

**Item 1 – Cover Page**

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This brochure provides information about the qualifications and business practices of Raleigh Capital Management Inc. (hereinafter referred to as “RCM”). Registration as an investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at (919) 852-1215. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about RCM is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm’s information on this website by searching for our name Raleigh Capital Management Inc. or our firm CRD number (CRD #), which is 149538.

\*Raleigh Wealth Solutions Inc. is an affiliated insurance agency.

## **Item 2 – Material Changes**

We will amend this brochure at least annually within ninety (90) days of the end of our fiscal year. Because our fiscal year ends December 31, we will amend our brochure annually by March 31.

Annually, we will ensure that you receive either an amended brochure or a summary of any material changes to this and any subsequent Brochure within 120 days of the end of our fiscal year, and promptly at any time if any of the information herein becomes materially inaccurate.

We have the following changes to report since our last annual update dated March 15, 2022:

- 1) Our address has changed.
- 2) We updated our assets under management in Item 4.
- 3) We updated the Individual Retirement Account Rollover Disclosure section in Item 5.
- 4) We added promoter language in Item 14.

## Item 3 – Table of Contents

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## Item 4 – Advisory Business

RCM is an investment adviser registered with the United States Securities and Exchange Commission and is a corporation formed under the laws of the State of North Carolina.

Brian Raleigh is the President and sole owner of RCM. RCM has been registered as an investment adviser since February, 2009.

Prior to forming RCM, Brian Raleigh worked with a Fortune 500 company for 10 years, where he was registered as a securities representative of a broker dealer.

### **General Description of Primary Advisory Services**

The following are brief descriptions of RCM's primary services. A detailed description of RCM's services is provided in *Item 5 – Fees and Compensation* so that clients and prospective clients can review the description of services and description of fees in a side-by-side manner.

**Financial Planning Services** - RCM provides financial planning services. Financial planning services do not involve the active management of client accounts, but instead focus on a client's overall financial situation. Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. The role of a financial planner is to find ways to help the client understand his/her overall financial situation and help the client set financial objectives.

**Outside Money Managers** - RCM provides advisory services by referring clients to outside unaffiliated money managers that are registered or exempt from registration as investment advisers. Third-party money managers are responsible for continuously monitoring client accounts and making trades in client accounts when necessary. These money managers typically are granted discretion by their clients, meaning that the managers can buy or sell securities without seeking or obtaining the client's permission.

**Manager of Managers** – RCM also exercises discretion to select unaffiliated money managers, and to invest client funds with such managers, to allocate and re-allocate funds between two or more managers, or between two or more strategies at the same manager. These relationships are generally accomplished by the client granting RCM discretion to select managers. RCM then will typically enter into a sub-advisory or co-advisory agreement with the manager(s).

**Investment Management** – RCM may also offer direct discretionary management by one or more of RCM's investment adviser representatives. Clients who select this service grant discretion to RCM to invest, allocate, re-invest and re-allocate in one or more securities. This service may also be provided on a non-discretionary basis, meaning that RCM makes recommendations and receives client permission before executing transactions.

### **Limits Advice to Certain Types of Investments.**

RCM does not limit its advice to certain types of investments, but instead advises on a broad range of investments, including without limitation, the following types of investments:

- No-Load (i.e. no trading fee) and Load-Waived (i.e. trading fee waived) Mutual Fund Shares
- Exchange-listed securities (i.e. stocks)

- Securities traded over-the-counter (i.e. stocks)
- Fixed income securities (i.e. bonds)
- Closed-End Funds and Exchange Traded Funds (ETFs)
- Foreign Issues
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- United States government securities
- Options contracts on securities and commodities
- Futures contracts on tangibles and intangibles
- Interests in partnerships investing in real estate and oil and gas interests

RCM does not provide advice on foreign issues, hedge funds and other types of private (i.e. non-registered) securities. **Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.**

#### **Tailor Advisory Services to Individual Needs of Clients**

RCM's services are always provided based on the individual needs of each client. This means, for example, that you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with each client on a one-on-one basis through interviews and questionnaires to determine the client's investment objectives and suitability information.

#### **Client Assets Managed by RCM**

The amount of clients' assets managed by RCM on a discretionary basis totaled \$ \$247,225,472.83 as of 2/23/2023. The amount of clients' assets managed by RCM on a non-discretionary basis totaled \$0 as of 2/23/2023.

### **Item 5 – Fees and Compensation**

In addition to the information provided in *Item 4 – Advisory Business*, this section provides additional details regarding our firm's services along with descriptions of each service's fees and compensation arrangements.

#### **Financial Planning Services:**

We charge fixed fees for written financial plans. We charge \$995 for most financial plans, but reserve the right to charge more for complex plans, if the client agrees in advance. For plans estimated to cost \$1,000 or less, half the fee is due in advance, the rest is due upon presentation of the plan. For plans estimated to

cost more than \$1,000, \$500 is due in advance, and the remainder is due upon presentation of the plan. Financial plans will be delivered to the client within six (6) months of the engagement.

We frequently waive the costs of financial plans altogether for prospective clients who respond to certain promotions, including those made in our radio advertisements.

Financial planning services terminate upon presentation of the written plan. However, either party may terminate the agreement sooner by providing written notice to the other party. Termination will be effective upon receipt of notice. If services are terminated within five (5) business days of executing the agreement, services will be terminated without penalty and no fees will be due. If services are terminated after the initial five day period, pre-paid fees will be pro-rated and any unearned fees will be refunded to the client.

### **Outside Money Managers:**

RCM may recommend that clients invest directly with third-party money managers offering a wide range of advisory services, including asset allocation, market timing and portfolio management. The third-party money manager is responsible for continuously monitoring your accounts and making trades in your accounts when necessary.

We will assist you with identifying your risk tolerance and investment objectives. We recommend third-party investment advisers and help determine appropriate investment strategies in relation to your stated investment objectives and risk tolerance. You will enter into an agreement directly with the unaffiliated third-party investment adviser.

If we recommend a third-party investment adviser to you, a complete description of that adviser's services, fee schedules and account minimums is provided in the adviser's Form ADV Disclosure Brochure. These brochures are provided to you when we initially recommend the third-party investment adviser.

You will also enter into an agreement with the third-party manager that will describe the manager's fee and any fee RCM will receive. Generally, the client's total fee will not exceed 1.8%.

Although the third-party investment advisers are responsible for making all investment decisions, we are available to answer questions you may have regarding your account and act as the communication conduit between you and the third-party investment advisers. The third-party investment advisers we recommend generally require discretionary authority to determine the securities to be purchased and sold in your accounts. Neither we nor our representatives have any trading authority with respect to your managed account(s) with the third-party investment adviser(s).

We enter into only a select number of relationships with third-party investment adviser firms that have agreed to pay us a portion of the overall fee charged to our clients. Therefore, we have a conflict of interest because we only recommend third-party investment advisers that agree to compensate us for referring our clients.

There may be other third-party managed programs, not recommended by us, that are suitable for you and that may be more or less costly than arrangements recommended by us. No guarantees can be made that your financial goals or objectives will be achieved by a third-party investment adviser recommended by us.

Further, no guarantees of performance can ever be offered by us. See **Item 8, Methods of Analysis, Investment Strategies and Risk of Loss**, for more details.

You are encouraged to consult with a tax adviser to discuss any tax implications involving your portfolios in this program.

You may incur additional charges including, but not limited to, mutual fund sales loads, 12b-1 fees, surrender charges, and IRA and qualified retirement plan fees. We will never receive any portion of such commissions or fees. When we negotiate lower fees and expenses charged by third parties, all negotiated improvements are for your benefit.

Additionally, we may select and monitor other money managers for our clients. When we do so, the other money managers pay RCM directly, a portion of the fees generated by referred clients. Clients are free to select any broker or insurance company they wish to purchase securities or insurance products. Clients do not pay directly for this service.

No compensation is received by RCM for the sale of securities or other investment products.

### **Manager of Managers and Investment Management:**

When RCM serves as an investment manager (i.e., directly manages clients' investments), or serves as a "manager of managers," RCM charges clients an advisory fee pursuant to a written investment management agreement. The advisory fee is negotiable, varies based on the value of assets under management, and will generally not exceed 1.8% per year. If RCM retains sub-advisers to manage client assets, the sub-adviser will be paid by RCM.

RCM charges clients a fee based on an annual percentage of the value of assets under management. This fee is typically charged in advance, at the beginning of each quarter, based upon one-fourth of the annual fee multiplied by the balance at the end of the quarter. Fees are prorated for accounts opened during the quarter. RCM pays sub-advisory fees or co-advisory fees to the sub-advisers or co-advisers, which fees may vary by sub-adviser program offered by the sub-adviser. The client may terminate investment management services for any reason within the first five (5) business days after signing an investment management agreement and receive a 100% refund of any fees paid, without any cost or penalty. After the first five (5) business days, either party may terminate the investment management agreement by giving the other party ten (10) days' written notice of termination. Upon our receipt of a written notice of termination, the client will receive a prorated refund based on the amount of time services were rendered during the terminated quarter. For example, if there are 90 days in a quarter and the service was cancelled 45 days into the quarter, the client will receive a 50% refund of the quarterly management fee. (45 divided by 90 equals 50%) Refunds are paid by depositing the fee back into the account if allowed by the client's custodian. In all other cases refunds are paid by check.

Fees for accounts managed by Verity Asset Management, Inc. are billed in arrears. Fees are due on the first day of the calendar quarter and are based on each account's average daily balance during the prior calendar quarter. Fees are prorated for accounts opened during the quarter. Fees shall become payable on the last day of the calendar quarter, or, in the event of termination of services, fees shall become payable on the day following termination. If the management of Account(s) commences at any other time than the beginning of the calendar quarter, the first quarterly fee shall be prorated based on the portion of such calendar quarter remaining.

### **Individual Retirement Account Rollover Disclosure:**

Educational Approach to Rollovers: As a firm policy, we do not provide recommendations to clients with respect to the rollover of assets between employer sponsored retirements accounts (e.g., 401(k), 457 plans, and 403(b) accounts) and individual retirement accounts (e.g., Roth IRAs, Traditional IRAs, SIMPLE IRAs, and SEP IRAs). Instead, the firm takes an educational approach in accordance with the U.S. Department of Labor's Interpretive Bulletin 96-1. Under this approach, our role will be strictly limited to providing clients with general educational materials regarding the nature and potential consequences of rollover transactions. We will make no recommendation to clients regarding the prospective rollover of assets and we advise clients to speak with their trusted tax and legal advisors with respect to all rollover decisions. We may provide clients with materials discussing some or all of the following topics: the general pros and cons of rollover transactions; the benefits of retirement plan participation; the impact of pre-retirement withdrawals on retirement income; the investment options available inside retirement plan accounts; and high level discussion of general investment concepts (e.g., risk versus return, the benefits

of diversification and asset allocation, historical returns of certain asset classes, etc.). We may also provide clients with questionnaires and/or interactive investment materials that may provide a means for clients to independently determine future retirement income needs and to assess the impact of different asset allocations on retirement income. Clients will make the final rollover decision.

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

RCM does not charge or accept performance-based fees. Performance-based fees are fees based on a share of capital gains or capital appreciation of the assets held within a client's account.

## **Item 7 – Types of Clients**

RCM generally provides investment advice to the following types of clients:

- Retirees
- High-Net Worth Individuals
- Business Owners
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

### **Minimum Investment Amounts Required**

Generally an aggregate account minimum of \$250,000 is required for investment advisory services. However, RCM may waive its account minimum or charge a lesser advisory fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, negotiations with client, etc.).

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

### **Methods of Analysis**

RCM uses the following methods of analysis in formulating investment advice:

RCM does a cost and risk analysis of the client's current portfolio using Morningstar and other analysis tools. In addition, we administer a risk analysis questionnaire. Recommendations of appropriate portfolios are based on this information.

**Charting** - The set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

**Cyclical** - Analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

**Fundamental** - A method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the



financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

**Technical** - A method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

### **Investment Strategies**

The third-party investment advisers recommended by RCM may utilize the following investment strategies when managing client assets and/or providing investment advice:

**Long term purchases.** Investments held at least a year.

**Short term purchases.** Investments sold within a year.

**Trading.** Investments sold within 30 days.

**Short sales.** A short sale is generally the sale of a stock not owned by the investor. Investors who sell short believe the price of the stock will fall. If the price drops, the investor can buy the stock at the lower price and make a profit. If the price of the stock rises and the investor buys it back later at the higher price, the investor will incur a loss. Short sales require a margin account.

**Margin transactions.** When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from RCM.

**Option writing.** Option writing includes covered options, uncovered options, or spreading strategies. Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.

**Tactical asset allocation.** Allows for a range of percentages in each asset class (such as Stocks = 40-50%). These are minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. Thus, a minor form of market timing is possible, since the investor can move to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak.

**Strategic asset allocation.** Calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a "buy and hold" strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client's goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.

### **Use of Primary Method of Analysis or Strategy**

The primary investment strategy utilized by the unaffiliated investment advisory firms recommended by RCM may involve the frequent trading of securities. The frequent trading of securities may have a positive or negative impact on investment performance. Performance from active trading can be lowered due to an increase in brokerage and other transaction costs.

## **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

- **Market Risk** – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- **Equity (stock) market risk** – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- **Company Risk** - When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- **Fixed Income Risk** - When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- **Options Risk** - Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- **ETF and Mutual Fund Risk** – When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients may also incur brokerage costs when purchasing ETFs.
- **Management Risk** – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

## Item 9 – Disciplinary Information

Brian Raleigh and Joe McLeod were the subjects of an investment-related, consumer-initiated arbitration claim which alleged one or more sales practice violations and contained a claim for compensatory damages of \$5,000 or more. The claim was filed under FINRA arbitration number 20-02661. Client alleged negligence, professional negligence, violations of law, unsuitable recommendations, negligent supervision, breach of contract, breach of fiduciary duty, and breach of securities industry law and rules related to two (2) non-traded real estate investment trusts purchased by client on or about June 2016. The case was settled for \$10,000. Mr. Raleigh and Mr. McLeod each contributed \$5,000 towards the settlement. Mr. Raleigh and Mr. McLeod vigorously deny all allegations in the underlying matter and settled the customer's claims in view of the costs and risks associated with proceeding to a hearing on the merits. Mr. Raleigh and Mr. McLeod welcome questions regarding this matter from current and prospective clients.

## Item 10 – Other Financial Industry Activities and Affiliations

RCM is **not** and does **not** have a related company that is a:

1. Broker/dealer, municipal securities dealer, government securities dealer or broker,
2. Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund),
3. Other investment adviser or financial planner,
4. Futures commission merchant, commodity pool operator, or commodity trading adviser,
5. Banking or thrift institution,
6. Accountant or accounting firm,
7. Lawyer or law firm,
8. Pension consultant,
9. Real estate broker or dealer, or
10. Sponsor or syndicator of limited partnerships.

### **Arrangement with Unaffiliated Investment Advisers**

While RCM does not have a related person that is an investment adviser, we have established relationships with other investment advisers. As a result of these relationships, RCM will refer clients to these other investment advisers who will then provide asset management services to the client. When RCM solicits for or refers to these other investment advisers, we will receive a portion of the fee the client pays to the other adviser. This situation creates a conflict of interest. However, when referring clients to a third-party adviser the client's best interest will be the main determining factor of our associated persons. RCM will not recommend the use of an outside investment adviser unless the investment adviser is registered/notice filed or exempt from registration/notification in the client's home state.

### **Employee of Affiliate Also Insurance Agent**

Investment Adviser Representatives of RCM are also licensed insurance agents through an affiliated company, Raleigh Wealth Solutions Inc. (“RWS”) and in such capacity may recommend, on a fully disclosed commission basis, the purchase of certain insurance products through various insurance companies. RWS was formerly known as Brian Raleigh Insurance and Financial Services, Inc. (through February 2000) and TruWealth Strategies, Inc. (through March 2012). We endeavor at all times to put the interest of the clients first as a part of RCM's fiduciary duty. However clients should be aware that the receipt of commission and additional compensation itself creates a conflict of interest, and may affect the

evaluation process of your investment adviser representative when making recommendations. To mitigate this conflict of interest, we require all representatives who are licensed to offer insurance products to our clients to assure that the issuing insurer reviews the potential sale of any products for the purpose of determining adherence to applicable insurance suitability standards, we fully disclose to a client when a particular transaction will result in the receipt of commissions or other associated fees and we require all representatives to seek prior approval of any outside employment activity so that we may ensure that any conflicts of interest in such activities are properly disclosed. Insurance products may be available through other channels and as a client you are not obligated to purchase products recommended by our representatives.

Mr. Raleigh spends less than 50% of his time offering insurance products.

RWS has a business relationship with Advisors Excel (“AE”), an independent insurance marketing organization and licensed insurance agency, whereby AE provides marketing and sales-related services to RWS. In addition, AE provides incentive-based benefits to RWS in exchange for reaching certain benchmarks in insurance sales. These benefits include business cards, letterhead, name tags, banners, photoshoots, tote bags, and other similar promotional items.

The receipt of such benefits presents a conflict of interest as RWS has an incentive to recommend insurance products through AE based on the compensation received. RWS and its related persons ameliorate this conflict by reviewing the recommendation to purchase insurance with the client and ensuring the recommendation is suitable for the client.

You are never obligated or required to purchase insurance products through Raleigh Wealth Solutions. However, when acting in our separate capacities, we can help you obtain insurance products and will receive separate compensation (i.e. insurance commissions) in addition to investment advisory fees charged.

#### **Employee of Affiliate Also Registered Representative**

Mikayla Raleigh is a registered securities representative of Great Point Capital, LLC. In this capacity, Ms. Raleigh is licensed to offer and sell, and does offer and sell, securities and investment products on a commission basis. These services are performed on a non-fiduciary basis, and therefore are distinguishable from the services performed by RCM and its representatives, who must act in clients’ best interests. When Ms. Raleigh offers investment products to RCM clients, there is a conflict of interest in that she is incentivized to recommend products that pay transaction-based or other compensation. This compensation will inure to RCM’s benefit. This conflict of interest is addressed by RCM, which assures that any recommended investment product is suitable for the client.

### **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

#### **Code of Ethics Summary**

Our Code of Ethics establishes ideals for ethical conduct based upon fundamental principles of openness, integrity, honesty and trust. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

#### **Affiliate and Employee Personal Securities Transactions Disclosure**

RCM or our associated persons may buy or sell for their personal accounts, investment products identical to those recommended to clients. If this were to occur it would create a conflict of interest. It is the express policy of RCM that all persons associated with our firm must place the interests of our clients ahead of their own when implementing personal investments. RCM and its associated persons shall not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry. In order to minimize this conflict of interest, securities recommended by RCM are widely held and publicly traded.

## Item 12 – Brokerage Practices

Our Firm does not maintain custody of client assets. Client assets must be maintained by a qualified custodian. Our Firm seeks to recommend a custodian who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services.

With this in consideration, our Firm has arrangements with Fidelity Brokerage Services LLC ("Fidelity") and TD Ameritrade ("TD"), both qualified custodians with whom our Firm is unaffiliated. Fidelity and TD offer services to independent investment advisers which includes custody of securities, trade execution, clearance and settlement of transactions. Fidelity and TD enable us to obtain for our clients many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity and TD do not charge client accounts separately for custodial services. Client accounts will be charged transaction fees, commissions or other fees on trades that are executed or settle into the client's custodial account. Transaction fees are negotiated with Fidelity and TD and are generally discounted from customary retail commission rates. This benefits clients because the overall fee paid is often lower than would be otherwise.

Fidelity and TD may make certain research and brokerage services available at no additional cost to our Firm. Research products and services provided by Fidelity and TD may include: research reports on recommendations or other information about particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by Fidelity and TD to our Firm in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services qualify for the safe harbor exemption defined in Section 28(e) of the Securities Exchange Act of 1934.

The aforementioned research and brokerage services are used by our Firm to manage accounts for which our Firm has investment discretion. Without this arrangement, our Firm might be compelled to purchase the same or similar services at our own expense. When we use client brokerage commissions to obtain research or other products or services, we receive a benefit because we do not have to produce or pay for the research products or services. As part of our fiduciary duty to our clients, our Firm will endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our Firm or our related persons creates a potential conflict of interest and may indirectly influence our Firm's recommendation of a Custodian. Our Firm examined this potential conflict of interest in choosing to recommend Fidelity or TD and have determined that the recommendation is in the best interest of our Firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

Our clients may pay a transaction fee or commission to Fidelity and TD that is higher than another qualified broker dealer might charge to effect the same transaction where our Firm determines in good faith that the transaction fee is reasonable in relation to the value of the brokerage and research services provided to the client as a whole.

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 broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Although our Firm will seek competitive rates, to the benefit of all clients, our Firm may not necessarily obtain the lowest possible commission rates for specific client account transactions.

### **Client Brokerage Commissions**

Fidelity and TD do not make client brokerage commissions generated by client transactions available for our Firm's use.

### **Brokerage for Client Referrals**

Our Firm does not receive brokerage for client referrals.

### **Directed Brokerage**

Neither our Firm nor any of our Firm's representatives have discretionary authority in making the determination of the broker-dealer and/or custodian with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. Our Firm routinely recommends that clients direct us to execute through a specified broker-dealer. Our Firm recommends the use of Fidelity or TD. Each client will be required to establish their account(s) with Fidelity or TD if not already done. Please note that not all advisers have this requirement. By directing brokerage we may be unable to achieve the most favorable execution of client transactions and this practice may cost clients more money.

### **Client-Directed Brokerage**

Our Firm does not allow clients to direct brokerage outside our recommendation. Our Firm may be unable to achieve the most favorable execution of client transactions when we allow clients to direct brokerage. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, clients may pay higher brokerage commissions because our Firm may not be able to aggregate orders to reduce transaction costs, or clients may receive less favorable prices.

### **Block Trading Policy**

RCM does not currently engage in block trading.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

Our investment adviser representatives review their clients' portfolios annually. Investment performance is evaluated and life changes are reviewed. There are no different levels of review.

Financial planning services terminate upon presentation of the written plan or completion of the financial planning consultation services. Therefore, no reviews are conducted for these accounts. If clients elect to have a review and update to an original financial plan, additional fees may be charged and clients may be required to sign a new client agreement.

### **Statements and Reports**

The client will receive account statements directly from the custodian at least quarterly. They will be sent to the email or postal mailing address the client provided to the custodian. The client should carefully review those statements promptly when he or she receives them.

**You are urged to compare any periodic portfolio reports or correspondence provided by RCM against the account statements you receive directly from your account custodian.**

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

RCM may enter into promoter agreements pursuant to which it pays cash compensation to third-party intermediaries in exchange for their promotion, referral, and endorsement of RCM's advisory services to prospective clients. The cash compensation paid to such promoters may take the form of a retainer, a flat advertising fee, a fee per referral, and/or a percentage of the advisory fees we collect from referred client accounts. These fees may be paid to the promoter on a one-time or recurring basis. Unless otherwise explicitly disclosed in writing to the client, the cash compensation paid to a promoter will be borne entirely by RCM and referred clients do not pay any additional or increased advisory fees as a result of having been referred to our firm by a paid third-party promoter.

We will only engage third-party promoters in accordance with the requirements of the SEC's "marketing rule" (SEC Rule 206(4)-1), promulgated under the Investment Advisers Act of 1940. Any promoters engaged for this purpose will disclose to you at or reasonably prior to their referral or endorsement of RCM (i) that they will receive compensation from RCM as a result of their endorsement of our firm; (ii) a

description of the material terms of the compensation they will receive; and (iii) a brief statement discussing the conflicts of interest arising out of the compensation arrangement. Clients referred to our firm by a third-party promoter are encouraged to inquire with us if they have any questions about the foregoing arrangements.

The only compensation received from advisory services are the fees charged for providing investment advisory services as described in Item 5 of this Disclosure Brochure. RCM receives no other forms of compensation in connection with providing investment advice. RCM's investment adviser representatives may receive other forms of compensation as explained in detail above.

### **Item 15 – Custody**

All client funds, assets and securities are held at a qualified custodian. Under government regulations, we are deemed to have custody of the client's assets if the client authorizes us to instruct the custodian to deduct our management fee directly from the client's account or, if the client has an executed Standing Letter Of Authorization (SLOA) on file. The custodian maintains actual custody of the client's assets. The client will receive account statements directly from the custodian at least quarterly. They will be sent to the email or postal mailing address the client provided to the custodian. The client should carefully review those statements promptly when he or she receives them. We also urge the client to compare the custodian's account statements with any periodic portfolio reports the client receives from us.

### **Item 16 – Investment Discretion**

Clients provide our Firm with investment discretion on their behalf, pursuant to an executed investment management client agreement. By granting investment discretion, our Firm is authorized to execute securities transactions, determine which securities are bought and sold, and the total amount to be bought and sold. Our Firm also has discretionary authority to hire and fire investment managers and reallocate assets among said managers as deemed appropriate. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our Firm's written acknowledgement.

### **Item 17 – Voting Client Securities**

RCM will not vote proxies on behalf of your account. While there are some investment advisers that will vote proxies and other corporate decisions on behalf of their clients, we have determined that taking on the responsibility for voting client securities does not add enough value to the services provided to clients to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in accounts managed by our Firm.

Some of the third-party managers to whom we refer clients may vote proxies for the accounts they manage. Clients are encouraged to consult the third-party manager's brochure and agreement for additional information.

Clients will receive proxies directly from their custodian or transfer agent and such documents will not be delivered by our firm. Although we do not vote client proxies, if you have a question about a particular proxy feel free to contact us.

### **Item 18 – Financial Information**

RCM does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, RCM has not been the subject of a bankruptcy petition at any time.