers Act of 1940, RNC is required to have written agreement with such parties with respect to solicitation activities and referral fees, and clients referred pursuant to such arrangements must receive a disclosure document describing the arrangement and must provide written acknowledgement of receipt of such disclosure document. RNC compensates such parties for referrals out of management fees received on referred accounts for a specified or indefinite period of time. This does not increase the management fee incurred by the client.

When a broker refers a client to the firm, RNC may direct brokerage business to that broker usually at rates which the firm determines are competitive based on current circumstances. However, RNC generally does not negotiate commission rates where a client and a broker have separately negotiated a mutually acceptable commission rate or the client has entered into a wrap fee agreement as outlined in the following section. Similarly, certain of the referral relationships described above may involve prearranged or directed brokerage arrangements, and it is possible that clients in such arrangements will pay higher commission rates and/or receive different execution prices than the fees paid and/or prices received by other RNC clients. *Please refer to the section entitled Brokerage Practices for additional information.*

Custody

Account Statements

Client's funds and securities will be maintained with a "qualified custodian" as required under SEC Rule 206(4)-2, and RNC will not act as custodian of any client's funds or securities. However, due to its ability to deduct fees directly from client accounts and also to direct the "qualified custodian" to transfer clients' funds to designated third parties as authorized by the client, RNC is considered to have custody of client funds and securities under Rule 206(4)-2. RNC will follow the requirement of this Rule for any client for which it has custody. Each client will receive, at least quarterly, an account statement directly from the custodian. Clients of RNC are urged to compare the reports provided by RNC (*as discussed within the section entitled Review of Accounts*) to the reports provided by the qualified custodian.

Investment Discretion

Discretionary Authority for Trading

RNC has discretionary authority to make the following determinations without obtaining the consent of the client before the transactions are effected:

- (A) Which securities are to be bought or sold;

- (B) The total amount of the securities to be bought or sold;
- (C) Through which broker securities are to be bought or sold; and
- (D) The commission rates at which securities transactions for client accounts are effected.

However, RNC's authority may be subject to conditions imposed by the client, examples of which may include: 1) the client restricts or prohibits transactions in securities of a specific industry, and/or 2) the client directs that transactions be effected through specific brokers and dealers. The latter restriction may be conditioned by the client on the broker or dealer being competitive as to price and execution for each transaction, or offering a specified level of commission discount or may be subject to varying degrees of restrictions such as an instruction to utilize a particular broker or dealer: a) whether or not competitive, and b) where the specified levels of commission discounts are less favorable than might otherwise be obtained by RNC.

Voting Client Securities

Proxy Votes

RNC has adopted and implemented written policies and procedures that we believe are reasonably designed to ensure that proxies are voted in the best interest of our clients, in accordance with our fiduciary duties and Rule 206(4)-6 under the Investment Advisers Act of 1940.

We treat seriously our responsibility to exercise voting authority over securities that are held in our clients' portfolios. Proxy statements often contain controversial issues involving, among other things, shareholder rights and corporate governance, which deserve careful review and consideration.

RNC's policy is to review each proxy statement on an individual basis and to establish its voting decision exclusively on its judgment of what will best serve the interests of the beneficial owners of the security. However, RNC will have no responsibility for voting client proxies with respect to certain types of assets held in the portfolio at client's own direction or as a result of such direction, including securities with restrictions not to sell, securities that are held in the same account with the broker or custodian but not for RNC management, etc. Proxies are generally considered by the securities analyst responsible for monitoring the security being voted. That person will cast his or her votes in accordance with RNC's Proxy Voting Policies and Procedures. RNC has also adopted procedures to address circumstances where a proxy proposal creates a material conflict of interest between RNC and a client. Generally, any non-routine matters or matters that may create conflicts of interest between RNC and its clients are referred to a Senior Investment Officer for consideration. RNC maintains certain records relating to its proxy voting policies, including copies of the Proxy Voting Policy and Procedures, a record of all votes cast by RNC, and client communications related to proxy voting. Any client may receive a record of how proxies with respect to securities held in his or her portfolio were voted by submitting a written request to RNC. Additionally, any client may receive a copy of RNC's Proxy Voting Policies and Procedures by submitting a written request to RNC, or by calling RNC's toll free number: 800.877.7624. Please direct all Proxy Request Fulfillments to the RNC Operations Department - Proxy.

Clients may restrict RNC from voting their proxies by written authorization. When RNC does not vote any proxies for client account, the custodian and/or broker will provide their proxies. In these situations, Clients may contact RNC to solicit advice on their proxies.

Financial Information

RNC has had its balance sheet audited by Tait, Weller & Baker, CPAs, a copy of which is attached as required.

RNC GENTER CAPITAL MANAGEMENT
(A Wholly Owned Subsidiary of Genter Capital LLC)

BALANCE SHEET
AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

DECEMBER 31, 2020

RNC GENTER CAPITAL MANAGEMENT
(A Wholly Owned Subsidiary of Genter Capital LLC)

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**The Management Committee and Member
RNC Genter Capital Management**

We have audited the accompanying balance sheet of RNC Genter Capital Management (a wholly owned subsidiary of Genter Capital LLC) as of December 31, 2020. The balance sheet is the responsibility of the Company's management. Our responsibility is to express an opinion on this balance sheet based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of RNC Genter Capital Management at December 31, 2020, in conformity with accounting principles generally accepted in the United States.


TAIT, WELLER & BAKER LLP

Philadelphia, Pennsylvania
March 29, 2021

RNC GENTER CAPITAL MANAGEMENT
(A Wholly Owned Subsidiary of Genter Capital LLC)

BALANCE SHEET

December 31, 2020

ASSETS

CURRENT ASSETS

| | |
|---|----------------|
| Cash and cash equivalents | \$2,691,585 |
| Marketable securities | 32,048,102 |
| Management fee and other receivables | 259,813 |
| Prepaid expenses and other current assets | <u>445,180</u> |

Total current assets 35,444,680

| | |
|---|---------------|
| Furniture and equipment, at cost, | |
| less accumulated depreciation | 286,134 |
| Goodwill, net of accumulated amortization | 2,634,948 |
| Other assets | <u>53,436</u> |

Total assets \$38,419,198

LIABILITIES AND MEMBER'S EQUITY

CURRENT LIABILITIES

| | |
|--|------------------|
| Bank loans payable | \$16,041,865 |
| Accounts payable and accrued liabilities | 3,693,488 |
| Deferred management fees | <u>3,793,873</u> |

Total current liabilities 23,529,226

OTHER LIABILITIES

| | |
|-------------------------------|---------------|
| Other non-current liabilities | <u>11,881</u> |
|-------------------------------|---------------|

Total liabilities 23,541,107

MEMBER'S EQUITY

14,878,091

Total liabilities and member's equity \$38,419,198

RNC GENTER CAPITAL MANAGEMENT
(A Wholly Owned Subsidiary of Genter Capital LLC)

NOTES TO BALANCE SHEET

December 31, 2020

(1) ORGANIZATION

RNC Genter Capital Management (the “**Company**”) was organized on November 20, 1997, and commenced operations on April 1, 1998. The Company is registered under the California Limited Liability Company Act and as an investment advisor under the Investment Advisers Act of 1940. The Company will continue until December 31, 2047, unless terminated earlier as provided for in the Company’s Operating Agreement. The legal name of RNC Genter Capital Management is RNC Capital Management LLC.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments with a maturity of 90 days or less when purchased to be cash equivalents.

MARKETABLE SECURITIES

Marketable securities consist of mutual funds, fixed-income securities and common stock. Marketable securities are stated at market value as determined by the most recently traded price of each security at the balance sheet date. The difference between cost and market value is reflected as unrealized gain (loss). The cost of investments sold is determined on the specific-identification or the first-in, first-out method.

Financial Accounting Standards Board Accounting Standards Codification (“**ASC**”) 820 established a three-tier hierarchy of inputs to establish classification of fair value measurements for disclosure purposes.

The three-tier hierarchy of inputs is summarized as follows:

Level 1 - Quoted prices in active markets for identical securities.

Level 2 - Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 - Significant unobservable inputs (including the Company’s own assumptions in determining the fair value of investments)

The following is a summary of the inputs used as of December 31, 2020 in valuing the Company’s investments in securities carried at value:

| Valuation Inputs | <u>2020</u> |
|---|-----------------------------|
| Level 1 – Quoted Prices | \$ 30,092,126 |
| Level 2 – Other Significant Observable Inputs | 1,955,976 |
| Level 3 – Significant Unobservable Inputs | - |
| Total | <u><u>\$ 32,048,102</u></u> |

RNC GENTER CAPITAL MANAGEMENT
(A Wholly Owned Subsidiary of Genter Capital LLC)

NOTES TO BALANCE SHEET

December 31, 2020

CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to credit risk consist principally of cash in excess of federally insured limits. The Company is an investment advisor for clients in multiple states with diversified investment portfolios. The Company transfers excess funds to a money market mutual fund. The mutual fund is not insured by the Federal Deposit Insurance Corporation (“**FDIC**”) and is not an obligation of, or guaranteed by, the Company’s bank. The money market mutual fund seeks to maintain a stable net asset value; however, there is no assurance that the fund will meet this objective.

DEFERRED MANAGEMENT FEES

The Company bills management fees to customers in advance of services being performed and recognizes the related income over the period of such services. The Company prepays commissions to its marketing representatives when collections are received from its customers. Prepaid commissions of \$667,268 at December 31, 2020 are offset against deferred management fees and amortized over the period earned.

FURNITURE AND EQUIPMENT

Furniture and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, which range from three to ten years.

GOODWILL AND INTANGIBLE ASSETS

Under ASC 350, “**Goodwill and Other Intangible Assets**,” goodwill is not subject to periodic amortization. It will, however, be reviewed on a periodic basis for impairment. Unamortized goodwill at December 31, 2020 equals \$2,634,948.

Under ASC 350, intangible assets without indefinite lives will continue to be amortized. The Company had no intangibles at December 31, 2020.

INCOME TAXES

The Company is generally not subject to federal or state income taxes and, accordingly, no provision for income taxes has been made in the accompanying financial statements. The Members are required to report their proportional share of gains, losses, credits or deductions on their own income tax returns.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of the Company’s cash, current assets and liabilities approximate the carrying values because of the short-term maturities of these instruments.

LONG-LIVED ASSETS

In accordance with ASC 360, “**Property, Plant and Equipment**” the Company periodically reviews the impairment of long-lived assets and certain identifiable intangibles whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Under ASC 360, an impairment loss would be recognized when estimated future cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. No such impairment losses have been identified by the Company.

RNC GENTER CAPITAL MANAGEMENT
(A Wholly Owned Subsidiary of Genter Capital LLC)

NOTES TO BALANCE SHEET

December 31, 2020

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates and such differences may be material to the financial statements.

(3) TRANSACTIONS WITH AFFILIATES

The Parent charges the Company for management expenses, including rent expense and general and administrative expenses.

(4) MEMBER'S EQUITY

Members in the Company own membership interest based on their relative capital contributions to the Company. Each Member is entitled to one vote on all actions in accordance with his or her percentage membership interest. Each Member's liability with respect to the Company is limited to the amount of his or her respective investment.

(5) SAVINGS AND INVESTMENT PLAN

The Company has a defined contribution savings and investment plan (the "***Plan***") that covers substantially all employees.

Additional Information: Privacy Policy

At RNC Genter Capital Management ("RNC Genter") we realize that our most valuable asset is our relationship with you. You have trusted us to manage your assets and in turn we will do everything in our capabilities to preserve your trust. RNC Genter collects nonpublic personal information about you from the following sources:

- **Account Applications and Forms** - In order to effectively manage your account, it is necessary for us to collect and maintain personal information about our clients. This information may include names, addresses, phone numbers, social security numbers, account numbers, e-mail addresses, tax information and other relevant information needed to open and manage your account.
- **Transaction Information** - Once you have set up an account with RNC Genter, to administer your account, we collect and maintain personal information about you in order to process transactions. This may include account balances, security positions, your trade history, and cost basis information.
- **Verbal Information** - At times information may be given to us verbally. This information may either come from you or a third party source such as a custodian company, broker, or investment advisor working with RNC Genter. This information may include information necessary for account applications or transactions.
- **Website Usage** - RNC Genter may collect information from our Web site users (www.rncgenter.com) through their direct input on the Web site. In such cases you have chosen to identify yourself. This information may include such things as names, addresses, phone numbers, e-mail addresses, and Web pages.

At RNC Genter, we do not disclose any nonpublic personal information about our clients or former clients, except as required by law or in response to inquiries by governmental authorities. We may, however, disclose information to unaffiliated third parties (such as brokers or custodians) as permitted by law. This information is disclosed as needed to help us process transactions for your account (i.e. trade execution at an exchange) or provide the agreed services to you.

Your personal and account information is restricted to those employees who are required to access your information in order to provide products and services to you. We maintain physical, electronic, and procedural safeguards to protect your nonpublic personal information.