



Ross, Sinclair Asset Management

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March 31, 2021

This Brochure provided by Ross, Sinclair & Associates, LLC [“RSAM”] contains information about the qualifications and business practices of Ross, Sinclair Asset Management [“RSAM”]. If you have any questions about the contents of this Brochure, please contact us at 513.381.3939. 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.

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

Additional information about RSAM also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 2 – Material Changes

There are no material changes to report as of the annual amendment to this brochure dated March 31, 2021.

Currently, our Brochure (and Supplemental ADV brochure) may be requested by contacting Murray Sinclair, Jr., Chief Compliance Officer at 513.381.3939 or [msinclair@RSAMnet.com](mailto:msinclair@RSAMnet.com).

Additional information about RSAM is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with RSAM who are registered, or are required to be registered, as investment adviser representatives of RSAM.

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## **Item 4 – Advisory Business**

### **Firm Description and Principal Owners**

Ross, Sinclair and Associates, LLC (RSAM) is an Ohio limited liability company formed on November 16, 2004. RSAM has been providing advisory services 2009. RSAM has been registered with the Securities and Exchange Commission (SEC) as an investment adviser since September 2013.

Murray Sinclair, Jr. is RSAM's principal owner (100% ownership interest). Mr. Sinclair maintains his ownership interest in RSAM through his ownership interest in the corporate entity Ross, Sinclair & Associates, Inc.

### **Types of Advisory Services**

#### **Wealth Management Services**

RSAM provides services including but not limited to portfolio management, investment strategy, consulting, and asset review for compensation. RSAM may perform financial planning, estate planning, and insurance reviews to better understand a client's investment needs and objectives.

RSAM will manage advisory accounts on either a discretionary or non-discretionary basis. At the time of agreement execution, the account will be deemed as either discretionary or non-discretionary as mutually agreed upon by the client and RSAM.

Upon commencement of the advisory agreement, account supervision is guided by the stated objectives of the client. Generally, client objectives are delineated as per Exhibit A pertaining to Investment Guidelines as set forth in the Investment Advisory Agreement entered by the client and RSAM. However, depending upon the client relationship RSAM may receive and document client objectives in a different manner. As part of the services rendered, RSAM may consult with a client on financial matters outside of the account managed by RSAM. These services are separate from our services.

While each individual client's portfolio is managed in a unique manner, in seeking to achieve a client's stated objectives RSAM's investment strategy is based upon risk management, asset allocation, and macroeconomic data. RSAM may construct a portfolio based upon individual fixed income instruments, equities, preferred stocks, reverse convertibles, options, and other instruments deemed necessary to construct the desired portfolio. RSAM may also select money managers, mutual funds, ETF's, and other instruments to construct a diversified portfolio to meet each client's stated objectives.

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Clients can choose a custodian different from who RSAM may recommend. Clients also have the option to purchase investment products that RSAM recommends through other brokers or agents that RSAM is not affiliated with.

Clients may at any time impose reasonable restrictions on RSAM's services, but restrictions must be delivered to RSAM in writing, and must be signed by the client.

In those instances where RSAM may provide advisory services for client assets maintained within a client's 401(k) or similar employer sponsored plan and/or insurance products, RSAM's investment recommendations may be limited to those investment options available within the employer sponsored plan and/or the insurance product.

### **Manager Selection Platform**

RSAM reviews each client's investment objectives, financial circumstances and risk tolerance levels and assist the client in selecting one or more independent money managers. Client accounts are thereafter managed on a discretionary basis by the individual money managers. RSAM has no affiliation with any third-party managers that may be selected.

RSAM personnel periodically review each client's account and may recommend a particular portfolio manager, or the replacement of one portfolio manager with another, based upon such factors as the performance of the manager and the progress achieved toward meeting a client's stated investment objectives or changes in the client's investment objectives, risk tolerance levels or, perhaps, investment philosophy. RSAM may also provide consulting services regarding the reallocation of client assets among portfolio managers or among available styles. RSAM personnel may assist the client in identifying tax strategies to be followed by a respective portfolio manager, although RSAM cannot guarantee that the portfolio manager will follow the suggested tax strategy.

Clients who utilize these services should read the Brochure(s) of the independent managers selected.

### **Financial Planning Services**

RSAM may provide personal financial planning services, on a limited basis, on estate planning, retirement planning and tax matters. Based upon each client's needs, RSAM may gather information concerning the client's current financial condition, tax status, future goals, returns objectives and risk tolerance. Thereafter, as may be requested by the client, RSAM will prepare a report which provides the client with a detailed plan designed to assist the client in achieving their financial goals and objectives. In addition, upon a client's request

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RSAM may review the recommendations contained in the plan with the client's attorney, accountant, insurance agent and/or stockbroker. Clients are under no obligation to implement any of the recommendations provided in their financial plan. However, should a client decide to proceed with the implementation of the investment recommendations then the client have RSAM implement those recommendations or utilize the services of any other investment adviser or broker/dealer of their choice.

RSAM may also provide administrative and research services at the request of a client.

RSAM cannot provide any guarantees or promises that a client's financial goals and objectives will be met. Also, RSAM does not provide legal, accounting and tax advice. RSAM seeks to work with the legal, accounting and/or tax advisor(s) of the client.

### **Services Provided to Retirement Plans**

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

### **Advisory Services**

When providing investment advisory services for Plans, RSAM serves in a non-discretionary capacity as defined by section 3(21) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In providing non-discretionary investment advisory services, RSAM will solely be making recommendations to the Sponsor/appropriate Plan fiduciary and the Sponsor/appropriate Plan fiduciary retains full discretionary authority or control over assets of the Plan.

### **Review of IPS and Plan Investment Alternatives**

RSAM may review with the Sponsor and/or appropriate Plan fiduciary, the investment objectives, risk tolerance and goals of the Plan. If the Plan does not have an investment policy statement ("IPS"), RSAM may recommend investment policies to assist the Plan fiduciary in establishing an appropriate IPS. If the Plan has an existing IPS, RSAM may review the IPS for consistency with the Plan objectives. If it appears that the IPS does not represent the objectives of the Plan, RSAM may recommend to the Plan fiduciary revisions to the IPS.

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### Monitoring and Recommendations Regarding the Plan Investment Alternatives

Based on the Plan's IPS or other guidelines established by the Plan, RSAM may review the designated investment alternatives ("DIAs") available to the Plan and may make recommendations to assist the Plan fiduciary in selecting the DIAs to be offered to Plan participants. Once the Plan fiduciary selects the DIAs, RSAM may provide reports, information and recommendations, on a quarterly basis or upon reasonable request, to assist the Plan fiduciary in fulfilling the Plan fiduciary's duty to monitor the Plan's DIAs.

### Monitoring and Recommendations Regarding Qualified Default Investment Alternative(s)

Based on the Plan's IPS or other guidelines established by the Plan, RSAM may review the investment options available to the Plan and will make recommendations to assist the Plan Fiduciary in selecting the Plan's qualified default investment alternative(s) ("QDIA(s)") for Plan participants that fail to direct the investment of their accounts. Once the Plan fiduciary selects the QDIAs, RSAM may provide reports, information and recommendations, on a quarterly or upon reasonably requested basis, to assist the Plan fiduciary in fulfilling its duty to monitor the QDIAs.

### Investment Reporting and Analysis

RSAM may provide the Plan fiduciary with investment performance reports and related information that the Plan fiduciary may consider in the management and evaluation of the Plan's investments in accordance with the Plan's IPS and the Plan fiduciary's duty to monitor the investments of the Plan. The Plan fiduciary retains decision-making authority to select, remove, and/or replace Plan investments.

### **Employee Enrollment and Investment Education**

In addition to the investment advisory services described above, RSAM may provide certain educational and enrollment assistance for a Plan client. RSAM may conduct periodic group enrollment and education meetings with employees and educational meetings with Plan participants and beneficiaries. RSAM may provide information and materials that inform a participant or beneficiary about the benefits of Plan participation, the benefits of increasing Plan contributions, the impact of preretirement withdrawals on retirement income, the terms of the Plan, or the operation of the Plan. RSAM may also provide educational information concerning the Plan's DIAs, e.g. general asset classes,

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investment objectives and philosophies, risk and return characteristics, historical return information, and/or related prospectuses of the Plan's DIAs.

RSAM may also provide information and materials that inform a participant or beneficiary about: (i) general financial and investment concepts, such as risk and return, diversification, dollar cost averaging, compounded return, and tax deferred investment; (ii) historical differences in rates of return between different asset classes (e.g., equities, bonds, or cash) based on standard market indices; (iii) effects of inflation; (iv) estimating future retirement income needs; (v) determining investment time horizons ; and (vi) assessing risk tolerance. The information and materials described above relate to the Plan and Plan participation, without reference to the appropriateness of any individual DIA for a particular participant or beneficiary under the Plan, or are general financial and investment information that have no direct relationship to the Plan's DIAs. The information is provided for educational purposes only and does not constitute investment advice.

### **Client Obligations**

In performing its services, RSAM is not required to verify any information received from a client or from a client's other professionals and is expressly authorized to rely upon the information so provided. In addition, each client for which RSAM provides ongoing advisory services is advised that it remains his/her/its responsibility to promptly notify RSAM if there is ever a change in his/her/its financial situation or investment objectives.

As of March 31, 2021, RSAM maintain assets under management of \$353,561,865 on a discretionary basis.

## **Item 5 – Fees and Compensation**

### **Wealth Management Services, Manager Selection Services and Services Provided to Retirement Plans**

#### **Fee Schedule**

For Wealth Management Services, Third Party Manager Selection Services and Services Provided to Retirement Plans, RSAM bases its annual investment management fee upon a percentage of the market value of the assets under management. Following are the annual fee percentage fees for these services:

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## Annual Fees

(percentage of assets under management)

<i>Household Assets Under Management</i>	<i>Investment Supervisory Services</i>	<i>Investment Supervisory Services</i>	<i>Investment Supervisory Services</i>	<i>Asset Allocation Services</i>	<i>Manager Selection Programs</i>
	<i>Balanced Equity</i>	<i>Mutual funds</i>	<i>Bonds</i>	<i>Annuities and 401(k)</i>	
Up to \$100,000	1.75% - 2.00%	1.75% - 2.00%	.50% - .75%	1.00% - 1.50%	
\$100,000 - \$350,000	1.00% - 1.75%	1.25% - 1.75%	.375% - .50%	.50% - 1.00%	
Over \$350,000	.25% - 1.00%	.50% - 1.25%	.125% - .375%	.25% - .50%	
May vary by manager					.70% - 1.00%

Fees may not exceed 2.5% of assets under management (AUM). Please refer to the advisory agreement for the specific fee percentage rate.

### **Fee Determination and Fee Payment**

The fees listed above are charged quarterly in advance or in arrears, depending upon the specific agreement between the client and RSAM. The fee amounts are calculated on the last trading day of the quarter, utilizing the asset values as provided by the qualified custodian(s) for the client account(s). Depending upon the agreement between RSAM and the client, such advisory fees may be deducted from the client's custodial account or paid by the client pursuant to the provision of an invoice by RSAM.

RSAM will refund all pre-paid and un-earned advisory fees upon the closing of a client account. Refunds will be provided promptly, but in no event later than sixty (60) days after closing of such account and the transfer of the assets in that account to a custodial account for which RSAM does not provide advisory services. Any unearned, unpaid fees will be due and payable upon the closing of a client account.

### **Account Set-Up Fees**

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In certain complex cases RSAM may perform an initial analysis and account set-up for which RSAM will charge on an hourly basis at a rate of up to \$300 per hour, billed in quarter-hour increments. Hourly fees are payable, upon invoicing, at the end of the calendar quarter in which the services were provided.

### **Manager Selection Services – Additional Fees**

In addition to the advisory fees charged by RSAM, clients who utilize third party managers are also subject to the advisory fees, charges and other expenses incurred due as part of that program. These additional fees and expenses may include the advisory fees charged by the various separate account managers.

### **Financial Planning Services**

Financial Planning clients are charged on an hourly basis at a rate of \$300 per hour, billed in quarter-hour increments. Hourly fees are payable, upon invoicing, at the end of the calendar quarter in which such services were provided.

Fees for administrative and research services are charged on an hourly basis, which may range between fifty dollars (\$50.00) and three-hundred dollars (\$300.00) per hour, charged in quarter-hour increments, depending on the nature and complexity of the service requested and the individual performing the services. In addition to the hourly fees set out above, incidental costs and expenses associated with providing such administrative and research services are also passed through to clients at the actual cost incurred by Adviser. Such costs may consist of, for example, postage and express delivery costs; travel related expenses; and, actual costs charged to Adviser by third-parties that provide information/documents requested by client.

### **Negotiability of Fees**

RSAM, in its sole discretion, may reduce its investment management and other fees based upon certain factors, such as anticipated future earning capacity, anticipated future assets and dollar amount of assets to be managed, related accounts, account composition, negotiations with the client and other considerations.

Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

### **Other Fees and Expenses**

The advisory fees charged by RSAM do not include additional charges such as custodian fees and mutual fees and expenses. Client assets may also be subject to transaction costs, retirement plan

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administration fees (if applicable), deferred sales charges on mutual funds initially deposited into the client account, 12b-1 fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Client assets investment in mutual funds will be subject to certain fees and expenses imposed directly by mutual funds to their shareholders, which are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund sponsor also imposes sales charges, a client may pay initial or deferred sales or surrender charges. Clients may also incur brokerage commissions and other execution costs charged by the custodian or executing broker/dealer in connection with transactions for a client's accounts. Please refer to Item 12 of this Brochure entitled "Brokerage Practices" for additional important information about the brokerage and transactional practices of RSAM.

### **Compensation for Sales of Securities or Other Investment Products**

Advisory personnel of RSAM may also serve as licensed insurance agents in their individual capacities. In engaging in these activities, RSAM personnel may receive usual and customary commissions for the sale insurance products. This may present a conflict of interest and may give RSAM personnel an incentive to recommend insurance products based on compensation received, rather than on a client's needs. Clients have the option to purchase investment products, that RSAM may recommend, through other broker/dealers or insurance agents not affiliated with RSAM. Please see Item 10 below for more detailed information regarding these arrangements, along with the conflicts surrounding such and the steps RSAM has in place to mitigate these conflicts.

Clients of RSAM may trade "no load" mutual funds as part of their portfolio. No load mutual funds usually have certain trading constraints, can be bought and sold without paying a ticket charge or trading commission. The trading constraints usually consist of a minimum order and a minimum holding period. If the client holds for less than the minimum holding period a fee roughly equivalent to the total cost of a buy and sell commission is charged to the client.

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

RSAM does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

### **Item 7 – Types of Clients**

RSAM currently provides portfolio management services to individuals, high net worth individuals, qualified retirement plans (pension, profit sharing, SEP IRA, defined benefit),

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charitable organizations, banking institutions and other registered investments advisors through sub-advisory agreements.

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

### **Methods of Analysis**

RSAM offers investment strategies customized to the individual client's needs. While each individual client's portfolio is managed in a unique manner in seeking to achieve the client's objectives, RSAM's investment strategy is based upon risk management, asset allocation, and macroeconomic data.

RSAM will construct a portfolio based upon individual fixed income instruments, equities, preferred stocks, reverse convertibles, options, and other instruments deemed necessary to construct the desired portfolio. RSAM may also select money managers, mutual funds, ETF's, and other instruments in seeking to construct a diversified portfolio to meet each client's stated objectives.

In constructing client portfolios and/or providing investment advisory services, RSAM may use the following methods of analysis.

**Fundamental Analysis.** RSAM attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, the financial condition and management of the company itself) to determine if the company is undervalued (indicating it may be a good time to buy) or overvalued (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the company.

**Technical Analysis.** RSAM seeks to analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly managed or financially unsound company may underperform regardless of market movement.

**Cyclical Analysis.** In this type of technical analysis, RSAM seeks to measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

**Asset Allocation.** Rather than focusing primarily on securities selection, RSAM attempts to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's

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investment goals and risk tolerance. We will periodically review the client's goals and tolerance for risk with the client. We may alter the allocation over time as market and economic conditions warrant. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry, or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Mutual Fund and/or ETF Analysis.** RSAM may look at the experience and track record of the manager of a mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. RSAM may also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in other fund(s) in the client's portfolio. RSAM may also monitor funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy. A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as RSAM does not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Third-Party Money Manager Analysis.** RSAM may examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. RSAM may monitor the manager's underlying holdings, strategies, concentrations, and leverage as part of the firm's overall periodic risk assessment. Additionally, as part of our due-diligence process, RSAM may survey the manager's compliance and business enterprise risks. A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as RSAM does not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for clients. Moreover, as RSAM does not control the manager's daily business and compliance operations, RSAM may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

RSAM utilizes many sources of information including Bloomberg, financial newspapers, and research materials prepared by 3<sup>rd</sup> parties, SEC filings, and company press releases.

## **Investment Strategies**

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RSAM may use the following strategies in managing client accounts, provided that such strategies are appropriate to the client's needs and consistent with the individual client's needs.

**Long-term purchases.** RSAM typically purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when RSAM believes the securities to be currently undervalued, and/or RSAM is seeking exposure to a particular asset class over time, regardless of the current projection for this class. A risk in a long-term purchase strategy is that by holding the security for this length of time, RSAM may not take advantage of short-term gains that could be profitable to a client. Moreover, if RSAM's predictions are incorrect, a security may decline sharply in value before the decision to sell.

**Short-term purchases.** Less frequently, RSAM may purchase securities with the idea of selling them within a relatively short time (typically a year or less). RSAM may do this in an attempt to take advantage of conditions that RSAM believes will soon result in a price swing in the securities purchased. A short-term purchase strategy poses risks should the anticipated price swing not materialize; the client is then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy, and will likely result in less favorable tax treatment of short-term capital gains.

**Margin transactions.** For clients that choose to set up a margin account, RSAM can purchase stocks for a client's portfolio with money borrowed from their brokerage account. This allows for the purchase of more stock than would be possible with just available cash, and allows RSAM to purchase stock without selling other holdings. However, this strategy is used infrequently, largely due to the following outlined risks. In volatile markets, a risk of margin trading is security prices can fall very quickly. If the value of the securities in the account minus what is owed to the broker falls below a certain level, the broker will issue a "margin call", and the client will be required to sell the position or add more cash to the account. In some circumstances, the client may lose more money than was originally invested. This strategy is only utilized upon the written instructions of the client.

**Option writing.** Infrequently, RSAM may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset. We may use options to speculate on the possibility of a sharp price swing. We may also use options to "hedge" a purchase of the underlying security; in other words, we will use an option sale to limit the potential upside and downside of a security we have purchased for the client's portfolio. Typically RSAM will use "covered calls", in which RSAM

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sells an option on a security the client owns. In this strategy, a client receives a premium for making the option available, and the person purchasing the option has the right to buy the security from the client at an agreed-upon price. A risk of covered calls is the option buyer does not have to exercise the option, so that if RSAM desires to sell the stock prior to the end of the option agreement, RSAM will be required to buy the option back from the market, for a possible loss. This strategy is only utilized upon the written instructions of the client.

## **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. Clients are advised that they should only commit assets for management that can be invested for the long term, that volatility from investing can occur, and that all investing is subject to risk. Investment Products offered through RSAM are not FDIC Insured, offer no Bank Guarantee, and May lose value. Our investment approach seeks to constantly keep the risk of loss in mind.

In addition to various risks discussed above, clients of RSAM may also face the following investment risks:

**Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

**Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

**Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

**Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

**Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.

**Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability

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than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

**Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

**Currency Risk:** International investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

## **Item 9 – Disciplinary Information**

Registered Investment Advisers (RIA) are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or a prospective client's evaluation of RSAM's advisory business or the integrity of RSAM's management. RSAM Asset Management and its Investment Advisor Representatives currently have no information applicable to this Item.

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

Various RSAM personnel are also licensed to sell life insurance and variable annuities and may earn commissions and trailers from those sales.

The Management of RSAM may participate in various positions of charitable and philanthropic organizations and other entities. Some of these organizations or entities may be clients of the RIA.

Clients should be aware that the ability to act as a licensed insurance agent, as well as the receipt of insurance sales compensation detailed above, creates an inherent conflict of interest which may impair the objectivity of RSAM personnel making advisory and other recommendations. As part of RSAM's fiduciary duty to clients, RSAM and its representatives endeavor at all times to put the interests of clients first, and recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the client. Furthermore, to address such possible conflicts of interests, RSAM takes the following steps:

- Disclose to clients the existence of all material conflicts of interest, including the potential for RSAM and its employees to earn compensation from advisory clients in addition to RSAM's advisory fees;
- Disclose to Financial Planning clients that they are not obligated to purchase recommended investment products from RSAM or RSAM personnel;
- Collect, maintain and document client background information, including the client's

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- financial goals, objectives and risk tolerance;
- Appropriate RSAM personnel conduct periodic reviews of client accounts in seeking to verify that recommendations made to a client are suitable to the client's needs and circumstances;
  - Require that RSAM personnel seek prior approval of any outside employment activity so that RSAM may ensure that any conflicts of interests in such activities are properly addressed; and
  - Educate RSAM personnel regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

### **Code of Ethics Summary**

RSAM has adopted a Code of Ethics ("Code") which establishes standards of conduct for RSAM personnel and includes general requirements that such personnel comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading and conflicts of interest. The Code contains written policies designed to prevent the unlawful use of material non-public information by RSAM or any RSAM personnel. The Code also requires that certain RSAM personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

The Code also requires RSAM personnel to report any violations of the Code promptly to RSAM's Chief Compliance Officer. RSAM personnel receive a copy of the Code and any amendments to it and must acknowledge in writing having received the materials. Annually RSAM personnel must certify that they have complied with the Code during that year.

RSAM will provide a copy of its Code to any client or prospective client upon request by contacting Murray Sinclair, Jr., Chief Compliance Officer at 513.381.3939 or [msinclair@RSAMnet.com](mailto:msinclair@RSAMnet.com).

### **RSAM Personnel Trading and Disclosure**

RSAM personnel may buy or sell for their personal account(s) securities or investment products identical to those recommended to or already owned by clients. Alternatively, RSAM may cause clients to buy a security in which RSAM personnel have an ownership position. Such recommendations will only be made to the extent that they are reasonably believed to be in the best interest of the client. Nevertheless, such practices present potential conflicts of interest. So as to mitigate these conflicts of interest, the Code sets forth certain standards of professional

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and business conduct regarding the personal trading activities of Access Persons. Following is a summary of procedures relating to the purchase and/or sales of securities held within personal accounts.

- The Code requires quarterly reporting by Access Persons of all personal securities transactions with the exception of certain exempt transactions and securities (such as government securities, open end mutual funds and money market funds). Appropriate personnel of RSAM review this reporting to ensure Access Person trading practices are in compliance with the requirements of the Code.
- Upon hire, and annually thereafter, all Access Persons are required to provide reporting detailing their personal securities holdings, with the exception of those types of securities referenced above.
- Access Persons may not participate in private placements and initial public offerings without pre-approval by the appropriate RSAM personnel.

## **Item 12 – Brokerage Practices**

### **Selection Criteria**

RSAM generally recommends that clients utilize TD Ameritrade as the custodian for their account. Factors considered by RSAM in recommending TD Ameritrade are based on, but not limited to, the reasonableness of transaction fees, product availability, quality of executions research and other services available to both the client and RSAM.

RSAM may receive certain services from TD Ameritrade. RSAM does not have any formal or informal arrangements or commitments to obtain any research or research related products or services on a soft-dollar basis. However, due to the custodial relationship with TD Ameritrade, RSAM does receive services that assist RSAM in managing and administering clients' accounts. These services may include software and other technology that (i) provide access to client data; (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its client accounts; and (v) assist RSAM Portfolio Operations with back-office functions, recordkeeping and client reporting.

RSAM's receipt of these services raises a potential conflict of interest. In providing these certain services to RSAM, TD Ameritrade most likely consider the amount and profitability to TD Ameritrade or the assets in, and trades placed for, RSAM's advisory clients maintained with TD Ameritrade. In order to continue to receive these additional services, RSAM may have an incentive to recommend to its advisory clients that the assets under management by RSAM be held in custody with TD Ameritrade and to place transactions for client accounts with TD

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Ameritrade. RSAM's receipt of additional services does not diminish its duty to act in the best interests of its clients, including the obligation to seek best execution for client accounts.

Custody services for Plan clients and any third-party managers are not subject to selection or recommendation by RSAM. In addition, for those clients referenced in Item 15 where RSAM provides advisory services for assets held at various Plan administration and other platforms, custody services are not subject to selection or recommendation by RSAM.

### **Brokerage for Client Referrals**

RSAM does not receive client referrals from broker-dealers.

### **Directed Brokerage Arrangements**

RSAM generally does not accept directed brokerage arrangements (when a client requires that account transactions be affected through a specific broker-dealer.) However, in any instance where a client instructs RSAM, and RSAM accepts such instruction, to trade at a particular broker-dealer other than TD Ameritrade, this may result in greater transaction expenses and/or the client may receive less favorable trade execution, or create a further conflict of interest.

### **Trade Aggregation**

Transactions for each client will be affected independently unless RSAM decides to purchase or sell the same securities for several clients at approximately the same time. RSAM may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among RSAM's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. In instances where RSAM does not bunch client transactions, client accounts may not obtain the benefits relating to pricing, transaction and other costs listed above.

When RSAM does bunch client orders, RSAM will determine which accounts will participate in the purchase or sale of a security based on the account's investment objectives, investment guidelines and other relevant factors. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client on any given day. If the full amount of the aggregated order is not filled, the partially executed order will be allocated on a pro-rata basis based on the size of the original allocation, subject to adjustments for rounding, odd lots and certain other allocation

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considerations, such as (i) the extent to which the order specifies a priority allocation to one or more accounts; (ii) the extent to which an allocation would be too small to justify processing or custodial charges associated with the transaction; (iii) the extent to which an account may be under-invested or over-invested with respect to a particular security, industry or sector in comparison to other accounts in the order; (iv) the availability of, or need for cash, (v) the extent to which the transaction costs to the account would be excessive in relation to the value of the security received, and (vi) unless the pro-rata allocation results in an amount too small to be material to the account.

### **Trade Error Policy**

Upon the occurrence of a trade error, the Adviser will work with all relevant parties in the trading process to promptly correct the error while ensuring it does not disadvantage the client. Since every trade error is unique and has no single solution, resolution will be determined on a case by case basis.

If an error is identified and corrected and the correction of the trading error results in a gain or loss, the Adviser will follow the applicable policy of the client's custodian (i.e. gains donated per policy of TD Ameritrade). The customer will receive the correct trade price but will not share in the gain or loss of the trade.

### **Item 13 – Review of Accounts**

A clients' respective Investment Advisor Representative will perform periodic reviews of client accounts. In addition, review may also be performed by other management personnel of RSAM. Annual reviews with clients will be offered. More frequent reviews may be requested by clients or triggered by changes in variables such as the stock market, bond market, political or economic circumstances, or changes in the client's individual circumstances.

Clients will receive transaction confirmations and monthly, (quarterly if no monthly activity occurs) statements from the qualified custodian of their account. Clients may receive quarterly reports upon request. In addition, certain clients are provided with a monthly statement by RSAM. Clients are urged to carefully review all custodial account statements and compare them to the statements and reports that may be provided by RSAM.

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

#### **Client Referrals**

RSAM may pay referral fees to independent persons or firms ("Solicitors") for introducing clients

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to us. Any Solicitor utilized by RSAM is required to provide a prospective client with a copy of this Brochure and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with RSAM;
- the fact that the Solicitor is being paid a referral fee;
- the terms of the compensation arrangement between RSAM and the Solicitor and
- whether the fee paid to RSAM by the client will be increased above RSAM's normal fees in order to compensate the Solicitor.

As a matter of RSAM practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

In addition, as previously discussed in Item 4 RSAM acts as a solicitor for Western and will only recommend managers available in programs offered through Western. As a matter of practice, the advisory fees paid to Western by the client are not increased as a result of our referral.

## **Other Compensation**

### **Economic Benefits from Non-Clients in Connection with Giving Advice to Clients**

Various RSAM personnel have an oral agreement with certain independent insurance agents ("Agents") under which such persons receive a referral fee equal to half of the commission amount paid by clients, and received by the Agents, in connection with a client's purchase of insurance products through the Agents. This fee is received in connection with our recommendation of the Agents' services to our clients. As such, a potential conflict of interest exists by virtue of this arrangement because such RSAM personnel receive a referral fee from the Agents if RSAM clients purchase insurance products from them as a result of a referral. We will only use our discretionary trading authority when doing so is in the best interest of the client.

As disclosed under Item 12 above, RSAMM participates in TD Ameritrade's institutional customer program and RSAMM may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between RSAMM's participation in the program and the invest advice it gives to its Clients, although RSAMM receives economic benefits through its participation in the program that are typically not available to RSAMM retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving RSAMM 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

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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 compliance, marketing, research, technology, and practice management products or services provided to RSAMM by TD Ameritrade and/or third party vendors without cost or at a discount. TD Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit RSAMM but may not benefit is Client accounts. These products and services may assist RSAMM in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help RSAMM manage and further develop its business enterprise. The benefits received by RSAMM or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, RSAMM endeavors at all times to put the interest of its clients first. Clients should be aware, however, that the receipt of economic benefits by RSAMM or its related persons in and of itself creates a potential conflict of interest and may indirectly influence RSAMM's choice of TD Ameritrade for custody and brokerage services.

## **Other Matters**

RSAM may pay for investment research and asset allocation models that RSAM uses in connection with providing investment advisory services to clients. RSAM purchases the research and allocation models from money management firms, at variable rates, as negotiated between RSAM and each of the firms.

## **Item 15 – Custody**

For various accounts the client has authorized RSAM to have its advisory fee debited by the custodian on a monthly or quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. RSAM may also provide a written periodic report summarizing account activity and performance.

**Note:** To the extent that RSAM provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by RSAM with the account statements received from the account custodian. The account custodian does not verify the accuracy of RSAM's advisory fee calculation.

For a limited number of clients RSAM executes advisory services for assets maintained at the various types of service providers/custodians such as 401k, pension and other employee benefit plan administrators/custodians. Due to the nature of these

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custodians/providers who hold these assets, clients provide to RSAM information necessary for RSAM to gain access to the client's account for the execution of advisory services. The access provided by clients for these limited accounts may be considered to provide RSAM with "custody" of these assets, as defined by applicable regulations. RSAM ensures that it abides by any required regulatory requirements applicable to this limited number of client accounts and assets. RSAM is subject to an annual third party Surprise Custody examination for this activity to ensure compliance with applicable regulations. Also, for any of these clients the above listed service providers/custodians provide the client with periodic account statements. It is recommended that clients carefully review these account statements and compare these to any received from RSAM.

## **Item 16 – Investment Discretion**

RSAM may receive discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. Prior to assuming discretionary authority over a client's account, the client is required to execute a RSAM approved investment advisory agreement granting such discretionary authority to RSAM.

When selecting securities and determining amounts, RSAM observes the investment policies, limitations, and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to RSAM in writing. Each client assumes the responsibility for information RSAM of changes to any restrictions or to the client's overall investment objectives.

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

RSAM may vote proxies for certain advisory clients if that responsibility is specifically accepted by RSAM in the advisory agreement between RSAM and the client. Regardless, a client always has the right to vote their own proxies. A client can exercise this right by instructing RSAM in writing to not vote proxies in the client's account. In addition, where RSAM has proxy voting authority but a client desires to direct RSAM on how to vote a particular proxy, clients should contact [Pat Ryan at RSAM 3033 Kettering Boulevard, Suite 326 Dayton, OH 45439 or call (937) 293-5500.]

RSAM will vote proxies in the best interests of clients and in accordance with RSAM's established policies and procedures. RSAM will retain all proxy voting books and records for at least five years, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by RSAM that was material to making a decision how to vote proxies, and a copy of each written client request for information on how RSAM voted proxies. If RSAM has a conflict of interest in voting a particular action, RSAM will notify the client of the conflict and retain an independent third-party to cast a vote.

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Clients may obtain a copy of RSAM's complete proxy voting policies and procedures by contacting [Pat Ryan at RSAM 3033 Kettering Boulevard, Suite 326 Dayton, OH 45439 or calling (937) 293-5500.] Clients may request, in writing, information on how proxies for his/her shares were voted.

RSAM will neither advise nor act on behalf of a client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, RSAM will make commercially reasonable efforts to forward such notices in a timely manner.

Clients may, at their election, choose to receive proxies related to their own accounts, in which case RSAM may consult with clients as requested.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about RSAM's financial condition. RSAM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

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