



**FIRM BROCHURE**  
(Part 2A of Form ADV)

**March 30, 2021**

**Retirement Capital Strategies, Inc.**

SEC File Number: 801 – 70918

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**Part 2A of Form ADV (the “Brochure”) provides information about the qualifications and business practices of Retirement Capital Strategies, Inc. If you have any questions about the contents of this Brochure, please contact us by phone at (408)551-6100 and/or by email at [theresa.vasquez@rcsadvisor.com](mailto:theresa.vasquez@rcsadvisor.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Retirement Capital Strategies, Inc. is a registered investment adviser with the SEC; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.**

**Additional information about Retirement Capital Strategies, Inc. also is available on the SEC’s website at <https://www.adviserinfo.sec.gov>.**

**ITEM 1: COVER PAGE**

Please refer to previous page.

**ITEM 2 MATERIAL CHANGES**

This Brochure has been updated to make the following material changes:

Item 4 – Advisory Business – To reflect assets under management of \$272,644,923 as of December 31, 2020.

Item 4 – Advisory Services – To disclose that services will no longer be provided under DBA name “Blue Wave Investing”.

Item 5 – Fees and Compensation – To reflect Retirement Capital Strategies, Inc.’s (“RCS” or the “Firm”) existing current advisory fee billing practices, including fees charged by RCS are negotiable at the sole discretion of RCS, and may choose to waive its fee for family and friends of the firm, or in a situation where a client has a low yielding ultra-short-term bond investment portfolio account.

The last version of this Brochure was dated March 30, 2020. RCS encourages each client and our prospective clients to read this Brochure in its entirety prior to engaging RCS for any advisory services.

Pursuant to SEC rules, RCS will ensure that clients receive a summary of any material changes to this Brochure within 120 days of the close of our fiscal year, along with a copy of this Brochure or an offer to provide the Brochure. As we experience material changes in the future, we will send you a summary of our “Material Changes”, along with an offer to provide the Brochure under separate cover. For more information about RCS, please contact us at (408)551-6100.

Additional information regarding RCS and its investment adviser representatives is on the SEC’s website at <https://www.adviserinfo.sec.gov>.

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## ITEM 4 ADVISORY BUSINESS

### A. Description of Firm

RCS was formed on November 27, 2002 in the State of California as a corporation. RCS first registered as an investment adviser with California in 2006. Since January 2010, RCS has been an SEC registered investment adviser. Additionally, in August 2018, RCS created the separate “doing business as” (“DBA”) name Blue Wave Investing initially to provide services for those clients who desire a portfolio focused on Environmental, Social, and Governance (“ESG”) investing. Effective March 30, 2021, services are no longer provided under (“DBA”) name Blue Wave Investing. Effective March 19, 2019, Thomas Vaughan, CEO/President owns 80% of RCS while Michael Robert Philipp, Secretary/Treasurer<sup>1</sup> owns 20% of the Firm. For more information on their qualifications and business background, please refer to their respective Form ADV Part 2B Brochure Supplement.

As further described in Item 4.B. below, RCS offers financial and retirement planning and investment management services to individuals and high net worth clientele. RCS believes in passive investing and primarily recommends exchange traded funds (“ETFs”) for client portfolios. Dependent upon the client’s unique goals and objectives, will recommend other investments, including mutual funds, equity stocks, bonds, treasuries, and money market instruments.

### B. Types of Advisory Services Offered

RCS provide two primary types of advisory services: Financial and Retirement Planning and Investment Management Services, both of which are more fully described below.

#### 1. Financial and Retirement Planning Services

RCS offers Financial and Retirement Planning Services, which are more fully detailed in our written agreement with each client. When discussed and mutually agreed upon by RCS and the client, RCS provides consultation regarding the management of the client’s financial resources, based upon an analysis of the individual client’s needs. The Financial and Retirement Planning Services range from comprehensive financial planning to more focused consultations, depending on the needs of each client. Generally, RCS first conducts a complimentary initial consultation during which pertinent information about the client’s financial circumstances and objectives is collected. For more comprehensive services, the Firm reviews and analyzes the information provided by the client and then typically offers a written financial plan containing recommendations designed with the intention of achieving the client’s stated financial goals and objectives.

Financial and Retirement plans are based on the client’s financial situation at the time the plan is

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<sup>1</sup> Note: As of May 1, 2018, Theresa Vasquez was appointed as Chief Compliance Officer (“CCO”) of RCS. Mr. Philipp held the role of CCO from 2010 to April 30, 2018.

presented and are based on the information disclosed by the client to RCS. Clients are advised that certain assumptions are made with respect to interest and inflation rates, use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. RCS cannot offer any guarantees or promises that the client's financial goals and objectives will be met. As the client's financial situation, goals, objectives, or needs change, the clients are strongly urged to promptly notify the Firm. For more information on the risks associated with investing, please refer to Item 8, below.

Clients are free at all times to accept or reject any or all Financial and Retirement Plan recommendations made by the Firm and clients retain the authority and discretion on whether to implement RCS' recommendations. If the client decides to follow the recommendations, the client has the option, but is under no obligation, to request that RCS implement such recommendations through the Firm's Investment Management Services. Should a client request RCS to implement such recommendations, the client will receive the services outlined in Item 4.B.2., below.

To the extent requested by the client, RCS will provide consulting regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither RCS, nor any of its representatives, serves as an attorney or accountant, and no portion of RCS's services should be construed as same. To the extent requested by a client, RCS will recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including representatives of RCS in their separate registered/licensed capacities as discussed below. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from RCS.

Please Note: If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

Please refer to Item 5 for important information relating to RCS's Financial and Retirement Plan Services fees. For those clients who engage RCS to perform investment management services, the initial Financial and Retirement Plan Services analysis is conducted on a complementary basis.

## 2. Investment Management Services

RCS provides clients with ongoing Investment Management Services, performed on a fully discretionary basis. RCS uses a passive indexing approach to investing. RCS makes portfolios with 10 different risk levels from 10% equity to 100% equity, in 10% increments (e.g., a 10% equities / 90% fixed income model portfolio would represent a conservative strategy, whereas a 90% equities / 10% fixed income model portfolio would represent an aggressive growth strategy). Within these risk levels, RCS has designed multiple base portfolio models for different strategies such as: low cost globally diversified portfolios, ESG (environmental, social, governance) portfolios, high dividend yield portfolios and portfolios with taxable or tax-free bond positions. RCS then customizes these base portfolios when appropriate to meet specific client requests or needs. The model portfolios typically consist of ETFs, but also can hold other positions, such as equities, fixed-income, mutual funds, cash management instruments and other

financial products. In addition, upon client request and when appropriate, RCS also can use certain private funds to mitigate market risks. Note that RCS can hold cash as a stand-alone asset class and in times of a turbulent market, it is possible that the Firm can move to an all-cash position.

RCS's recommendation of a particular model is dependent upon the individual client's risk tolerance, time horizon and specific goals. Prior to engaging RCS to provide investment management services, RCS conducts an initial financial and retirement plan analysis. During this process, RCS will use various software (including Money Guide Pro, Right Capital and Riskalyze) to determine the client's risk tolerance and analyze what investment strategies should be weighed and considered to achieve the client's goals. Based on this, RCS customizes the client's portfolio based on the investment needs of that individual.

Each RCS client is required to enter into a formal investment advisory agreement with the Firm prior to the commencement of any investment management services. This agreement sets forth the terms and conditions, including the scope of services to be provided and specific amount of investment advisory fees, under which RCS manages the client's assets. Please refer to Item 5 below for important information.

The client can, at any time, impose reasonable restrictions, in writing, on RCS's services. As stated above, cash positions can be a tactical asset, and there are times when RCS recommends that a client go to a money market fund (cash) for some or all of the account for tactical reasons. Client portfolios are rebalanced daily using the iRebal technology system.

As part of RCS's advisement, RCS, at times, will provide investment advice regarding ***unaffiliated private investment funds***. RCS's role relative to the private investment funds shall be limited to its initial and ongoing due diligence regarding RCS's investment advisory services. If a client wishes to become a private fund investor, RCS's investment adviser representatives will work with the client and manage the other portfolio assets around that private fund investment. RCS's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

Please Note: Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike other liquid investments that a client can maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund and acknowledges and accepts the various risk factors that are associated with such an investment. Please refer to Item 8 for additional important Risk considerations.

As described above, RCS can provide advisory services to those clients who are focused on ESG investing. In these instances, services shall be provided as described above under Retirement Capital Strategies and no longer offered under the Blue Wave Investing DBA. Other than use of the DBA name and the investment focus, there is no organizational, structural, or applied fee differences between RCS and Blue Wave Investing.

At times, as part of a risk mitigation and income strategy and when appropriate for a client's portfolio, the firm will make use of derivatives. A derivative, primarily an option, is a contract to buy or sell a specific financial product officially known as the option's underlying instrument or underlying interest. For equity options, the underlying instrument is a stock, exchange-traded fund ("ETF"), or similar product. The contract itself is very precise. It establishes a specific price, called the strike price, at which the contract can be exercised, or acted on. And it has an expiration date. When an option expires, it no longer has value and no longer exists. Options come in two varieties, calls and puts, and you can buy or sell either type. RCS uses Covered Call type options and buys option contracts (calls and puts) in the portfolios where it utilizes options.

A covered call is an options strategy that involves both stock and an options contract. The trader buys (or already owns) a stock, then sells call options for the same amount (or less) of the stock and then waits for the options contract to be exercised or to expire. If the options contract is exercised, the trader will sell the stock at the strike price, and if the options contract is not exercised the trader will keep the stock.

For a covered call, the call that is sold is typically out of the money (OTM). This allows for profit to be made on both the options contract sale and the stock if the stock price stays below the strike price of the OTM option. If you believe the stock price is going to drop, but you still want to maintain your stock position for the time being, you can sell an in the money call option (ITM).

For this, you will receive a higher premium from the buyer of your call option, but the stock must fall below the ITM option strike price, otherwise, the buyer of your option will be entitled to receive your shares if the share price is above the option's strike price at expiration (you lose your share position).

The buyer of call options has the right, but not the obligation, to buy an underlying security at a specified strike price. Buying a put option gives you the right to sell a given stock at a certain price by a certain time. For that privilege, you pay a premium to the seller ("writer") of the put, who assumes the downside risk and is obligated to buy the stock from you at the predetermined price.

When buying calls and puts, the maximum risk (maximum loss) is the premium paid to own the option contract.

Additional information on options can be found on the web at [www.optionseducation.org](http://www.optionseducation.org). Tax accounting for options can be complex and can require the assistance of a qualified tax adviser. Please see Item 8 below for more information regarding our options strategy.

a. Management of Variable Annuity Sub-Accounts

Under the Firm's investment management services, RCS offers discretionary management of clients' new variable annuity contracts and will make selections and exchanges between sub-accounts available from the insurance company issuing the variable annuity.

RCS will assist the client in completing a questionnaire which details the client's financial goals, risk tolerance and time horizon. The client will have the opportunity to place reasonable restrictions on the sub-accounts available for selection.

Model allocations are strategically developed utilizing the sub-accounts available within the variable annuity products. RCS may limit the product offerings at insurance companies on which investment management services are available. The limitations may be due to variable annuity sub-account options, annuity riders added to contracts or other factors. Total portfolio expenses may be higher than other mutual fund or managed portfolios based on the product, mortality and expenses and additional riders that may be added to the policy.

In some cases, fees for managing the subaccounts can be deducted from the annuity. Fee deductions are generally considered distributions from the annuity, and will affect the annuity contract terms, and typically have tax consequences. Clients are encouraged to consult with a tax professional regarding any tax ramifications related to the variable annuity. Please see Item 5 below for additional information relating to fees.

b. Management of 529 College Savings Plans

RCS offers discretionary management of clients' new 529 College Savings Plans and will make selections and exchanges between investments available from the plan sponsor. Also, when appropriate, RCS will provide clients advice regarding the use and implementation of non-discretionary 529 College Savings Plans.

A 529 plan is a tax-advantaged investment vehicle designed to encourage saving for the future higher education expenses of a designated beneficiary. All education savings plans are sponsored by state governments, but only a few have residency requirements for the saver and/or beneficiary. State governments do not guarantee investments in education savings plans. Education savings plan investments in mutual funds and ETFs are not federally guaranteed, but investments in some principal-protected bank products may be insured by the FDIC. As with most investments, investments in education savings plans may not make any money and could lose some or all of the money invested.

When appropriate, RCS will consult with the client and gather information regarding the client's educational planning needs including ages of children, types of education plans, tuition forecasts, and tax implications. Based on this information, RCS will work with the client to determine which state-sponsored 529 plan will best match the client needs and assist the client with particular applications. RCS will monitor the account on an ongoing basis, making changes or recommendations on investment and allocation.

529 plans are considered part of the client's overall portfolio and fees for RCS consultation on 529 plans is in accordance with the RCS investment management fee schedule. However, there are fees internal to 529 plans and the investments therein that can or will be assessed by the State's 529 plan sponsor. 529 plan sponsors can or will charge an enrollment/application fee, annual account maintenance fees, and ongoing program management fees. Some of these fees are collected by the state sponsor of the plan and some are collected by the plan manager. Clients are highly encouraged to read all 529 plan disclosures provided by the particular 529 plan sponsor.



Please see Item 5 below for information regarding the fees associated with 529 plans.

c. Employer-Sponsored Retirement Plan Investment Advice

Going forward, RCS will offer investment advice for clients' employer-sponsored retirement plans and will make recommendations on investments available through the plan sponsor for a fee. Previous advice arrangements for existing clients will be grandfathered.

RCS will make investment recommendations based on the client's financial situation, investment objective, time horizon, tax status and risk tolerance. RCS cannot offer any guarantees or promises that the client's financial goals and objectives will be met. For more information on the risks associated with investing, please refer to Item 8, below.

Clients will execute the recommended investment transactions directly with the plan sponsor. Clients are free to accept or reject any or all investment recommendations made by RCS and clients always retain the authority and discretion on whether to implement RCS's recommendations.

Employer-sponsored retirement plans that are advised by RCS are considered part of the client's overall portfolio and fees for RCS consultation on employer-sponsored retirement plans is in accordance with the RCS investment fee schedule. However, there are fees internal to employer-sponsored retirement plans and the investments therein that can or will be assessed by the plan sponsor. Clients are highly encouraged to read all employer-sponsored retirement plan material and disclosures provided by the particular plan sponsor.

Please see Item 5 below for information regarding the fees associated with employer-sponsored retirement plan investment advice.

C. Important Information Relating to RCS's Advisory Services

1. Client Obligations and Responsibilities

RCS offers our clients a selection of services. Clients who engage us for one of the services we provide are under no obligation to engage us for any of the other services.

RCS is not required to verify any information we receive from the client or from the client's other professionals, and the Investment Advisory Agreement expressly authorizes us to rely on information provided to us. Under all circumstances, clients are responsible for promptly notifying the Firm in writing of any material changes to the client's financial situation, investment objectives, time horizon, tax status, risk tolerance or other material information that the Firm may have relied upon in rendering its services. If a client notifies the Firm of such changes, RCS will review the changes and may recommend revisions to the client's Financial and Retirement Plan and/or portfolio.

2. Courtesy (Non-Managed) Accounts

As a matter of accommodation and convenience to existing RCS clients who have other managed

assets with us, we may allow clients to establish courtesy accounts (“Courtesy Accounts”) at our custodian broker-dealer, TD Ameritrade. Such Courtesy Accounts can only be established after the client signs a Courtesy Account Agreement. RCS does not assume the responsibility to monitor, trade or report on these accounts, or any securities that they may hold. Clients are strongly encouraged to effectuate their own trading in these Courtesy Accounts. RCS typically does not accommodate non-solicited trade requests from clients for Courtesy Accounts; only upon a client’s explicit written and/or verbal instructions and after review and approval by a member of RCS’s management team would this be considered. Clients who wish to establish a Courtesy Account should review the Courtesy Account Agreement carefully prior to signing it. RCS will not charge any fees on Courtesy Accounts.

#### **D. Assets Under Management**

As of December 31, 2020, the following represents the amount of client assets under management by RCS on a discretionary basis:

Type of Account	Assets Under Management ("AUM")
Discretionary	\$272,644,923.00
Non-Discretionary	\$0.00
Total:	\$272,644,923.00

#### **E. Wrap Programs**

RCS does not participate in any wrap programs at this time.

### **ITEM 5 FEES AND COMPENSATION**

The specific fees charged by RCS for its advisory services are set forth in each client’s investment advisory agreement. Fees charged by RCS are negotiable at the sole discretion of RCS, and arrangements with any particular client can differ from those described below. In addition, for family and friends of RCS, or in a situation where a client has a low yielding ultra-short-term bond investment portfolio account, RCS can, in its sole discretion, reduce or waive fees in their entirety.

Although RCS believes its advisory fees are competitive, clients should be aware that lower fees for comparable services can be available from other sources.

**A. Description of Fees: Fee Schedule**

**1. Financial and Retirement Planning Service Fees**

As previously noted, when discussed and mutually agreed upon by RCS and the client, RCS will provide Financial and Retirement Planning Services on a complimentary basis to clients who engage RCS to also perform Investment Management Services. To the extent that a client wishes to have a comprehensive financial plan without engaging RCS to perform Investment Management Services, the Firm generally assess a fee of \$1,495, which could go higher, dependent upon complexity.

Financial and Retirement Planning consultation also is provided as a stand-alone service on an hourly basis, which ranges from \$250 to \$2,500 on a fixed fee basis or from \$125 to \$325 on an hourly basis. Such fees are negotiable and are outlined within the Financial and Retirement Planning consultation agreement.

Should a client elect to implement the recommendations contained in their financial plan, the client will also be subject to fees, expenses, brokerage and transaction costs as further described below. Please also refer to Item 12 for more information on RCS's brokerage practices.

**2. Investment Management Services Fees**

RCS's investment management fees are assessed quarterly, in advance, and calculated based on the market value of client assets as of the close of business on the last business day of the preceding quarter. By engaging the Firm to perform Investment Management Services, for managed accounts, clients generally authorize RCS to request that the custodian remit payment for Investment Management fees from the client's account(s). If authorized to do so, RCS's fees will be automatically deducted from the client's account by the custodian at the beginning of each billing period. For other newly established Investment Management services, such as variable annuity management, 529 College Savings plan management and employer-sponsored retirement plan (401(k), 403(b), 457(b), etc.) investment advice, RCS will bill the client directly or the client can elect to have fees withdrawn from a non-qualified managed account. Please refer to **Item 4** for information on the types of Advisory Services offered.

The amount due is calculated by applying the annual rate, divided by 365 (number of days in the year or 366 days in a leap year), multiplied by the number of days in the upcoming billing period and then multiplying this result by the market value of client assets as of the close of business on the last business day of the preceding quarter. For accounts opened after the beginning of a new quarter, fees will be prorated from the date of engagement to the end of quarter. In the event RCS's services are terminated mid-quarter, any paid, unearned fees will be promptly refunded to the client. Under certain conditions (such as for friends and family of the firm, or in a situation where a client has a low yielding ultra-short-term bond investment portfolio account), RCS may, at its sole discretion, choose to waive its fee.

Additionally, RCS will "Household" accounts, based on the address of record for each account, in order to combine assets under management, which in turn, could lower the

management fee assessed by RCS.<sup>2</sup>

RCS submits information to the custodian as to the amount the client will be billed, which is deducted by the custodian, and reflected on the client's custodial statement.

Fees for investment advisory services (asset management fees) are based on the following schedule.

<b><u>Market Value of Portfolio</u></b>		<b><u>% of Assets</u></b>
<b>\$ 0</b>	<b>to \$ 249,999</b>	<b>1.50%</b>
<b>\$ 250,000</b>	<b>to \$ 499,999</b>	<b>1.30%</b>
<b>\$ 500,000</b>	<b>to \$ 749,999</b>	<b>1.10%</b>
<b>\$ 750,000</b>	<b>to \$ 999,999</b>	<b>1.00%</b>
<b>\$1,000,000</b>	<b>to \$1,999,999</b>	<b>0.85%</b>
<b>\$2,000,000</b>	<b>to \$4,999,999</b>	<b>0.75%</b>
<b>\$5,000,000</b>	<b>to \$9,999,999</b>	<b>0.60%</b>
<b>\$10,000,000</b>	<b>or More</b>	<b>0.40%</b>

RCS does not require a minimum account size but does impose a minimum annual fee as mentioned above and reserves the right to decline any potential client for any reason. RCS, in its sole discretion, can charge a lesser investment management fee and/or waive or reduce its minimum asset requirement based upon a variety of factors, including anticipated future earning capacity, anticipated future additional assets, size of assets to be managed, number of household and related accounts, account composition and negotiation with the client. In addition, RCS may, at its sole discretion, choose to waive its fee for family and friends of the firm, or in a situation where a client has a low yielding ultra-short-term bond investment portfolio account.

The client's custodian, i.e., TD Ameritrade ("TDA"), delivers an account statement to the client at least quarterly, showing all disbursements, including advisory fees, deducted from the account. The client is encouraged to review all account statements for accuracy. It is the responsibility of the client and not the custodian to ensure the fees are calculated correctly. The Investment Advisory Agreement between RCS and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement. Upon termination, RCS shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter. In the event of a fee miscalculation, RCS will make every effort to identify and rectify the miscalculation and make the client whole.

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<sup>2</sup> In the case of accounts which are transferred to a professional fiduciary (e.g., a trust company) in the case of death or incapacity, such accounts will not be househanded due to their unrelated nature.

## **B. Other Fees and Expenses**

Clients should understand that the fees described above are exclusive to RCS and do not include certain charges imposed by third parties such as custodial fees, execution costs, mutual fund fees and expenses, and management fees charged by TPMs. Client assets also may be subject to transaction fees, brokerage fees and commissions, retirement plan administration fees (if applicable), deferred sales charges on mutual funds initially deposited in the 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. For mutual funds and ETFs, clients may be charged internal management fees, distribution fee and other expenses as are found in the funds' prospectuses. Notably, RCS will not receive any portion of these other fees and expenses.

Clients should understand that all custodial fees, including transaction costs and any other charges, fees and commissions incurred in connection with transactions for a client's account are generally paid out of the assets in the account and are in addition to the advisory fees charged by RCS. Please refer to Item 12 of this Brochure for additional important information about RCS's brokerage and transactional practices, including considerations for selecting broker-dealers for client transactions.

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

RCS does not charge performance-based fees (*i.e.*, fees calculated based on a share of capital gains on or capital appreciation of the client's assets or any portion of the client's assets). Consequently, we do not engage in side-by-side management of accounts that are charged a performance-based fee with accounts that are charged another type of fee (such as assets under management). As described above, we provide our services for an advisory fee that is based upon a percentage of a client's assets under management, which is in accordance with state and federal requirements.

## **ITEM 7 TYPES OF CLIENTS**

RCS provides personalized investment advisory services to individuals and high net worth individuals.

RCS does not require a minimum account size but does reserve the right to decline any potential client for any reason. RCS, in its sole discretion, will charge a lesser investment management and/or waive or reduce its minimum asset requirement based upon certain criteria (*i.e.*, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). If a Client's account is a pension or other employee benefit plan governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), RCS can be a fiduciary to the plan. In providing our investment management services, the sole standard of care imposed upon us is to act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. RCS will provide certain required

disclosures to the “responsible plan fiduciary” (as such term is defined in ERISA) in accordance with Section 408(b)(2), regarding the services we provide and the direct and indirect compensation we receive by such clients. Generally, these disclosures are contained in this Form ADV Part 2A, the client agreement and/or in separate ERISA disclosure documents and are designed to enable the ERISA plan’s fiduciary to: (1) determine the reasonableness of all compensation received by RCS; (2) identify any potential conflicts of interests; and (3) satisfy reporting and disclosure requirements to plan participants.

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

### **A. Methods of Analysis**

Every method of analysis has its own inherent risks. To perform an accurate market analysis RCS must have access to current/new market information. RCS has no control over the dissemination rate of market information; therefore, unbeknownst to RCS, certain analyses can be compiled with outdated market information, severely limiting the value of RCS’s analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

In analyzing mutual funds and exchange-traded funds (“ETFs”), RCS will use various sources of information, including data provided by Morningstar, Inc., a mutual fund or ETF company’s website, and other online and subscription resources. We cannot guarantee that any such strategy or analysis will prove profitable or successful.

### **B. Investment Strategies**

RCS’s primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, can incur higher transactional costs when compared to a longer-term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short-term investment strategy and substantially higher transaction costs than a longer-term investment strategy.

Please Note: Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by RCS) will be profitable or equal any specific performance level(s).

Currently, RCS primarily allocates client investment assets among various mutual funds and/or ETFs, on a discretionary basis in accordance with the client’s designated investment objective(s).

RCS generally uses diversification to optimize the risk and potential return of a portfolio. More specifically, we expect to utilize multiple asset classes, investment styles, market capitalizations,

sectors, and regions to provide diversification.

RCS's general investment strategy is to seek a total return proportionate with the level of risk the client decides to take. We assist each client in developing an investment plan, by seeking to understand the client's general financial situation, investment objectives, liquidity needs, time horizon, return objective, and risk tolerance, as well as any special considerations and/or restrictions the client chooses to place on the management of the client accounts. Based on this information, we determine the securities that comprise each client's portfolio and then make investment strategy recommendations that are consistent with the client's investment plan. RCS offers several different investment strategies ("asset allocation") types for managing client accounts. Based on the client's investment plan, we will recommend managing the client's accounts in accordance with one or multiple asset allocation strategies.

Client portfolios with similar investment objectives and asset allocation goals can at times, own the same or different securities. Income tax factors also influence RCS's investment decisions (however, note that RCS does not give tax advice).

Each portfolio will maintain a target asset allocation. Generally, we review client portfolios periodically to evaluate how closely the actual allocation matches the target allocation. When we consider the variance excessive, we will take appropriate actions (by buying or selling securities) to bring the actual allocation within acceptable range of the target allocation. We refer to this process as "rebalancing." The process of rebalancing offers a systematic process to buy or sell securities when investment categories (asset classes) vary from their target allocation.

As described in Item 4 above, there will be times a client indicates they would like their portfolios managed with a focus on sustainable investing, socially responsible investing, and/or mission related investing. In these instances, the portfolio shall be managed in a similar manner as described above in regard to risk, diversification, asset allocation etc., but investment selection shall be guided by ESG principals.

As noted in Item 4 above, RCS will at times use "Covered Call" options and buy option contracts (calls and puts) in client portfolios when appropriate in order to mitigate risk and/or produce income. An option is a contract to buy or sell a specific financial product officially known as the option's underlying instrument or underlying interest. For equity options, the underlying instrument is a stock, exchange-traded fund (ETF), or similar product. The contract itself is very precise. It establishes a specific price, called the strike price, at which the contract may be exercised, or acted on. It also has an expiration date. When an option expires, it no longer has value and no longer exists. Call contracts will expire worthless if the underlying security closes below the strike price on expiration. Selling a covered call may limit the upside if the underlying security closes above the strike price on expiration. Special tax rules may apply, depending on the outcome.

Below are some of the main risks associated with investing in options:

- When writing covered call options to produce income for a client's account, there can be times when the underlying stock is "called" (call option contract exercised or assigned) by the investor that purchased the call option. That means the client would be required to sell the underlying security at the exercise (pre-determined) price to that investor, which could cause a taxable event.

- Clients can be required to open a margin account in order to invest in options, which carries additional risks and could result in margin interest costs to the client. Note: The types of Options deployed by RCS will not require the use of margin.
- Option positions can be adversely affected by company specific issues (the issuer of the underlying security) which can include but are not limited to bankruptcy, insolvency, failing to file with regulatory bodies, being delisted, having trading halted or suspended, corporate reorganizations, asset sales, spin offs, stock splits, mergers and acquisitions. In addition, market related actions, political issues, and economic issues can adversely affect the option market. These factors could restrict, halt, suspend, or terminate option positions written (sold) or purchased.
- Options involve risk and are not suitable for all clients. Therefore, a client should read the option disclosure document, “Characteristics and Risks of Standardized Options”. Copies of this document may be obtained from us, from any exchange on which options are traded, on the web at <https://www.theocc.com/components/docs/riskstoc.pdf> or by contacting The Options Clearing Corporation, One North Wacker Dr., Suite 500, Chicago, IL 60606 (1-888-678-4667).

In no event will the Firm engage in “naked” option writing, which is the most speculative form of trading.

### **C. Risk of Loss**

Prior to opening an account with RCS, each client should carefully consider:

- That investing in securities involves risk of loss, which clients should be prepared to bear;
- That securities markets experience varying degrees of volatility;
- That over time, the client’s assets can fluctuate and at any time be worth more or less than the amount invested; and
- That clients should only commit assets that are long-term in nature, typically a minimum of a ten-year time horizon.

We do not guarantee that any investment strategy will meet its investment objectives or that an account will not suffer losses.

The prices of securities held in client accounts and the income they generate can decline in response to certain events taking place around the world. These include events directly involving the issuers of securities held as underlying assets of mutual funds and ETFs in a client’s account, conditions affecting the general economy, and overall market changes. Other contributing factors include local, regional, or global political, social, or economic instability and governmental or governmental agency responses to economic conditions. Finally, currency, interest rate, and commodity price fluctuations can also affect security prices and income. For additional risk information please see appropriate mutual fund and ETF prospectuses.

### **Risks of Securities**

When investing in mutual funds and ETFs, investors have literally thousands of choices. Most



mutual funds and ETFs fall into one of three main categories: money market funds, bond funds (also called “fixed income” funds), and stock funds (also called “equity” funds). Each type has different features and different risks and rewards. Generally, the higher the potential return, the higher the risk of loss.

#### Exchange-Traded Funds (ETFs)

An ETF is a type of investment company (usually, an open-end fund or unit investment trust) containing a basket of stocks or bonds that usually tracks a specific index or sector. An ETF is similar to an index mutual fund in that it will primarily invest in securities of companies that are included in a selected market index or that fall into a particular sector. Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETFs trade throughout the day on an exchange. Like stock and bond mutual funds, the prices of the underlying securities and the overall market can affect ETF prices. Similarly, factors affecting a particular industry segment can affect ETF prices that track specific sectors. An investment in an ETF could lose money over short or even long periods. You should expect the ETFs share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market.

#### Mutual Funds (Open-end Investment Companies)

A mutual fund is a company that pools money from many investors and invests the money in stocks, bonds, short-term money-market instruments, other securities or assets, or some combination of these investments. The portfolio of the mutual fund consists of the combined holdings it owns. Each share represents an investor’s proportionate ownership of the fund’s holdings and the income those holdings generate. The price that investors pay for mutual fund shares is the funds per share net asset value (NAV) plus any shareholder fees that the fund imposes. An investment in a mutual fund could lose money over short or even long periods. You should expect the fund’s share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market.

#### Bond Mutual Funds and Bond ETFs

Unlike money market funds, the applicable regulatory rules (which include those promulgated by the SEC) do not restrict bond funds and bond ETFs to high quality or short-term investments. Because there are many different types of bonds, bond funds and bond ETFs can vary dramatically in their risks and rewards. Some of the risks associated with bond funds and bond ETFs include, among others:

##### Interest Rate Risk

Interest rate risk refers to the risk that the market value of bonds will go down when interest rates go up. Because of this risk, investors can lose money in any bond fund or Bond ETF. Interest rate risk applies to investments in insured bonds and U.S. Treasury Bonds. Longer-term bonds tend to have higher interest rate risks.

##### Credit Risk

Credit risk refers to the risk that companies or other issuers can fail to pay their debts (including the debt owed to holders of their bonds). Consequently, this affects, mutual funds and ETFs that hold these bonds. Credit risk is less of a factor for investments in insured bonds or U.S. Treasury Bonds. By contrast, those that invest in the bonds of companies with poor credit ratings generally will be subject to higher risk.

### Prepayment Risk

Issuers can choose to pay off debt earlier than the stated maturity date on a bond. For example, if interest rates fall, a bond issuer can decide to “retire” its debt and issue new bonds that pay a lower rate. When this happens, proceeds from the sale of individual bonds or a bond fund will not be able to be reinvested the proceeds in an investment with as high a return or yield.

### Stock Mutual Funds and Stock ETFs

A stock mutual fund and stock ETF’s values can rise and fall quickly (and dramatically) over short or even long periods. You should expect a stock mutual fund’s and a stock ETF’s share price and total return to fluctuate within a wide range. Overall stock market risk poses the greatest potential danger for investors in stock mutual funds and stock ETFs. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Stock prices can fluctuate for a broad range of reasons—such as the overall state of the economy or demand for particular products or services. Some other risks associated with various types of stock funds include, among others:

#### Small Cap Funds

Stock mutual funds that invest in stocks of small companies involve additional risks. Smaller companies typically have higher risk of failure and are not as established as larger companies. Historically, smaller company stocks have experienced a greater degree of market volatility than the overall market average.

#### International Funds

Stock mutual funds that invest in foreign securities involve special additional risks. International investments are subject to stock market risk as well as additional risks, including currency fluctuation, political instability, country/regional risk, and potential illiquid markets.

#### Emerging Market Funds

Emerging market investments involve stock market risk and the same risks as international investments. Investing in emerging markets can accentuate those additional risks.

#### Real Estate Investment Trust (“REIT”) Funds

REIT Funds include REITs within the underlying fund holdings. REITs primarily invest in real estate or real estate-related loans. Equity REITs own real estate properties, while mortgage REITs hold construction, development, and/or long-term mortgage loans. REIT investments include illiquidity and interest rate.

#### Other Considerations / Holdings

Occasionally, it will be decided to keep some of the portfolio assets that existed before the management account was established. These other investments can include: Common Stock, Preferred Stock, Individual Bonds and Certificates of Deposit.

RCS does not represent, guarantee or imply that the services or methods of analysis employed by us can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

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. Consequently, the value of an account can at any time be worth more or less than the amount invested. RCS does not represent, guarantee or imply that the services or methods of analysis employed by us can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

## ITEM 9 DISCIPLINARY INFORMATION

Registered investment advisers such as RCS are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of RCS or the integrity of its management.

On November 19, 2018, RCS entered into an offer of settlement with the SEC, by which RCS consented to an Order Instituting Administrative and Cease-and-Desist Proceedings and Making Findings, Imposing Remedial Sanctions and a Cease-and-Desist Order, *In the Matter of Retirement Capital Strategies, Inc.* (IA Rel. No. 5065). Without admitting or denying the SEC's findings, RCS failed to apply advisory fee discounts to certain client accounts contrary to its disclosures and representations to clients, resulting in the improper calculation of advisory fees. The SEC further found that RCS did not adopt a written policy and procedure to prevent charging client fees greater than those disclosed or consistently applying breakpoint discounts as disclosed to clients. RCS has reviewed the records of current and former clients who may have paid excess fees and refunded those excess fees, with interest, to affected clients. RCS also retained a compliance consultant to, among other things, conduct a review of RCS's written compliance policies and procedures regarding advisory fees and Form ADV disclosures; updated its compliance policies and procedures; enhanced its billing automation; ceased and desisted the alleged activities and paid a civil penalty of \$50,000. A complete copy of this order is available at <https://www.sec.gov/litigation/admin/2018/ia-5065.pdf>.

## ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Certain of RCS's representatives, in their individual capacities, are licensed insurance agents, and at times, will recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4.B above, clients can engage certain of RCS's representatives to effect insurance transactions on a commission basis.

Neither RCS, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

The recommendation by RCS's representatives that a client purchase insurance commission products presents a *conflict of interest*, as the receipt of commissions can provide an incentive to recommend investment products based on commissions to be received, rather than on a particular

client's need. No client is under any obligation to purchase any commission products from RCS's representatives. Clients are reminded that they can purchase insurance products recommended by RCS through other, non-affiliated broker-dealers or insurance agents. RCS's Chief Compliance Officer, Theresa Vasquez, remains available to address any questions that a client or prospective client will have regarding the above conflict of interest.

RCS does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

## **ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **A. Code of Ethics Summary**

RCS has adopted a Code of Ethics ("Code") which establishes standards of conduct for RCS's supervised persons and includes general requirements that such supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading and insider trading. It contains written policies reasonably designed to prevent the unlawful use of material non-public information by RCS or any of its officers, directors, agents or employees. The Code also requires that certain RCS's personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings. The Code and RCS's Trade Aggregation and Allocation Policy, govern how RCS's Access Persons can effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the Access Person) any transactions in a security which is being actively purchased or sold on behalf of any of RCS's clients. The Code also requires supervised persons to report any violations of the Code promptly to the Firm's Chief Compliance Officer ("CCO"). Each supervised person receives a copy of the Code and any amendments to it and must acknowledge in writing having received the materials. Annually, each supervised person must certify that he or she complied with the Code during that year.

RCS will provide a copy of its Code of Ethics to any client or prospective client upon request by contacting RCS at 408-551-6100.

### **B. Participation or Interest in Client Transactions**

Neither RCS nor any related person of RCS recommends, buys, or sells for client accounts, securities in which the RCS or any related person of RCS has a material financial interest.

### **C. Personal Trading**

RCS maintains an investment policy relative to personal securities transactions. This investment policy is part of RCS's overall Code of Ethics, which serves to establish a standard of business conduct for all of RCS's representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

RCS, its related persons and/or representatives of RCS will buy or sell securities that are also

recommended to clients. This practice creates a situation where RCS and/or representatives of RCS are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if RCS did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of RCS’s clients) and other potentially abusive practices. RCS has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the RCS’s “Access Persons”. The RCS’s securities transaction policy requires that an Access Person of RCS must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period. Additionally, Access Persons are required to report all personal securities transactions to the RCS within thirty (30) days of the end of every calendar quarter.

RCS and/or representatives of RCS can buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the RCS and/or representatives of the RCS are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, RCS has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of RCS’s Access Persons.

In accordance with Section 204A of the Investment Advisers Act of 1940, RCS also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by RCS or any person associated with RCS.

## **ITEM 12 BROKERAGE PRACTICES**

### **A. Selection Criteria**

When performing Investment Management Services, RCS generally recommends that client transactions be executed through TD Ameritrade, Inc., (“TD Ameritrade”), an unaffiliated SEC-registered broker-dealer and FINRA member. This is due to the fact that the Firm uses TD Ameritrade’s brokerage trading platform software. However, RCS periodically evaluates the commissions charged and the service provided by broker-dealer custodians and compares those with other broker-dealers to evaluate whether overall best qualitative execution could be achieved by using alternative broker-dealer custodians. Other factors RCS may consider when evaluating its choice of broker-dealer custodian include:

- Ability to trade mutual funds and other investments that RCS determines suitable for a client's portfolio;
- Any custodial relationship between the client and the broker-dealer;
- Reliability and quality of customer service and interaction with RCS;
- Ease of client access to funds via cashiering services (e.g., direct deposits,

- withdrawals, wire, overnight check and ACH to clients' bank account(s));
- Ease of website access, document, and tax form accessibility;
- Discount transaction rates; and
- Reliability and financial stability.

The broker-dealer custodian recommended by RCS may not provide the lowest commission rate available taking into consideration factors outlined above.

RCS does not accept or allow directed brokerage arrangements; *see* Item 12.E., below.

## **B. Benefits Provided by TD Ameritrade**

RCS participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. RCS receives some benefits from TD Ameritrade through its participation in the Program, and other incidental benefits as further described below.

As disclosed above, RCS participates in TD Ameritrade's institutional customer program and Advisor can recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between RCS's participation in the program and the investment advice it gives to its Clients, although RCS 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; research related products and tools; consulting services; 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; ability for direct deposit wires to client-linked bank accounts pursuant to a written standing letter of authorization at no charge; and discounts on compliance, marketing, research, technology, and practice management products or services provided to RCS by third party vendors. TD Ameritrade could also have paid for business consulting and professional services received by RCS's related persons.

Some of the products and services made available by TD Ameritrade through the program can benefit RCS, but at times, will not benefit its Client accounts. These products or services assist RCS in managing and administering Client accounts, including accounts not maintained at TD Ameritrade.

Other services made available by TD Ameritrade are intended to help RCS manage and further develop its business enterprise. The benefits received by RCS 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, RCS endeavors always to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by RCS or its related persons in and of itself creates a potential conflict of interest and is a factor in RCS's choice of utilizing TD Ameritrade for custody and brokerage services.

### **C. Receipt of Incidental Benefits**

RCS also receives from TD Ameritrade certain additional incidental economic benefits (“Additional Services”) that may or may not be offered to any other independent investment advisers participating in the Program. Specifically, the Additional Services include Advent. Advent is the parent company to Black Diamond, a service provider that allows the Firm to conduct such activities as generate performance reports and statements, open up a “portal” to users – which typically includes clients – allowing for confidential sharing of certain information, and billing support. Black Diamond may provide other services as well, such as portfolio rebalancing; however, such available services are not currently being utilized by the Firm. TD Ameritrade provides the Additional Services to the Firm in its sole discretion and at its own expense, and the Firm does not pay any fees to TD Ameritrade for the Additional Services. The Firm and TD Ameritrade have entered into a separate agreement (“Additional Services Addendum”) to govern the terms of the provision of the Additional Services.

The Firm’s receipt of Additional Services raises conflicts of interest. In providing Additional Services to RCS, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, the Firm’s client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with the Firm, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, the Firm has an incentive to recommend to its clients that the assets under management by the Firm be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. The Firm’s receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including seeking best execution of trades for client accounts.

To help mitigate the conflicts of interest created by RCS’s receipt of soft dollar benefits and to help ensure that broker-dealer custodians recommended by the Firm are conducting overall best qualitative execution, RCS will periodically evaluate its trading process and brokers utilized. RCS will review the brokerage firm’s services, their value added to the Firm’s investment process along with the broker’s ability to affect trades in a fair and timely manner at competitive commission rates. At that time, brokerage firms not currently utilized will be considered for inclusion if Firm deems that such brokerage firms will significantly improve the Firm’s overall management of client accounts.

### **D. Trade Error Policy**

RCS shall reimburse accounts for losses resulting from RCS’s trade errors but shall not credit accounts for such errors resulting in market gains. The gains and losses are reconciled with RCS’s qualified custodian (“Custodian”) and the Custodian retains the net gains and RCS pays the losses.

### **E. Directed Brokerage**

RCS does not permit the client to direct trades to a particular broker-dealer (client “directed

brokerage”). However, RCS may, at its sole discretion, allow such directed brokerage in limited situations based upon the client’s circumstances. Transactions for these clients will generally be executed following the execution of portfolio transactions in other client accounts where RCS has full discretion to execute trades.

Clients who request directed trades may or may not receive best execution and may pay higher brokerage commissions because RCS is not able to aggregate orders to reduce transaction costs or otherwise negotiate commissions and may also receive less favorable prices and execution. As a result, RCS cannot provide assurances that best execution can be obtained in client accounts where RCS is instructed to direct trades.

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

For those clients to whom RCS provides investment supervisory services, account reviews are conducted on an ongoing basis by the client’s investment adviser representative. All investment supervisory clients are advised that it remains their responsibility to advise RCS of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with RCS on an annual basis.

RCS conducts account reviews on another-than-periodic basis upon the occurrence of triggering events, which can include, but are not limited to, a change in client investment objectives and/or financial situation, account rebalancing and client request.

Clients are provided, at least quarterly, with written or electronic transaction confirmation notices and regular written or electronic summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts.

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

As referenced in Item 12.A.1 above, RCS can receive an indirect economic benefit from TD Ameritrade. RCS, without cost (and/or at a discount), can receive support services and/or products from TD Ameritrade.

RCS’s clients do not pay more for investment transactions effected and/or assets maintained at TD Ameritrade as a result of this arrangement. There is no corresponding commitment made by RCS to TD Ameritrade or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

RCS’s Chief Compliance Officer, Theresa Vasquez, remains available to address any questions that a client or prospective client will have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement can create.

RCS does not compensate, directly or indirectly, any person, other than its representatives, for client referrals.



## ITEM 15 CUSTODY

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser can access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented. According to this definition, RCS does **not** have custody of client funds or securities.

RCS has established procedures to ensure all client funds and securities are held at a qualified custodian (i.e. TD Ameritrade) in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly.

**It is the Client's responsibility to carefully review those statements to verify the accuracy of the fee calculation; the Custodian will not determine whether the fees are properly calculated.** When clients have questions about their account statements, they should contact RCS or the qualified custodian preparing the statement.

## ITEM 16 INVESTMENT DISCRETION

RCS provides investment advisory services on a discretionary basis. Prior to RCS assuming discretionary authority over a client's account, the client shall be required to execute an Investment Advisory Agreement, naming RCS as the client's attorney and agent in fact, granting RCS full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage RCS on a discretionary basis can, at any time, impose restrictions, in writing, on RCS's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe RCS's use of margin, etc.).

## ITEM 17 VOTING CLIENT SECURITIES

RCS does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Clients will receive their proxies or other solicitations directly from their custodian. Clients can contact RCS to discuss any questions they will have with a particular solicitation.

## ITEM 18 FINANCIAL INFORMATION

RCS does not solicit fees of more than \$1,200, per client, six months or more in advance.

RCS is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.

RCS has not been the subject of a bankruptcy petition.

Should you have any questions relating to any of the disclosures contained within this Brochure, please contact RCS's Chief Compliance Officer, Theresa Vasquez, at (408)551-6100 or at [theresa.vasquez@rcsadvisor.com](mailto:theresa.vasquez@rcsadvisor.com).