

## **RHAME & GORRELL WEALTH MANAGEMENT, LLC**

*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Rhame & Gorrell Wealth Management, LLC (hereinafter “R&GWM” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. 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. Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

## **Item 2. Material Changes**

This Item of the Brochure will discuss specific material changes that are made to the Brochure since the firm's Form ADV annual amendment, which was in February of 2022.

Material Changes: None to report.

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## Item 4. Advisory Business

R&GWM offers a variety of advisory services, which include financial planning, consulting, and investment management services. Prior to R&GWM rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with R&GWM setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

R&GWM has been registered as an investment adviser since April 2016 and is owned by Jeffrey Rhame. As of January 31, 2023, R&GWM had \$514,040,572 of assets under management, all of which was managed on a discretionary basis.

While this brochure generally describes the business of R&GWM, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on R&GWM’s behalf and is subject to the Firm’s supervision or control.

### Wealth Management Services

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#### *Financial Planning and Consulting*

R&GWM offers clients a broad range of financial planning and consulting services as part of its wealth management services, which may include any or all of the following functions:

- Cash Flow Forecasting
- Trust and Estate Planning
- Financial Reporting
- Insurance Planning
- Retirement Planning
- Risk Management
- Charitable Giving
- Distribution Planning
- Tax Planning Manager
- Due Diligence

In performing these services, R&GWM is not required to verify any information received from the client or from the client’s other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. R&GWM recommends that clients engage the Firm for additional related services, its Supervised Persons in their individual capacities as insurance agents and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if clients engage R&GWM or its affiliates to provide additional services for compensation. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by R&GWM under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising R&GWM’s recommendations and/or services.

R&GWM provides annual tax return preparation services through an unaffiliated accounting firm. These services will be provided to clients who maintain \$2 million in managed assets, with R&GWM paying the associated expenses. The Firm will only pay for expenses relating to the annual personal tax returns for clients. R&GWM reserves the right to pay the expenses associated with this service for clients who maintain less than \$2 million in managed assets, at the Firm's discretion. Clients are under no obligation to accept the Firm's tax preparation services.

### *Investment Management*

R&GWM manages client investment portfolios on a discretionary or non-discretionary basis.

R&GWM primarily allocates client assets among various mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, and options. The Firm also reserves the right to use independent investment managers ("Independent Managers") for the management of client assets. The Firm also utilizes various internally-generated investment models comprised of mutual funds and ETFs to manage client assets through its Tactical Asset Allocation Program ("TAAP").

Where appropriate, the Firm also provides advice about any type of legacy position or other investment held in client portfolios. Clients may engage R&GWM to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, R&GWM directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

R&GWM tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. R&GWM consults with clients on an initial and ongoing basis to assess their specific horizon, risk tolerance, time liquidity constraints and other related factors relevant to the portfolios. Clients are advised to promptly notify R&GWM if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if R&GWM determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

*Retirement Plan Rollover Recommendations*

When R&GWM provides investment advice about your retirement plan account or individual retirement account (“IRA”) including whether to maintain investments and/or proceeds in the retirement plan account, roll over such investment/proceeds from the retirement plan account to a IRA or make a distribution from the retirement plan account, we acknowledge that R&GWM is a “fiduciary” within the meaning of Title I of the Employee Retirement Income Security Act (“ERISA”) and/or the Internal Revenue Code (“IRC”) as applicable, which are laws governing retirement accounts. The way R&GWM makes money creates conflicts with your interests so R&GWM operates under a special rule that requires R&GWM to act in your best interest and not put our interest ahead of you.

Under this special rule’s provisions, R&GWM must act as a fiduciary to a retirement plan account or IRA under ERISA/IRC:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put the financial interests of R&GWM ahead of you when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that R&GWM gives advice that is in your best interest;
- Charge no more than is reasonable for the services of R&GWM ; and
- Give Client basic information about conflicts of interest.

To the extent we recommend you roll over your account from a current retirement plan account to an individual retirement account managed by R&GWM, please know that R&GWM and our investment adviser representatives have a conflict of interest.

We can earn increased investment advisory fees by recommending that you roll over your account at the retirement plan to an IRA managed by R&GWM. We will earn fewer investment advisory fees if you do not roll over the funds in the retirement plan to an IRA managed by R&GWM.

Thus, our investment adviser representatives have an economic incentive to recommend a rollover of funds from a retirement plan to an IRA which is a conflict of interest because our recommendation that you open an IRA account to be managed by our firm can be based on our economic incentive and not based exclusively on whether or not moving the IRA to our management program is in your overall best interest.

We have taken steps to manage this conflict of interest. We have adopted an impartial conduct standard whereby our investment adviser representatives will (i) provide investment advice to a retirement plan participant regarding a rollover of funds from the retirement plan in accordance with the fiduciary status described below, (ii) not recommend investments which result in R&GWM receiving unreasonable compensation related to the rollover of funds from the retirement plan to an IRA, and (iii) fully disclose compensation received by R&GWM and our supervised persons and any material conflicts of interest related to recommending the rollover of funds from the retirement plan to an IRA and refrain from making any materially misleading statements regarding such rollover.

When providing advice to a retirement plan account or IRA, our investment advisor representatives will act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person 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, based on the investment objectives, risk, tolerance, financial circumstances, and a client's needs, without regard to the financial or other interests of R&GWM or our affiliated personnel.

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**Sponsor and Manager of Wrap Program**

R&GWM does not sponsor or manage a wrap program.

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**Use of Independent Managers**

R&GWM reserves the right to select certain Independent Managers to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an Independent Manager may be set forth in a separate written agreement with the designated Independent Manager. In addition to this brochure, clients may also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets.

R&GWM will evaluate a variety of information about Independent Managers, which may include the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm will seek to assess the Independent Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. R&GWM will also take into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors. R&GWM will continue to provide services relative to the discretionary or non-discretionary selection of the Independent Managers. On an ongoing basis, the Firm will monitor the performance of those accounts being managed by Independent Managers. R&GWM will seek to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

## Item 5. Fees and Compensation

R&GWM offers services for fees based upon assets under management. Additionally, certain of the Firm's Supervised Persons, in their individual capacities, may offer insurance products under a separate commission-based arrangement.

### Wealth Management Fees

R&GWM offers investment management services for an annual fee based on the amount of assets under the Firm's management. The annual fee is based on the following schedule:

<b><u>PORTFOLIO VALUE</u></b>	<b><u>BASE FEE</u></b>
First \$1,000,000	1.30%
\$1,000,001 - \$1,500,000	1.05%
\$1,500,001 - \$2,500,000	0.95%
\$2,500,001 - \$3,500,000	0.85%
\$3,500,001 - \$5,000,000	0.80%
\$5,000,001 - \$7,000,000	0.70%
\$7,000,001 - \$15,000,000	0.65%
More than \$15,000,000	0.55%

Once a new tier is reached, the entire portfolio balance (back to the first dollar) is charged at the new rate. Some Firm clients have legacy fee arrangements that are different from those described in the above fee schedule. The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by R&GWM on the last day of the previous billing period. If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), R&GWM negotiates a fee rate that differs from the range set forth above where appropriate.



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**Fee Discretion**

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R&GWM may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.

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**Additional Fees and Expenses**

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In addition to the advisory fees paid to R&GWM, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively “Financial Institutions”). These additional charges include securities brokerage commissions and other transaction costs (such as mark-ups and mark-downs on fixed-income transactions), custodial fees, margin costs, reporting charges, charges imposed directly by a mutual fund or ETF in a client’s account, as disclosed in the fund’s prospectus (*e.g.*, fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm’s brokerage practices are described at length in Item 12, below.

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**Direct Fee Debit**

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Clients provide R&GWM and/or certain Independent Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to R&GWM.

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**Account Additions and Withdrawals**

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Clients may make additions to and withdrawals from their account at any time, subject to R&GWM’s right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client’s account. Clients may withdraw account assets on notice to R&GWM, subject to the usual and customary securities settlement procedures. However, the Firm generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client’s investment objectives. R&GWM consults with its clients about the options and implications of transferring securities as necessary. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (*e.g.*, contingent deferred sales charges) and/or tax ramifications.

## Item 6. Performance-Based Fees and Side-by-Side Management

R&GWM does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

## Item 7. Types of Clients

R&GWM offers services to individuals, corporations and business entities.

### Minimum Account Fee

As a condition for starting and maintaining an investment management relationship, R&GWM generally imposes a minimum quarterly fee of \$1,000. This minimum fee may cause clients with smaller portfolios to incur an effective fee rate that is higher than the Firm's stated fee schedule. R&GWM may, in its sole discretion, elect to waive its minimum fee based upon certain criteria, including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and pro bono activities.

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

### Methods of Analysis and Investment Strategies

R&GWM may utilize the following methods of security analysis:

- Charting - Analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices.
- Fundamental - Analysis performed on historical and present data, with the goal of making financial forecasts.
- Technical - Analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices.
- Cyclical - Analysis performed on historical relationships between price and market trends, to forecast the direction of prices.

R&GWM may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases - Securities held at least a year.
- Short Term Purchases - Securities sold within a year.
- Trading - Securities sold within thirty (30) days.
- Options - Contract for the purchase or sale of a security at a predetermined price during a specific period of time.

R&GWM recommends asset allocations based on a particular client's: economic situation, liquidity needs, risk tolerance, proposed investment period, need for diversification, reliance upon current income, present and anticipated tax situation. R&GWM also considers historical yields, potential appreciation and marketability before making investment recommendations. R&GWM recommends and manages many types of asset allocations, including: exchange-listed securities, mutual fund shares, corporate debt, ETFs, US government securities, real estate investment trusts, and certificates of deposit on a discretionary basis in accordance with the client's designated investment objective(s).

R&GWM also offers, through the TAAP, a collection of managed portfolios consisting of mutual funds and ETF's designed to provide exposure across selected asset classes, geographies, economic sectors, and time horizons. TAAP may contain a combination of equities and fixed income securities, depending on the investment objective of the client. These funds and their allocation percentages are chosen and adjusted, using the aforementioned analysis methods, by an in-house Investment Committee.

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### **Risk of Loss**

R&GWM's methods of analysis, like every method of analysis, has its own inherent risks. To perform an accurate market analysis the Firm must have access to current/new market information. R&GWM has no control over the dissemination rate of market information; therefore, unbeknownst to R&GWM, certain analyses may be compiled with outdated market information, severely limiting the value of R&GWM'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.

The Firm'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, may 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.

### *Options*

In addition to the fundamental investment strategies discussed above, R&GWM may also implement and/or recommend options transactions. Options trading and transactions have a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by R&GWM shall be with the intent of offsetting/“hedging” a potential market risk in a client’s portfolio. *Please Note:* Although the intent of the options-related transactions that may be implemented by R&GWM is to hedge against principal risk, certain of the options related strategies (i.e. straddles, short positions, etc.), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct R&GWM, in writing, not to employ any or all such strategies for his/her/their/its accounts.

### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of R&GWM’s recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that R&GW will be able to predict those price movements accurately or capitalize on any such assumptions.

### *Effects of Global Economic Conditions*

Investments may be adversely affected by financial markets and economic conditions throughout the world.

### *Volatility Risks*

The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition

of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

#### *Cash Management Risks*

The Firm may invest some of a client's assets temporarily in money market funds or other similar types of investments, during which time an advisory account may be prevented from achieving its investment objective.

#### *Equity-Related Securities and Instruments*

The Firm may take long and short positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies may suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small-capitalization, mid-capitalization and financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

#### *Fixed Income Securities*

Fixed income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations and to price volatility.

#### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a

mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

#### *Use of Independent Managers*

As stated above, R&GWM reserves the right to select certain Independent Managers to manage a portion of its clients' assets. In these situations, R&GWM will continue to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, R&GWM generally may not have the ability to supervise the Independent Managers on a day-to-day basis.

## **Item 9. Disciplinary Information**

R&GWM has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

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

This item requires investment advisers to disclose certain financial industry activities and affiliations.

### **Licensed Insurance Agents**

A number of the Firm's Supervised Persons are licensed insurance agents and may offer certain insurance products on a fully-disclosed commissionable basis. A conflict of interest exists to the extent that R&GWM recommends the purchase of insurance products where its Supervised Persons may be entitled to insurance commissions or other additional compensation. The Firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

## Item 11. Code of Ethics

R&GWM has adopted a code of ethics in compliance with applicable securities laws (“Code of Ethics”) that sets forth the standards of conduct expected of its Supervised Persons. R&GWM’s Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of R&GWM’s personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (*e.g.*, initial public offerings, limited offerings). However, the Firm’s Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm’s policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person will access to this information may knowingly effect for themselves or for their immediate family (*i.e.*, spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by open-end mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more open-end mutual funds.

Clients and prospective clients may contact R&GWM to request a copy of its Code of Ethics.

## Item 12. Brokerage Practices

### Recommendation of Broker/Dealers for Client Transactions

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R&GWM generally recommends that clients utilize the custody, brokerage and clearing services of Schwab Advisor Services<sup>TM</sup> ("Schwab") and Fidelity Brokerage Services, LLC ("Fidelity") for investment management accounts.

Factors which R&GWM considers in recommending Schwab and/or Fidelity or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Schwab and/or Fidelity enables the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Schwab and/or Fidelity may be higher or lower than those charged by other Financial Institutions.

The commissions paid by R&GWM's clients to Schwab and/or Fidelity comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where R&GWM determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. R&GWM seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other broker-dealers with whom the Firm and its custodians have entered into agreements for prime brokerage clearing services. Should an account make use of prime brokerage, the Client may be required to sign an additional agreement, and additional fees are likely to be charged.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker/dealers in return for investment research products and/or services which assist R&GWM in its investment decision-making process. Such research generally will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because R&GWM does not have to produce or pay for the products or services.

R&GWM periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.



**Support Provided by Financial Institutions**

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R&GWM can receive without cost from a broker-dealer, fund sponsor or vendor, computer software and related systems support, access to a trading desk that exclusively services its institutional traders, investment-related research, discounted attendance at educational or social events, and marketing support such as client/prospect events.

Some of these support services and/or products assist R&GWM in managing and administering client accounts, while others do not directly provide such assistance, but rather assist R&GWM to manage and further develop its business initiative.

Clients should be aware that R&GWM's receipt of the above support is provided without any corresponding commitment made by R&GWM to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

This support creates a conflict of interest as it gives R&GWM an incentive to recommend a certain broker-dealer over others. R&GWM seeks to mitigate this conflict by only recommending broker-dealers to clients it believes are in the client's best interest and offer best execution, as described above.

**Brokerage for Client Referrals**

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R&GWM does not consider, in selecting or recommending broker-dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

**Directed Brokerage**

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The client may direct R&GWM in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to "batch" client transactions for execution through other Financial Institutions with orders for other accounts managed by R&GWM (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, R&GWM may decline a client's request to direct brokerage if, in the Firm's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

**Trade Aggregation**

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R&GWM may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. For transactions executed through the TAAP program, the Firm will typically batch transactions for multiple clients. When batching trades, transactions will generally be averaged as to price and allocated among R&GWM’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which R&GWM’s Supervised Persons may invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. R&GWM does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares will be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when such account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares will be reallocated to other accounts (this will be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations will be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions will be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares will be allocated to one or more accounts on a random basis.

## Item 13. Review of Accounts

### Account Reviews

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R&GWM monitors client portfolios on a continuous and ongoing basis. Such reviews are conducted by the Firm's investment adviser representatives. The investment adviser representative will allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. Once allocated, the investment adviser representative provides ongoing monitoring and review of account performance, asset allocation and client investment objectives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with R&GWM and to keep the Firm informed of any changes thereto.

### Account Statements and Reports

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from R&GWM and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from R&GWM or an outside service provider.

## Item 14. Client Referrals and Other Compensation

The Firm does not currently provide compensation to any third-party solicitors for client referrals.

## Item 15. Custody

The Advisory Agreement and/or the separate agreement with any Financial Institution generally authorize R&GWM and/or the Independent Managers to debit client accounts for payment of the Firm's fees and to directly remit that those funds to the Firm in accordance with applicable custody rules. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to R&GWM.

In addition, as discussed in Item 13, R&GWM may also send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from R&GWM.

## **Item 16. Investment Discretion**

R&GWM is given the authority to exercise discretion on behalf of clients. R&GWM is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. R&GWM is given this authority through a power-of- attorney included in the agreement between R&GWM and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). R&GWM takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made;
- The broker-dealer that executes trades (in the case of a prime brokerage relationship); and
- The Independent Managers to be hired or fired.

## **Item 17. Voting Client Securities**

R&GWM does not accept the authority to vote a client's securities (i.e., proxies) on their behalf. Clients receive proxies directly from the Financial Institutions where their assets are custodied and may contact the Firm at the contact information on the cover of this brochure with questions about any such issuer solicitations.

**Item 18. Financial Information**

R&GWM is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.