



**RILEY WEALTH**  
A D V I S O R S , L L C

## Client Brochure

*This brochure provides information about the qualifications and business practices of Riley Wealth Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (817) 870-4680 or by email at: William.Riley@RileyWealth.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Riley Wealth Advisors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Riley Wealth Advisors, LLC's CRD number is: 145734*

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*Registration does not imply a certain level of skill or training.*  
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## Item 2: Material Changes

### **Annual Update**

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

### **Material Changes since the Last Update**

This update is in accordance with the required annual update for Registered Investment Advisors. Since the last filing of this brochure on March 10, 2020, the following changes have been made:

- Item 4 client assets under management has been updated.
- Item 14 has been updated to include economic benefits provided to the advisory firm from external sources.
- Item 15 has been updated to include information regarding standing letters of authorization.

### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at 817-870-4680 or by email at [William.Riley@RileyWealth.com](mailto:William.Riley@RileyWealth.com).

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

Riley Wealth Advisors, LLC (hereinafter “RWA”) has been in business since January 16, 2008, and the principal owner is William Eugene Riley Jr. In the event of the untimely demise of William Eugene Riley Jr., account management services will be provided by Carson Group Partners.

### B. Types of Advisory Services

#### *Investment Supervisory Services*

RWA offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. RWA constructs a plan to aid in the selection of a portfolio that matches each client’s specific situation (income, tax levels, and risk tolerance levels). Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

RWA evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. RWA will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

#### *Third Party Managers*

When deemed appropriate for the Client, we may recommend that Clients utilize the services of a Third Party Manager (TPM) to manage a portion of, or your entire portfolio. All TPMs that we recommend must either be registered as investment advisers with the Securities and Exchange Commission or with the appropriate state authority(ies).

After gathering information about your financial situation and objectives, an Associated Person of our firm will make recommendations regarding the suitability of a TPM or investment style based on, but not limited to, your financial needs, investment goals, tolerance for risk, and investment objectives. Upon selection of a TPM(s), we will monitor the performance of the TPM(s) to ensure their performance and investment style remains aligned with your investment goals and objectives.

In such circumstances, RWA receives solicitor fees from the TPM. We act as the liaison between the Client and the TPM in return for an ongoing portion of the advisory fees charged by the TPM. We help the Client complete the necessary paperwork of the TPM and provide ongoing services to the Client. Ongoing services include but are not limited to:

1. Meet with the Client to discuss any changes in status, objectives, time horizon or suitability;
2. Update the TPM with any changes in Client status which is provided to RWA by the Client;
3. Review the statements provided by the TPM; and
4. Deliver the Form ADV Part 2, Privacy Notice and Solicitors Disclosure Statement of the TPM to the Client.

RWA will provide the TPM with any changes in Client status as provided to us by the Client and review the quarterly statements provided by the TPM. RWA will deliver the Form ADV Part 2, Privacy Notice and Solicitors Disclosure Statement of the TPM. Clients placed with TPM will be billed in accordance with the TPM's Fee Schedule which will be disclosed to the Client prior to signing an agreement.

### ***Financial Planning***

Financial plans and financial planning may include, but are not limited to: investment planning, life insurance; tax concerns; retirement planning; college planning; and debt/credit planning. If a conflict of interest exists between the interests of RWA and the interests of the Client, the Client is under no obligation to act upon RWA's recommendation. If the Client elects to act on any of the recommendations, the Client is under no obligation to effect the transaction through RWA. Financial plans will be completed and delivered inside of ninety (90) days contingent upon timely delivery of all required documentation.

### ***Services Limited to Specific Types of Investments***

RWA limits its investment advice and/or money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, real estate, hedge funds, third party money managers, REITs, insurance products including annuities, private placements, government securities. RWA may use other securities as well to help diversify a portfolio when applicable.

## **C. Client Tailored Services and Client Imposed Restrictions**

RWA offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent RWA from properly servicing the client account, or if the restrictions would require RWA to deviate from its standard suite of services, RWA reserves the right to end the relationship.

#### **D. Wrap Fee Programs**

RWA participates in a wrap fee program; which is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. RWA does manage the investments in the wrap fee program. RWA does not manage those wrap fee accounts any differently than non-wrap fee accounts. A portion of the fees paid to the wrap account program will be given to RWA as a management fee.

#### **E. Amounts Under Management**

RWA has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$125,600,000	\$0	December 31, 2020

### **Item 5: Fees and Compensation**

#### **1. Method of Compensation and Fee Schedule**

Investment Supervisory Services Fees

<b>Total Assets Under Management</b>	<b>Annual Fee</b>
\$100,000 – \$500,000	1.50%
\$500,001 – \$1,000,000	1.25%
\$1,000,001 – \$2,000,000	1.00%
Above \$2,000,000	Negotiable

This is a tiered or breakpoint fee schedule, the entire portfolio is charged the same asset management fee. For example, a Client with \$750,000 under management would pay \$9,375 on an annual basis.  $\$750,000 \times 1.25\% = \$9,375$ .

The annual fee may be negotiable based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with Clients, etc.). Fees are billed monthly in arrears based on the amount of assets managed as of the close of business on the last business day of the previous month. If margin is utilized, the fees will be billed on the net asset value before margin of the account. Lower fees for comparable services may be available from other sources. Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement with no obligation and without penalty. Clients may terminate advisory services with thirty (30) days written notice. For accounts closed mid-billing period, any unpaid earned fees will be due to RWA. Client shall be given thirty (30) days prior written notice of any increase in fees. Any increase in fees will be acknowledged in writing by both parties before any increase in said fees occurs.

### *Third Party Managers*

RWA has entered into a Solicitor Agreement with the following TPMs. These firms are Registered Investment Advisors registered with the Securities and Exchange Commission that provide investment portfolio advice and supervisory services.

### *Eqis Capital*

For clients utilizing the EQIS platform, EQIS will charge the client the entire fee including RWA's portion. RWA fees are included in the fees charged by EQIS. Fees for RWA will be based on the fee schedule below.

If client invests in an All Eqis Managed Account, the program fee will be:

Account Size	Maximum Annual Fee (%)
First \$2,000,000	1.25%
Next \$3,000,000	1.00%
Amounts Over \$5,000,000	Negotiable

If client invests in a Multi-Manager SMA, the program fee will be:

Account Size	Maximum Annual Fee (%)
First \$2,500,000	1.50%
Amounts Over \$2,500,000	1.25%

If client invests in a Managed EFT, the program fee will be:

Account Size	Maximum Annual Fee (%)
First \$2,000,000	1.25%
Next \$3,000,000	1.00%

Account Size	Maximum Annual Fee (%)
Amounts Over \$5,000,000	Negotiable

If client invests in a Unified Managed Account, the program fee will be:

Account Size	Maximum Annual Fee (%)
First \$2,000,000	1.75%
Next \$3,000,000	1.25%
Amounts Over \$5,000,000	1.00%

This is a blended fee schedule, the asset management fee is calculated by applying different rates to different portions of the portfolio. RWA may group certain related Client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

The annual fee may be negotiable. Accounts within the same household may be combined for a reduced fee. Fees are billed monthly in arrears based on the amount of assets managed as of the last business day of the previous month. Initial fees for partial months are pro-rated. Monthly advisory fees are deducted from the clients' account by the custodian and reflected in the account statement as fees are withdrawn. Lower fees for comparable services may be available from other sources. Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement with no obligation. After the initial five business days, clients may terminate advisory services with thirty (30) days written notice. For accounts closed mid-month, RWA will be entitled to a pro rata fee for the days service was provided in the final month.

#### *Matson Money, Inc.*

RWA acts as a co-advisor with Matson Money, Inc. ("MM") to manage client accounts. RWA will not have discretion, however, MM will have discretionary trading authorization. In such circumstances, RWA receives the management fees collected MM. The client will not pay additional advisory fees to MM for these services. MM provides asset allocation investment advisory services through unaffiliated registered investment advisors or registered representatives of dual registered broker-dealers. RWA and its supervised persons has an incentive to recommend investment products based on the compensation received, rather than on a client's needs; clients have the option to purchase investment products we recommend through other brokers or agents that are not affiliated with us.

Under the *Matson Fund Platform*, RWA charges an annual fee based on assets under management.

	First \$500,000	Next \$500,000	Next \$3,000,000	Over \$4,000,000
Total Fee Range	1.00% - 1.40%	0.50% - 1.00%	0.40% - 0.75%	0.25% - 50%

The fees will be charged quarterly in advance and are based on the amount of assets under management as of the last day of the previous quarter. In the event the client terminated the agreement within the quarter, the client is entitled to retain a pro-rata refund based on the number of days the client is not invested during the current quarter.

### CWM, LLC

For clients utilizing the CWM, LLC ("CWM") platform, CWM will charge the client the entire fee including RWA's portion. RWA fees are included in the fees charged by CWM. Fees for RWA will be based on the fee schedule below.

Strategy	RWA's Fee	CWM's Fee	Total Fee
Traditional Active Management	1.00%	0.65%	1.65%
Passive Management	1.00%	0.20%	1.20%
Fixed Income and Bond Ladder	1.00%	0.20%	1.20%
Platform Assets and Assets Held Away	1.00%	0.40%	1.40%
CWM Wealth Enhancement Group	1.00%	.10%	1.10%

The fees will be charged quarterly in advance and are based on the amount of assets under management as of the last day of the previous quarter. In the event the client terminated the agreement within the quarter, the client is entitled to retain a pro-rata refund based on the number of days the client is not invested during the current quarter.

### *Financial Planning Fees*

RWA charges an hourly fee between \$150 and \$500 based on the complexity of the situation and the needs of the client for financial planning. Prior to the planning process the Client will be provided an estimated plan fee. Services are completed and delivered inside of ninety (90) days contingent upon timely delivery of all required documentation. Fees are due upon delivery of the completed plan. Client may cancel any time during the planning process with no obligation and without penalty.

## **B. Client Payment of Fees**

### *Payment of Investment Supervisory Fees*

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid monthly in arrears.

### ***Payment of Selection of Other Advisors Fees***

Selection of Other Advisors fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid in accordance with the TPMs fee schedule.

### ***Payment of Financial Planning Fees***

Hourly Financial Planning fees are paid via check upon completion of the Financial Plan.

## **C. Additional Client Fees Charged**

Custodians may charge transaction fees on purchases or sales of certain mutual funds, equities, and exchange-traded funds. These charges may include mutual fund transaction fees, postage and handling, margin interest and miscellaneous fees.

For more details on the brokerage practices, see Item 12 of this brochure.

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by RWA.

Clients who participate in the wrap fee program will not have to pay for transaction or trading fees. However, clients are still responsible for all other account fees; such as annual IRA fees to the custodian, termination fees if the account is moved to another broker, or third party adviser fees.

## **D. Prepayment of Client Fees**

RWA does not require any prepayment of fees.

## **E. External Compensation For the Sale of Securities to Clients**

RWA does not receive any external compensation for the sale of securities to Clients, nor do any of the investment advisor representatives of RWA..

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

RWA does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7: Types of Clients

### *Description*

RWA generally provides investment advice and/or management supervisory services to the following Types of Clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans

### *Minimum Account Size*

There is an account minimum, \$100,000, which may be waived by the investment advisor, based on the needs of the client and the complexity of the situation.

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

### A. Methods of Analysis

#### *Methods of Analysis*

RWA's methods of analysis include charting analysis, fundamental analysis, and technical analysis. Investing in securities involves risk of loss that Clients should be prepared to bear. Past performance is not a guarantee of future returns.

RWA's analysis on Third Party Managers (TPM) includes an examination of the experience, investment philosophies and performance of the investment managers to determine if the a TPM has the ability to invest over time with varying economic conditions. RWA also reviews the TPM's underlying strategies, holdings, concentrations and leverage as part of their overall risk assessment. Investing in securities involves risk of loss that Clients should be prepared to bear. Past performance is not a guarantee of future returns.

**Charting analysis** involves the use of patterns in performance charts. RWA uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

### ***Investment Strategies***

The investment strategy for a specific Client is based upon the objectives stated by the Client during consultations. The Client may change these objectives at any time by providing written notice to RWA. Each Client executes a Client profile form or similar form that documents their objectives and their desired investment strategy.

Other strategies may include long term trading, short term trading, short sales, margin transactions, and options writing (including covered options, uncovered options, or spreading strategies).

### ***Security Specific Material Risks***

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks and should discuss these risks with RWA:

- *Market Risk:* The prices of securities held by mutual funds in which Clients invest may decline in response to certain events taking place around the world, including those directly involving the companies whose securities are owned by a fund; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate and commodity price fluctuations. Investors should have a long-term perspective and be able to tolerate potentially sharp declines in market value.
- *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.
- *Inflation Risk:* When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Currency Risk:* Overseas 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.
- *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.

- *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.
- *Management Risk:* The advisor's investment approach may fail to produce the intended results. If the advisor's assumptions regarding the performance of a specific asset class or fund are not realized in the expected time frame, the overall performance of the Client's portfolio may suffer.
- *Equity Risk:* Equity securities tend to be more volatile than other investment choices. The value of an individual mutual fund or ETF can be more volatile than the market as a whole. This volatility affects the value of the Client's overall portfolio. Small- and mid-cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product lines, financial resources, and less management experience than larger companies. Smaller companies may also have a lower trading volume, which may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.
- *Investment Companies Risk:* When a Client invests in open end mutual funds or ETFs, the Client indirectly bears their proportionate share of any fees and expenses payable directly by those funds. Therefore, the Client will incur higher expenses, which may be duplicative. In addition, the Client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value or (ii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. Adviser has no control over the risks taken by the underlying funds in which Client invests.
- *Long-term purchases:* Long-term investments are those vehicles purchased with the intension of being held for more than one year. Typically the expectation of the investment is to increase in value so that it can eventually be sold for a profit. In addition, there may be an expectation for the investment to provide income. One of the biggest risks associated with long-term investments is volatility, the fluctuations in the financial markets that can cause investments to lose value.

- *Short-term purchases:* Short-term investments are typically held for one year or less. Generally there is not a high expectation for a return or an increase in value. Typically, short-term investments are purchased for the relatively greater degree of principal protection they are designed to provide. Short-term investment vehicles may be subject to purchasing power risk – the risk that your investment’s return will not keep up with inflation.
- *Trading risk:* Investing involves risk, including possible loss of principal. There is no assurance that the investment objective of any fund or investment will be achieved.
- *Options Trading:* The risks involved with trading options are that they are very time sensitive investments. An options contract is generally a few months. The buyer of an option could lose his or her entire investment even with a correct prediction about the direction and magnitude of a particular price change if the price change does not occur in the relevant time period (i.e., before the option expires). Additionally, options are less tangible than some other investments. An option is a “book-entry” only investment without a paper certificate of ownership.
- *Trading on Margin:* In a cash account, the risk is limited to the amount of money that has been invested. In a margin account, risk includes the amount of money invested plus the amount that has been loaned. As market conditions fluctuate, the value of marginable securities will also fluctuate, causing a change in the overall account balance and debt ratio. As a result, if the value of the securities held in a margin account depreciates, the Client will be required to deposit additional cash or make full payment of the margin loan to bring account back up to maintenance levels. Clients who cannot comply with such a margin call may be sold out or bought in by the brokerage firm.

The risks associated with utilizing TPM’s include:

- Manager Risk
  - TPM fails to execute the stated investment strategy
- Business Risk
  - TPM has financial or regulatory problems
- The specific risks associated with the portfolios of the TPM’s which is disclosed in the TPM’s Form ADV Part 2.

## **Item 9: Disciplinary Information**

### *Criminal or Civil Actions*

RWA and its management have not been involved in any criminal or civil action.

### *Administrative Enforcement Proceedings*

RWA and its management have not been involved in administrative enforcement proceedings.

### *Self-Regulatory Organization Enforcement Proceedings*

RWA and its management have not been involved in legal or disciplinary events that are material to a Client's or prospective Client's evaluation of RWA or the integrity of its management.

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

### **A. Broker/Dealer or Representative Registration**

RWA is not registered as a broker-dealer and no affiliated representatives of RWA are registered representatives of a broker-dealer.

### **B. Futures Commodity Registration**

Neither RWA nor its affiliated representatives are registered or have an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

### **C. Material Relationships Maintained by this Advisory Business and Conflicts of Interests**

Investment Advisor Representatives of RWA are also licensed insurance agents. Approximately 25% of their time is spent on these practices. From time to time, they will offer clients services from those activities.

Additionally, William Eugene Riley Jr. has a financial affiliated business as an investment advisor representative with Riley Private Client, LLC. Approximately 50% of his time is spent on these activities. He will offer Clients services from those activities. As an investment advisor representative, he may receive separate yet typical compensation.

This represents a conflict of interest because it gives an incentive to recommend products and services based on the commission and/or fee amount received. This conflict is mitigated by disclosures, procedures, and the firm's Fiduciary obligation to place the best interest of the client first and the clients are not required to purchase any products or services. Clients have the option to purchase these products or services through another insurance agent of their choosing.

#### **D. Recommendations or Selection of Other Investment Advisors and Conflicts of Interest**

RWA solicits the services of TPM's to manage Client accounts. In such circumstances, RWA receives solicitor fees from the TPM. RWA acts as the liaison between the Client and the TPM in return for an ongoing portion of the advisory fees charged by the TPM. RWA is responsible for:

- helping the Client complete the necessary paperwork of the TPM;
- providing ongoing services to the Client;
- updating the TPM with any changes in Client status which is provide to RWA by the Client;
- reviewing the quarterly statements provided by the TPM; and
- delivering the Form ADV Part 2, Privacy Notice and Solicitors Disclosure Statement of the TPM to the Client.

Clients placed with TPM will be billed in accordance with the TPM's fee schedule which will be disclosed to the Client prior to signing an agreement. When referring Clients to a TPM, the Client's best interest will be the main determining factor of RWA.

These practices represent conflicts of interest because RWA is paid a Solicitor Fee for recommending the TPM and may choose to recommend a particular TPM based on the fee RWA is to receive. This conflict is mitigated by disclosures, procedures and the firm's fiduciary obligation to act in the best interest of his Clients. Clients are not required to accept any recommendation of TPM given by RWA and have the option to receive investment advice through other money managers of their choosing.

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

#### **A. Code of Ethics Description**

The affiliated persons (affiliated persons include employees and/or independent contractors) of RWA have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of RWA affiliated persons and addresses conflicts that may arise. The Code defines acceptable behavior for affiliated persons of RWA. The Code reflects RWA and its supervised persons' responsibility to act in the best interest of their Client.

One area which the Code addresses is when affiliated persons buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our Clients. We do not allow any affiliated persons to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our Clients.

RWA's policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other affiliated person, officer or director of RWA may recommend any transaction in a security or its derivative to advisory Clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

RWA's Code is based on the guiding principle that the interests of the Client are our top priority. RWA's officers, directors, advisors, and other affiliated persons have a fiduciary duty to our Clients and must diligently perform that duty to maintain the complete trust and confidence of our Clients. When a conflict arises, it is our obligation to put the Client's interests over the interests of either affiliated persons or the company.

The Code applies to "access" persons. "Access" persons are affiliated persons who have access to non-public information regarding any Clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to Clients, or who have access to such recommendations that are non-public.

RWA will provide a copy of the Code of Ethics to any Client or prospective Client upon request.

## **B. Investment Recommendations Involving Material Financial Interest and Conflict of Interest**

RWA does not recommend that clients buy or sell any security in which a related person to RWA has a material financial interest.

### **C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

RWA and its affiliated persons may buy or sell securities that are also held by Clients. In order to mitigate conflicts of interest such as trading ahead of Client transactions, affiliated persons are required to disclose all reportable securities transactions as well as provide RWA with copies of their brokerage statements.

The Chief Compliance Officer of RWA is William Eugene Riley Jr. He reviews all trades of the affiliated persons each quarter. The personal trading reviews ensure that the personal trading of affiliated persons does not affect the markets and that Clients of the firm receive preferential treatment over associated persons' transactions..

### **D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

RWA does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist. However, affiliated persons may buy or sell securities at the same time they buy or sell securities for Clients. In order to mitigate conflicts of interest such as front running, affiliated persons are required to disclose all reportable securities transactions as well as provide RWA with copies of their brokerage statements.

The Chief Compliance Officer of RWA is William Eugene Riley Jr. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of affiliated persons does not affect the markets and that Clients of the firm receive preferential treatment over associated persons' transactions..

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on RWA's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. This means that RWA seeks a custodian/broker-dealer that will hold client assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. RWA considers a range of factors, including but not limited to:

- Capability to execute, clear, and settle trades (buy and sell securities for your account) itself or to facilitate such services.
- Proficiency in facilitating timely transfers and payments to and from accounts. <sup>[[SEP]]</sup>
- Availability of investment research and tools that assist us in making investment decisions. <sup>[[SEP]]</sup>
- Competitiveness of the price of those services and willingness to negotiate the prices. [Clients will not necessarily pay the lowest commission or commission equivalent.]
- Quality of services. <sup>[[SEP]]</sup>
- Reputation, financial strength, and stability. <sup>[[SEP]]</sup>
- Prior service to us and our other clients. <sup>[[SEP]]</sup>

### **1. *Research and Other Soft-Dollar Benefits***

RWA receives no research, product, or services other than execution from a broker-dealer or third-party in connection with client securities transactions (“soft dollar benefits”).

### **2. *Best Execution***

Investment advisors who manage or supervise Client portfolios have a fiduciary obligation of best execution. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the portfolios, the efficiency with which the transaction is affected, the ability to effect the transaction where a large block is involved, the operational facilities of the broker-dealer, the value of an ongoing relationship with such broker and the financial strength and stability of the broker. The firm does not receive any portion of the trading fees.

### **3. *Directed Brokerage***

RWA will not allow clients to direct RWA to use a specific broker-dealer to execute transactions. Clients must use RWA recommended custodian (broker-dealer). Not all investment advisers require their clients to direct brokerage. By requiring clients to use our specific custodian, RWA may be unable to achieve most favorable execution of client transactions and this may cost clients money over using a lower-cost custodian.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

RWA maintains the ability to block trade purchases across accounts. While block trading may benefit clients by purchasing larger blocks in groups, we do not feel that the clients are at a disadvantage due to the best execution practices of our custodian.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Account reviews are performed quarterly by the Chief Compliance Officer, William Eugene Riley Jr of RWA. Account reviews are performed more frequently when market conditions dictate. Reviews of Client accounts include, but are not limited to, a review of Client documented risk tolerance, adherence to account objectives, investment time horizon, and suitability criteria, reviewing target bands of each asset class to identify if there is an opportunity for rebalancing, and reviewing accounts for tax loss harvesting opportunities.

Financial plans generated are updated as requested by the Client and pursuant to a new or amended agreement, RWA suggests updating at least annually

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive at least quarterly a written report detailing the client's account which will come from the custodian.

Clients are provided a one-time financial plan concerning their financial situation. After the presentation of the plan, there are no further reports. Clients may request additional plans or reports for a fee.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

RWA's investment advisor representatives may receive certain benefits from Gradient Investments, LLC (and/or its affiliated companies) based on achieving certain production thresholds. These thresholds are not based on the sale of any specific

product or specific product type. These incentives include marketing assistance, access to technology, office support, and business trainings and trips. While some of these benefit the client, such as technology and training, some do not. This creates a conflict of interest because it gives an incentive to the representative to meet this threshold. This conflict is mitigated by disclosures, procedures and the firm's fiduciary obligation to place the best interest of the Client first. Clients are not required to use Gradient Investments, LLC or any of its affiliated companies.

## **B. Advisory Firm Payments for Client Referrals**

RWA does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

# **Item 15: Custody**

## **A. Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to Clients at their address of record at least quarterly. Clients are urged to compare the account statements received directly from their custodians to any documentation or reports prepared by RWA.

RWA is deemed to have constructive custody solely because advisory fees are directly deducted from Client's accounts by the custodian on behalf of RWA.

RWA is also deemed to have limited custody due to its Third-Party Standing Letters of Authorization ("SLOA").

RWA and its qualified custodian meet the following seven (7) conditions in order to avoid maintaining full custody and be subject to the surprise exam requirement:

1. The Client provides an instruction to the qualified custodian, in writing, that includes the Client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
2. The Client authorizes RWA, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
3. The Client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the Client's authorization and provides a transfer of funds notice to the Client promptly after each transfer.

4. The Client has the ability to terminate or change the instruction to the Client's qualified custodian.
5. RWA has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the Client's instruction.
6. RWA maintains records showing that the third party is not a related party nor located at the same address as RWA.
7. The Client's qualified custodian sends the Client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

### **Item 16: Investment Discretion**

For those client accounts where RWA provides ongoing supervision, RWA maintains limited power of authority over client accounts with respect to securities to be bought and sold and amount of securities to be bought and sold. All buying and selling of securities is explained to clients in detail before an advisory relationship has commenced.

### **Item 17: Voting Client Securities (Proxy Voting)**

RWA does not vote proxies on securities. Clients are expected to vote their own proxies. The Client will receive their proxies directly from the custodian of their account or from a transfer agent.

The TPMs recommended by RWA may vote proxy on behalf of the Client.

When assistance on voting proxies is requested, RWA will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

### **Item 18: Financial Information**

#### **A. Balance Sheet**

RWA does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

#### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither RWA nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

RWA has not been the subject of a bankruptcy petition in the last ten years.

### **D. Succession Plan**