

Item 1 Cover Page

Part 2A of Form ADV: *Firm Brochure*

Risley Capital Management LLC

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March 1, 2023

This brochure provides information about the qualifications and business practices of Risley Capital Management LLC. If you have any questions about the contents of this brochure, please contact us at 636-405-0432 or jeff@risleycm.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.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about Risley Capital Management LLC also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 157271.

Item 2 Material Changes

This Firm Disclosure Brochure, dated February 3, 2002 provides you with a summary of Risley Capital Management LLC advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things.

This Item is used to provide our clients with a summary of new and/or updated information; we will inform clients of the revision(s) based on the nature of the information as follows.

Material and Annual Update: We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31. If our firm has made revisions that would affect a client's decision making when doing business with us, "material changes", we will provide our clients with either a summary of any materially revised information with an offer to deliver the fully revised Disclosure Brochure within 120 days of our FYE. Alternatively, we will provide you with our revised Disclosure Brochure that will include a summary of those changes in this Item. *Non-material* revisions are not delivered to client but can be viewed on the SEC investment adviser info site, as noted on the cover sheet of this brochure. Should a material change in our operations occur, depending on its nature, we will promptly communicate this change to clients (and it will be summarized in this Item).

On March 1, 2023, we submitted our annual updating amendment filing for fiscal year 2022. We have updated Item 4 of our Form ADV Part 2A Brochure to disclose discretionary assets under management of approximately \$108,164,256, and non-discretionary assets under management of approximately \$7,923,813.

To obtain our firm brochure and brochure supplements (information regarding each of our financial advisors), our Code of Ethics, or our Privacy Policy, please visit us at:

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Attn: Jeffrey M. Risley
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Main Phone: (636) 405-0432
Fax Number: (636) 405-0432
Email address: jeff@risleycm.com
Web Site Address: <http://www.risleycm.com>

The following summarizes new or revised disclosures based on information previously provided in our Firm Brochure dated (DATE):

Due to assets under management as reported above we have transitioned our registration from the State of Missouri to the SEC.

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Item 4 Advisory Business

Risley Capital Management LLC (hereinafter "Risley Capital Management" or the "firm") is a registered investment adviser based in Ellisville, Missouri. We are a professional limited liability company formed under the laws of the State of Missouri.

Risley Capital Management LLC began conducting business in 2011.

Listed below are the firm's principal shareholders.

- Jeffrey Michael Risley, Managing Member
- Risley Capital Management LLC

Risley Capital Management LLC offers the following advisory services to our clients:

INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., aggressive, moderate and conservative), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

Exchange listed securities, Securities traded over-the-counter, Foreign issuers, Corporate debt securities (other than commercial paper), Commercial paper, Certificates of deposit, Municipal securities, Mutual fund shares, United States governmental securities, Options contracts on securities, Interests in partnerships investing in real estate and Interests in partnerships investing in oil and gas interests

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

CONSULTING SERVICES

We provide consulting services tailored to a client's goals and objectives. As such, each service is contracted individually with the client. Clients will receive a separate agreement and receive an estimate of the services provided prior to accepting the agreement.

AMOUNT OF MANAGED ASSETS

As of March 1, 2023, we were actively managing \$ 108,164,256 of clients' assets on a discretionary basis plus \$7,923,813 of clients' assets on a non-discretionary basis. Total assets under management is \$116,088,069.

Item 5 Fees and Compensation

INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT FEES

Our annual fees for Investment Supervisory Services are based upon a percentage of assets under management and generally range from 0.25% to 1.25%.

Expected Range in Equities and Balanced Portfolios

<u>Assets Under Management</u>	<u>Fee Schedule</u>
\$50,000–\$499,000	1.25%
\$500,000–\$999,999	1.00%
\$1,000,000–\$2,499,999	0.95%
\$2,500,000–\$4,999,999	0.90%
\$5,000,000–\$9,999,999	0.85%
\$10,000,000+	0.80%

Expected Range in Fixed Income Portfolios

<u>Assets Under Management</u>	<u>Fee Schedule</u>
\$50,000–\$500,000	1.00%
\$500,001–\$1,000,000	0.75%
\$1,000,001–\$1,500,000	0.70%
\$1,500,001–\$2,000,000+	Negotiated Rate

Our fees are billed quarterly, in advance, at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous quarter. Fees will be debited from the account in accordance with the client authorization in the Client Services Agreement.

A minimum of \$50,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances. Risley Capital Management may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee. Also pre-existing advisory clients are subject to Risley Capital Management's advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum fees and account requirements will differ among clients.

Limited Negotiability of Advisory Fees: Although Risley Capital Management has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

CONSULTING FEES

Risley Capital Management LLC's consulting fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our consulting fees are calculated and charged on an hourly basis at \$125 per hour. Although the length of time it will depend on each client's personal situation, we will provide an estimate for the total hours at the start of the advisory relationship. The client is billed at the completion of the agreement.

GENERAL INFORMATION

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. ***In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.***

Mutual Fund Fees: All fees paid to Risley Capital Management for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent

investment manager effects transaction for the client's account(s).

Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Item 6 Performance-Based Fees and Side-By-Side Management

Performance-based fees are based on a share of capital gains on or capital appreciation of the client's assets. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. We do not accept performance-based fees or participate in side-by-side management. Our fees are calculated as described in the *Fees and Compensation* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account(s).

Item 7 Types of Clients

Risley Capital Management provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- State or municipal government entities

Risley Capital management generally requires a minimum account size of \$50,000 for advisory accounts. However, from time-to-time, in its sole discretion, the firm may accept smaller accounts based on various criteria, such as anticipated future assets, related accounts, and other factors.

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

METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Charting. In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market

regardless of the economic and financial factors considered in evaluating the stock.

Technical Analysis. We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly managed or financially unsound company may underperform regardless of market movement.

Asset Allocation. Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

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

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long-term purchases. We purchase securities with the idea of holding them in the client's account for a year or longer. Typically, we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases. When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities

we purchase.

Risk of Loss. Securities investments are not guaranteed, and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Our firm is a single owner/officer adviser. As such, Mr. Risley will also render accounting advice or tax preparation services to advisory clients. Clients are welcome to, but are never under any obligation, to engage Risley Capital Management for tax preparation services. All tax preparation services are provided under a separate verbal or written agreement with the respective client.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Risley Capital Management and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Risley Capital Management LLC's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to jeff@risleycm.com, or by calling us at 636-405-0432.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts' securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. We have established procedures for the maintenance of all required books and records.
5. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.

Item 12 Brokerage Practices

Risley Capital Management will endeavor to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's stability, reputation, ability to provide professional services, competitive commission rates and prices, research, trading platform, and other services which will help Risley Capital Management in providing investment management services to clients. Primarily, our firm uses Charles Schwab & Co., Inc. ("Schwab") SEC #8-16514 to execute client transactions. Risley Capital Management believes that Schwab provides useful research and securities transaction services. Other broker-dealers may offer similar services at a lower commission but may not offer beneficial services to our firm for research or trading purposes. Research we obtain from Schwab may be useful in servicing all our clients, and not all of such research may be useful for the account for which the particular transaction was affected.

Risley Capital Management, LLC. generally, recommends that clients choose Charles Schwab as their respective qualified custodian. Choosing Schwab allows our firm to use discretion when transacting securities for the Client's account. Although we urge clients to choose Schwab as their qualified custodian, a client's decision to custody assets with Schwab is the client's decision. Risley Capital Management, LLC is independently owned and operated and not affiliated with Schwab.

Research and Other Soft Dollar Benefits received from Schwab

As part of the services Schwab provides to investment advisers using the Institutional platform, Risley Capital Management LLC has access to Schwab's institutional brokerage, trading platforms and research services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that:

- i. provide access to client account data (such as trade confirmations and account statements);
- ii. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- iii. provide research, pricing and other market data;
- iv. facilitate payment of our fees from clients' accounts; and
- v. assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help us manage and further develop our business enterprise. These services may include:

- i. compliance, legal and business consulting;
- ii. publications and conferences on practice management and business succession; and
- iii. access to employee benefits providers, human capital consultants and insurance providers.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to our firm other products and services that benefit Risley Capital Management LLC but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

There is no direct link between Risley Capital Management's use of Schwab and the investment advice it gives to its clients, although Risley Capital Management receives economic benefits through its participation in the program that are typically not available to Schwab retail investors.

Brokerage for Client Referrals

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

Directed Brokerage

Due to the nature of our advisory services, we do not allow clients to direct brokerage.

Risley Capital Management requires that clients provide us with written authority to determine the broker-dealer to use and the commission costs that will be charged to our clients for these transactions. Clients must include any limitations on this discretionary authority in this written authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to us in writing.

Aggregation of Orders (Block Trading)

Risley Capital Management LLC will consider aggregating trades where possible and when we feel it is most advantageous to clients. Hindsight is 20/20 and the firm may not aggregate

trades in all circumstances. Aggregating trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts. Our firm will aggregate as long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block. We aggregate trades because we feel that aggregate trades may allow us to execute equity trades in a timelier, more equitable manner, at an average share price.

Item 13 Review of Accounts

INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT

REVIEWS: While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: Jeffrey M Risley

CONSULTING SERVICES

REVIEWS: While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted

REPORTS: Unless otherwise contracted, clients will not typically be provided reports.

Item 14 Client Referrals and Other Compensation

It is Risley Capital Management's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is Risley Capital Management's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Item 15 Custody

We directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

Some clients may execute limited powers of attorney or other standing letters of authorization that permit Risley Capital Management to transfer money from their account with the client's independent qualified Custodian to third parties. This authorization to direct the Custodian may be deemed to cause our firm to exercise limited custody over your funds or securities and for regulatory reporting purposes, we are required to keep track of the number of clients and accounts for which we may have this ability. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate any transfers that may have taken place within your account(s) each billing period. You should carefully review account statements for accuracy

Item 16 Investment Discretion

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

Item 17 Voting Client Securities

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, 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 are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

Item 18 Financial Information

Risley Capital Management does not have any financial issues that would impair its ability to provide services to clients. Risley Capital Management LLC does not require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Risley Capital Management has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19 Requirements for State-Registered Advisers

This section is not applicable because our firm is SEC registered.