

Part 2A of Form ADV: *Firm Brochure*

# REICHARD CAPITAL, LLC

200 South College Street  
Suite 1530  
Charlotte, NC 28202

Telephone: 704-312-4015  
Email: [jamesreichard@reichardcapitalllc.com](mailto:jamesreichard@reichardcapitalllc.com)

Effective: March 9, 2023

This Brochure provides information about the qualifications and business practices of Reichard Capital, LLC (hereinafter “Reichard Capital”, the “Firm” or “we”). If you have any questions about the contents of this brochure, please contact us at 704-312-4015 or [jamesreichard@reichardcapitalllc.com](mailto:jamesreichard@reichardcapitalllc.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.

It should be noted that registration as an investment adviser does not require and should not be interpreted to imply any particular level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Reichard Capital also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://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 305695.

## **Item 2           Material Changes**

This Brochure provides information on a variety of topics relating to our business practices, advisory services and fees, professionals and policies that may relate to conflicts of interest.

### Material Changes

This Brochure updates the original registration and ADV materials filed with the U.S. Securities and Exchange Commission ("SEC") in September 2019.

### Future Changes

From time to time, we may amend this Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Brochure or a Summary of Material Changes shall be provided to each client annually and if a material change occurs in the business practices of Reichard Capital.

At any time, you may review the current Brochure online at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching for our firm name or our CRD No. 305695. You may also request a copy of this Brochure at any time, by contacting us at 704-312-4015 or [jamesreichard@reichardcapitalllc.com](mailto:jamesreichard@reichardcapitalllc.com).

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## **Item 4            Advisory Business**

Reichard Capital is a registered adviser with the SEC. Reichard Capital was organized as a limited liability company under the laws of the State of North Carolina in March 2019 and became a registered investment adviser in October 2019. Our principal equity owner (controlling more than 25% or more of this Firm) is James N. Reichard who is the sole Manager of our Firm, Partner and Chief Compliance Officer.

### ***Advisory Services Offered***

Reichard Capital offers the following advisory services to its clients.

Portfolio Management Services – 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.

Primarily we manage advisory accounts on a discretionary basis although we may accept nondiscretionary accounts under certain circumstances. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Reichard Capital manages clients' assets primarily utilizing no-load mutual funds, taking into consideration the overall management style selected by the client. The mutual funds are selected on the basis of one or more of the following criteria: the fund's performance history; the industry sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives; the fund's management style and philosophy; and the fund's management fee structure. The weighting of a client's portfolio between funds and market sectors is determined by each client's individual needs and circumstances.

Clients have the opportunity to place reasonable restrictions on the types of investments which are made on their behalf. Clients retain individual ownership of all securities in a portfolio.

Certain clients' portfolios may contain various types of individual securities when they initially engage our Firm for asset management services. Over time, Reichard Capital may liquidate these holdings with the objective of fully investing the client's assets in accordance with their Investment policy statement.

While client assets will be invested in no-load mutual funds, Reichard Capital may also render investment advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Municipal securities
- United States governmental securities
- Corporate debt securities (other than commercial paper)

Subadvisory Services – Reichard Capital will sometimes serve as sub-adviser to other firms to assist in the investment of those firms' clients' assets. We currently serve as sub-adviser to a firm that has appointed us to manage a portion of its clients' assets, and those clients have agreed to have us provide them with advisory services. That investment adviser has established investment policies for those clients based on a questionnaire or using those clients' own investment policies. We generally consider individual clients for whom we serve as sub-adviser to be our clients for all purposes, including bonding insurance, suitability and fiduciary liability.

Use of Sub-Advisers and Third-Party Managers – We may also, when appropriate, engage a sub-adviser for certain portions of a client portfolio. These sub-advisers are independent third-party managers. We may also recommend direct investment with independent third-party managers. These strategies are used typically when those third-party managers demonstrate knowledge and expertise in a particular investment strategy. Our Firm will conduct appropriate due diligence on all independent third-party managers, making reasonable inquiries into their performance calculations, policies and procedures, Code of Ethics, and other operational and compliance matters deemed important to account performance and risk management.

As part of this service, we perform management searches of various unaffiliated registered investment advisers. Based on a client's individual circumstances and needs (as exhibited in the client's investment objectives, investment policy statement ("IPS") or similar suitability document) we will determine which selected third-party manager's portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance, the opinion of each client and the investment philosophy of the selected third-party manager. We will provide and encourage clients to review each third-party manager's disclosure document regarding the particular characteristics of any program and managers selected by us.

Once we determine which third-party manager(s) are most appropriate for the client, we will provide the selected third-party managers with the client's IPS or similar suitability document. Each selected third-party manager will then create and manage the client's portfolio based upon the client's individual needs as exhibited in the client's IPS or similar suitability document.

We will regularly and continuously monitor the performance of the selected third-party manager(s). If we determine that a particular selected third-party manager is not providing sufficient management services to the client, or is not managing the client's portfolio in a manner consistent with the client's IPS or similar suitability document, we will remove the client's assets from that third-party manager and place the client's assets with third-party manager at our discretion and without prior consent from the client.

Consulting 529 College Savings Plans – Reichard Capital provides investment advice to individuals participating in a 529 College Savings Plan by providing periodic recommendations on the allocation of investments across the menu of investment choices available in their plan. In its capacity as a non-discretionary adviser, Reichard Capital will evaluate the 529 Plan's age-based and market-based options and provide investment recommendations. The client is responsible for making the recommended changes to the asset allocation of the account and may or may not in a timely manner follow any and all of the recommendations provided.

Reichard Capital's consulting services for 529 College Savings Plans participants require that clients furnish Reichard Capital with the menu of investment choices available and any restrictions imposed on plan investments. We will initially review the investment choices available to an account, and we will develop a recommended allocation, identifying what percent of the account should be invested in the choices available.

Thereafter, on a periodic basis, we will review the investment choices available in the account and performance of the current choices and recommend allocation changes. We may make recommendations to switch funds within the 529 Plan, either to reduce risk or to take advantage of perceived attractive opportunities. The client is responsible to inform Reichard Capital of any changes to his/her 529 Plan.

Financial Planning – Reichard Capital offers financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- *PERSONAL*: We review family records, budgeting, personal liability, estate information and financial goals.
- *TAX & CASH FLOW*: We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.<sup>1</sup>
- *INVESTMENTS*: We analyze investment alternatives and their effect on the client's portfolio.
- *INSURANCE*: We review existing policies to ensure client's desired coverage goals for life, health, disability, long-term care, liability, home and automobile are being met.
- *RETIREMENT*: We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- *DEATH & DISABILITY*: We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- *ESTATE*: We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, return on investment objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report.

Should the client choose to implement the recommendations contained in the plan, we recommend that the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely the responsibility of the client.

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<sup>1</sup> Reichard Capital does not provide legal or tax advice and clients/potential clients should consult counsel or their accountant about their individual legal or tax circumstances.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

Typically the financial plan is presented to the client within three months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. Clients are under no obligation to act upon Reichard Capital's recommendation. If the client does elect to act on any of the recommendations, the client is under no obligation to effect the transaction through Reichard Capital.

Assets Under Management: As of December 31, 2022, we were managing \$286,272,325 in assets on a discretionary basis in 171 accounts and \$0 in assets in 0 accounts on a non-discretionary basis.

## **Item 5 Fees and Compensation**

The following paragraphs describe the fees and the method of calculation for services provided by our Firm.

Portfolio Management and Subadvisory Services Fees – The annualized fee for portfolio management and subadvisory services is charged as a percentage of assets under management, according to the following blended fee schedule. The asset management fee is calculated by applying different rates to different portions of the portfolio. The Firm may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee:

<b><i>Assets under Management</i></b>	<b><i>Annual Fee</i></b>	<b><i>Quarterly Fee</i></b>	<b><i>Monthly Fee</i></b>
First \$1 million	1.00%	0.2500%	0.0833%
Next \$4 million	0.75%	0.1875%	0.0625%
Next \$5 million	0.65%	0.1625%	0.0542%
Next \$20 million	0.50%	0.1250%	0.0416%
Next \$20 million	0.35%	0.0875%	0.0292%
Above \$50 million	0.25%	0.0625%	0.0208%

These fees may be negotiable under certain circumstances. Reichard Capital does not impose a minimum account size required for this service; ~~however, a minimum annual fee of \$5,000 is customary~~. Accordingly, accounts with assets below \$500,000 will pay advisory fees greater than our stated fee schedule. This minimum may be negotiable under certain circumstances. However, this minimum shall never exceed 3% of the value of the client account. Clients who have their dependent child(s) accounts with Reichard Capital will have their monthly fees calculated based on the combined portfolio values. Dependent children are defined as those under age 21 or under age 24 if still in college. Clients will be invoiced monthly in arrears based on the value of the account on the

last day of the month. Fees will be debited from the client's account in accordance with the client's authorization.

Sub-Advisers and Third-Party Managers – Third-party managers selected by us typically charge clients a separate management fee for their services. This management fee is in addition to the portfolio management fees charged by Reichard Capital for our Portfolio Management Services, as described above. Selected third-party managers may elect to directly debit client accounts for their management fees upon receiving permission from each client. These managers may charge their fees in advance or in arrears, monthly or quarterly, depending on the terms of each investment program and each selected manager's billing practices. Advisory fees, billing practices, termination provisions and other third-party manager program features and conditions are described in their disclosure documents which will be distributed to each client by Reichard Capital.

Fees For Consulting 529 College Savings Plans – For clients who engage Reichard Capital for consulting on 529 College Savings Plans, Reichard Capital typically charges an annual asset-based fee of 0.25%. Fees will be billed monthly in arrears (i.e., 0.0625% per month) and are due and payable upon receipt.

Financial Planning Fees – Reichard Capital's Financial Planning fee is determined based on the nature of the services being provided, the size and composition of the client's assets, and the complexity of each client's financial circumstances. All fees are agreed upon prior to entering into a written contract with each client.

*Annual Reviews:* Reichard Capital may charge an hourly fee ranging from \$90.00 to \$500.00 per hour depending on the nature and complexity of the client's financial plan and the Reichard Capital associate providing the service. These fees will be billed and are due and payable as incurred.

*Financial Planning Fee Offset:* Should a financial planning client engage Reichard Capital for portfolio management services, our Firm may credit the amount of the financial planning fee against the first year's fee for asset management services, based on the specific facts and circumstances of the engagement. Reichard Capital will reduce the client's monthly portfolio management fee by one-twelfth of the financial planning fee for the first year of the portfolio management engagement.

Termination of the Advisory Relationship – A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As Reichard Capital fees are billed and collected in arrears, no fee refunds will be required.

ERISA - We are deemed to be a fiduciary to advisory clients that have individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation.

Mutual Fund Fees – All fees paid to Reichard Capital 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 and 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 transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

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

**Limited Prepayment of Fees** – Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

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

Reichard Capital does not charge performance-based fees. The fees described in Item 5 above are not based on a share of capital gains or capital appreciation of the client's assets. Reichard Capital does not manage any proprietary investment funds (for example, a mutual fund, private equity fund or hedge fund) and has no financial incentive to recommend any particular investment options to its clients.

## **Item 7            Types of Clients**

Reichard Capital provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- Trusts
- High net worth individuals
- Estates
- Corporations or other businesses not listed above
- Charitable organizations
- Other Investment Advisers

As previously disclosed in Item 5, our Firm has established certain minimum account requirements, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

## **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:

**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.

**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.

Third-Party Manager Analysis. We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers prior to engaging them in a sub-advisory capacity in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

These managers have full discretion over the securities they purchase. As such, traditional fundamental, technical or other securities analysis is not possible when formulating recommendations. Instead, we rely on a robust due diligence process on these investment managers in determining which managers to recommend to our clients.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for the client(s). However, the sub-adviser provides Reichard Capital with periodic reports and we monitor those accounts to ensure that account management is consistent with the client's stated investment objectives and any client-imposed restrictions. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

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 strategies in managing client accounts, provided that such strategies 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 recommend the purchase of 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.

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).

Risk of Loss. Clients should understand that investing in any securities, including mutual funds, involves risk of loss of both income and principal.

## **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 history of disciplinary events.

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

Reichard Capital is not registered, nor does it have an application pending to register as a broker-dealer, futures commission merchant, commodity pool operator or commodity trading advisor. Furthermore, none of our management persons are registered or have pending applications to become registered as any of the foregoing entities.

## **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.

Reichard Capital 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.

Reichard Capital'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.

Furthermore, it is Reichard Capital's policy that the Firm will not affect any principal or agency cross securities transactions for client accounts. Reichard Capital will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated private fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

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 [jamesreichard@reichardcapitalllc.com](mailto:jamesreichard@reichardcapitalllc.com) or by calling us at 704-312-2318.

## **Item 12 Brokerage Practices**

As our Firm does not have the discretionary authority to determine the broker-dealer to be used or the commission rates to be paid, clients may direct Reichard Capital as to the broker-dealer to be used. Not all advisers require clients to direct the use of a particular broker for all trades. In directing the use of any broker, it should be understood that we will not have authority to negotiate commissions or to necessarily obtain volume discounts, and we may be unable to achieve “best execution” (defined as an optimal combination of price and service). This may cost you more money. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients.

Reichard Capital generally recommends that our advisory clients establish brokerage accounts Charles Schwab & Co., Inc. (“Schwab”), a FINRA registered broker-dealer, SIPC member, to maintain custody of clients’ assets and to effect trades for their accounts. Although we recommend that clients establish accounts at Schwab, it is the client’s decision to place assets under custody with Schwab. Reichard Capital is independently owned and operated and is not affiliated with Schwab.

Schwab Advisor Services provides Reichard Capital with access to its institutional trading, custody, reporting and related services, which are typically not available to Schwab retail investors. Schwab also makes available various support services. Some of those services help Reichard Capital manage or administer our clients’ accounts while others help Reichard Capital manage and grow our business. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them. 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.

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 Advisor Services also makes available to our Firm other products and services that benefit Reichard Capital 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’s products and services that assist us in managing and administering our clients’ accounts include software and other technology that:

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

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

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

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Reichard Capital. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our Firm. Schwab Advisor Services 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 creates a conflict of interest.

As a matter of policy and practice, Reichard Capital does not generally block client trades and, therefore, we implement client transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, our clients may not receive volume discounts available to advisers who block client trades.

Reichard Capital does not have any arrangements to compensate any broker-dealer for client referrals.

It is Reichard Capital's policy to make the client whole with respect to any trade error losses incurred by the client as a result of a trade error caused by our Firm. Furthermore, Reichard Capital does not retain any client trade error gains. It is our Firm policy that any benefits realized as a result of a trade error caused by Reichard Capital will accrue to the benefit of such client.

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.

Soft Dollar – Reichard Capital may receive unsolicited research reports from broker-dealer(s) that receive client commissions. Receipt of these unsolicited reports is not contingent upon any level of brokerage business and the Firm has not entered into any contract or agreement concerning these reports. The Firm does not receive any other research, products or services from any broker-dealer or third party in connection with client securities transactions ("soft dollar benefits") other than what is described above.

## **Item 13      Review of Accounts**

### ***Portfolio Management Services, Including Subadvisory Services and Use of Sub-Advisers and Third-Party Managers***

Reviews: While the underlying securities within Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least annually, including the performance of third-party managers. 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 Reichard Capital's Manager/CCO and the client's respective investment manager.

Reports: In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide semi-annual reports summarizing account performance, balances and holdings. Clients may also receive additional reporting from selected third-party managers, depending on the specific contractual provisions negotiated with each third-party manager.

### ***Consulting For 529 College Savings Plans***

Reviews: Due to the nature of these services, no formal reviews will be conducted for these Consulting Services clients.

Reports: At the completion of its initial assessment of the Plan, Reichard Capital will provide a written report setting forth its investment allocation recommendations. 529 College Savings Plan clients will not receive additional reports unless otherwise contracted for.

### ***Financial Planning 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 for Financial Planning clients unless otherwise contracted for.

Reports: Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

Annual Reviews – Existing financial planning clients may engage Reichard Capital to conduct a review of the financial plan on annual basis or in response to significant changes in the client's financial circumstances. The fees associated with such reviews will be determined based on client facts, circumstances and needs. These include the complexity of the client, assets under management, anticipated future additional assets; related accounts; portfolio style(s), account composition, and reports, among other factors.

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

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

These solicitation arrangements create a conflict of interest to the extent that we have an incentive to refer clients to those advisers that pay us the highest referral fee. We address this conflict of interest in the following ways:

1. We clearly disclose the existence of solicitation arrangements to existing and prospective clients in our disclosure documents so that they can assess the inherent conflicts of interest and make a fully informed investment decision;

2. We provide the following written disclosures to prospective clients prior to the execution of an advisory agreement with the third-party investment adviser:
  - a. The name of the third-party investment adviser;
  - b. The nature of the relationship, including any affiliation, between us and the investment adviser;
  - c. A statement that we will be compensated for our solicitation services by the investment adviser; and
  - d. The terms of such compensation arrangement, including a description of the compensation paid or to be paid to us.
3. We endeavor to comply with all rules promulgated under Section 206(4)-3 of the Investment Advisers Act of 1940 and/or similar applicable state laws and regulations.

In evaluating whether to invest in certain funds, programs or other vehicles and/or to satisfy educational and CE requirements, on occasion, we receive or accept benefits from certain funds, investment companies or custodians/broker-dealers, including travel expenses to attend conferences or events sponsored by those companies. This creates a conflict of interest, which the firm attempts to mitigate by only recommending funds, programs or securities to clients that are in their best interest and that align with the firm's fiduciary responsibilities.

## **Item 15      Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our Firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a monthly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting 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.

## **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;
- determine the amount of the security to buy or sell; and/or
- determine the third-party manager to be hired or fired

Clients give us discretionary authority when they sign a management 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 their assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

## **Item 18      Financial Information**

Under no circumstances do we 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 as part of this Brochure.

As an advisory Firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. Reichard Capital has never been the subject of a bankruptcy petition nor does Reichard Capital have any adverse financial situations that would reasonably impair the ability of Reichard Capital to meet all of its obligations to its clients.