



## **River City Wealth Management**

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### **ADV 2A Brochure**

March 2023

This Brochure provides information about the qualifications and business practices of RCW Management, LLC, dba River City Wealth Management. If you have any questions about the contents of this brochure, please contact us at (904) 374-9098. 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. Registration with the SEC does not imply a certain level of skill or training.

Additional information about River City Wealth Management is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

Since the filing of Form ADV Part 2A for River City Wealth Management on September 23, 2021, in which the Firm provided assets under management in compliance with meeting the Regulatory Assets Under Management requirements within 120 days of its SEC effective date, the following material change was made:

- River City Wealth Management has engaged an independent solicitor to provide client referrals.

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## **Item 4: Advisory Business**

River City Wealth Management was established in 2021. The owner of River City Wealth Management, Michelle Lynn Barron, has been providing comprehensive financial planning and wealth management services to individuals, professionals, business owners, retirement plans and businesses since 2009.

As a registered investment adviser subject to Section 206 of the Advisers Act, River City Wealth Management acts as a Fiduciary related to the conduct of its investment advisory services. As such, River City Wealth Management has an obligation to act in the best interest of its Clients, guided by the core fiduciary duties of loyalty and care.

### **Advisory Services**

#### **Wealth Management**

River City Wealth Management provides discretionary wealth management services to a broad range of Clients. River City Wealth Management determines the investment objectives and risk tolerance for each wealth management Client during the account opening process and reassesses periodically thereafter. Once the Client's risk tolerance, time horizon and investment objective are established, River City Wealth Management will recommend an investment strategy or individually design a portfolio of investments which include one or a combination of stocks, bonds, mutual funds, ETFs, and other securities including short-term money market instruments.

We encourage Clients to inform us in the event of any significant life changes, such as setting a retirement date, having a child, etc., so that we can perform an assessment to determine the proper investment strategy from that point forward. Typically, we review accounts internally and no less than annually with our Clients, which should be sufficient given our long-term strategic approach to money management. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to the acceptance by River City Wealth Management.

River City Wealth Management's investment strategies are primarily long-term focused, but we

may buy, sell or reallocate positions that have been held less than one year to meet the objectives of a particular strategy or due to market conditions.

### **Financial Planning Services**

River City Wealth Management will provide financial planning services to assist clients with long term goal planning for those clients who choose. Before we begin managing client portfolios, we engage a new or potential client in a pre-advisory consultation to better understand the clients' financial situation and expectations. During this consultation, we:

- Review the individual's goals, tax situation, financial needs, and limitations
- Gauge the individual's tolerance for risk
- Analyze current investment strategies and asset allocation

By understanding each of these financial characteristics and communicating our investment philosophy, we can proceed with developing a financial plan for the client and set the expectations for our client-advisor relationship.

Based on this conversation, the client typically selects a targeted allocation. We will also take into consideration special situations such as restrictions on certain securities or asset classes, liquidity needs, and tax situations when managing portfolios. We continuously manage the investments in the portfolios and the guidelines for each account are reviewed, as needed, with Clients for any changes in the basic assumptions.

### **IRA Rollover Recommendations**

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal

advice);

- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

Investors considering rolling over assets from a qualified employer-sponsored retirement plan ("Employer Plan") to an Individual Retirement Account ("IRA") should review and consider the advantages and disadvantages of an IRA rollover from their Employer Plan. A plan participant leaving an employer typically has four options (and can engage in a combination of these options):

- (1) Leave the money in the former employer's plan, if permitted;
- (2) Rollover the assets to a new employer's plan (if available and rollovers are permitted); (3) Rollover Employer Plan assets to an IRA; or,
- (4) Cash out the Employer Plan assets and pay the required taxes on the distribution.

At a minimum, Investors should consider fees and expenses, investment options, services, penalty-free withdrawals, protection from creditors and legal judgments, required minimum distributions, and employer stock. River City Wealth Management encourages you to discuss your options and review the above listed considerations with an accountant, third-party administrator, investment adviser to your Employer Plan (if available), or legal counsel to the extent you consider necessary.

By recommending that you rollover your Employer Plan assets to an IRA advised by River City Wealth Management, we will earn fees as a result. In contrast, leaving assets in your Employer Plan or rolling the assets to a plan sponsored by your new employer will result in no compensation to us. River City Wealth Management has an economic incentive to encourage investors to rollover Employer Plan assets into an IRA managed by us. Investors can face increased fees when they move retirement assets from an Employer Plan to a Rollover IRA account. Even if there are no costs associated with the IRA rollover itself, there will be costs associated with account administration, investment management, or both. In addition to the fees charged by River City Wealth Management, the underlying investment (mutual fund, ETF, annuity, or other investment) can also include fees. Custodial and trading fees also apply. Investing in an IRA with River City Wealth Management will typically be more expensive than an Employer Plan.

As of December 31, 2022, River City Wealth Management has \$114,967,087 in discretionary regulatory assets under management.

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

### **Investment Management Fees**

Clients enter into a Wealth Management Agreement (“WMA”) with River City Wealth Management that outlines the services provided and fees paid to River City Wealth Management. The fee for the initial analysis of the client’s current portfolio and the subsequent recommendations that are delivered to you at the beginning of the relationship between you and River City Wealth Management is \$1,000. For on-going management which can include financial planning, the Client will pay an asset management fee based on the value of the Client’s account, including cash holdings. Clients are billed in advance on a quarterly basis based on the account value on the last day of the prior quarter. Clients will be billed at the rate set forth in their agreement. Fees range from 1.00% to 1.50% annually. Inflows and outflows during the quarter will be prorated and charged for the number of days the funds were in the account during the quarter. For the initial period of an engagement, the fee is calculated on a pro rata basis. In the event the WMA 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 refunded to the Client.

### **Financial Planning Fees**

Clients enter into a Financial Planning Agreement with River City Wealth Management that outlines the services provided and fees paid to River City Wealth Management. River City Wealth Management charges an hourly fee which ranges from \$250 to \$500 per hour for financial planning services. Financial planning services generally range from \$500 to \$10,000 depending on the complexity, level, and scope of the services. Prior to engaging River City Wealth Management to provide financial planning services, the Client is required to enter into a written agreement with River City Wealth Management setting forth the terms and conditions of the engagement. Payment is generally due upon completion of the agreed upon services.

### **Fee Discretion**

River City Wealth Management, in its sole discretion, will negotiate to charge a lesser fee based upon certain criteria such as rendered services, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy Client relationship, and account retention. River City Wealth Management, at its own discretion, can group certain related Client accounts for the purposes of determining the fee.

### **Direct Fee Debit**

Clients generally provide River City Wealth Management with the authority to directly debit their accounts for payment of the investment advisory fees. River City Wealth Management will send

a notification to you that will reflect the amount of fees that will be debited from your account. 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 River City Wealth Management.

### **Additional Fees and Expenses**

In addition to the advisory fees paid to River City Wealth Management, 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, but aren't limited to, securities brokerage commissions, transaction fees, redemption fees, short term transaction fees, custodial fees, 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, 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.

**Item 6: Performance-Based Fees and Side-By-Side Management** River City Wealth Management does not charge performance-based fees.

### **Item 7: Types of Clients**

As noted in Item 4, River City Wealth Management provides wealth management services to individuals, professionals, business owners, retirement plans, and businesses. There are no minimum account values for the River City Wealth Management advisory program accounts.

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

We strive to understand the macro-economic environment, which is the condition that exists in the economy as a whole rather than in a particular sector or region. In general, the macro environment includes trends in the gross domestic product (GDP), inflation, employment, spending, and monetary and fiscal policy. The macro-environment is closely linked to the general business cycle as opposed to the performance of an individual business sector.

We select mutual funds and ETFs by understanding the entity's culture, communicating with the firm/managers, looking for repeatable investment processes, and analyzing the process in context of how it complements the other investments we advise on.

When investing in individual equities for our clients, we seek to create broadly diversified portfolios that provide exposure to companies across multiple sectors of the economy. We utilize 3<sup>rd</sup> party research providers when analyzing companies and are generally looking to hold



the companies in which we invest for multiple years. We attempt to understand the company's competitive strengths and potential threats and weaknesses and try to understand the executive management team's vision for the firm.

When investing in individual bonds, we take into consideration yield, duration, credit risk/rating, and liquidity. This objective can be implemented with a blend of treasury bonds, high-quality corporate bonds, municipal bonds, and money market instruments depending on the client's goals and situation.

When establishing a portfolio for a Client, we start by understanding exactly the Client's objective(s) to ensure that the management of each portfolio is aimed at helping the Client reach his/her goals. Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

We believe a diversified portfolio that is consistent with your risk tolerance, time horizon and goals and objectives is essential. Our financial professionals ensure you are educated on your choices, and we personally engage with you to keep connected and assure that your portfolio is aligned with your financial plan. Your unique circumstances and personal objectives dictate the method of investing, as well as the types of strategies chosen.

**Asset Allocation:** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of mutual funds, ETFs, equities, fixed income, cash, and other investments suitable to the client's investment goals and risk tolerance. Additionally, we utilize 3<sup>rd</sup> party research to analyze current market data and valuations of various market sectors and asset categories to identify investment opportunities.

**Risks:**

All investments in securities include a risk of loss of your principal (invested amount) and any profits that have not been realized. Stock markets and bond markets fluctuate substantially over time. In addition, the performance of any investment is not guaranteed.

**Types of Investments and Risks**

- **Market Risk.** This is the risk that the value of securities owned by an investor goes up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.

- **Interest Rate Risk.** This is the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.
- **Credit Risk.** This is the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.
- **Issuer-Specific Risk.** This is the risk that the value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole.
- **Investment Company Risk** - Investment companies include open-end and closed-end investment companies. Shares in investment companies represent interests in professionally managed portfolios. These investments involve substantially the same risks as investing directly in the underlying instruments; in addition, the return from such an investment will be reduced by the operating expenses and fees of the investment company, including applicable advisory fees.
- **Equity Investment Risk.** Equity securities include common stocks, preferred stocks, convertible securities, and mutual funds that invest in these securities. Equity markets can be volatile. Stock prices rise and fall based on changes in an individual company's financial condition and overall market conditions. Stock prices can decline significantly in response to adverse market conditions, company-specific events, and other domestic and international political and economic developments.
- **Bond Risk.** Rising interest rates will generally cause the prices of bonds and other debt securities to fall. In addition, falling interest rates can result in an issuer redeeming, calling, or refinancing a security before its stated maturity. Longer maturity debt securities are subject to greater price fluctuations than shorter maturity debt securities. Bonds and other debt securities are subject to credit risk, which is the possibility that the credit strength of an issuer will weaken and/or an issuer of a debt security will fail to make timely payments of principal or interest, and the security will go into default. Lower quality debt securities generally have higher rates of interest and are subject to greater price fluctuations than higher quality debt securities.
- **Sector Risk.** To the extent a client account invests more heavily in particular sectors, industries, or sub-sectors of the market, its performance will be especially sensitive to developments that significantly affect those sectors, industries, or sub-sectors. An individual sector, industry, or sub-sector of the market can be more volatile and perform differently than the broader market. The several industries that constitute a sector can all react in the same way to economic, political, or regulatory events. A client account's performance could be affected if the sectors, industries, or sub-sectors do not perform as expected. Alternatively, the lack of exposure to one or more sectors or industries can adversely affect performance.
- **Alternative Strategy Mutual Funds.** Certain mutual funds invest primarily in alternative

investments and/or strategies. Investing in alternative investments and/or strategies is not suitable for all investors and involves special risks, such as risks associated with commodities, futures, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes, and potential illiquidity. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund's concentration in the real estate industry. These types of funds tend to have higher expense ratios than more traditional mutual funds. They also tend to be newer and have less of a track record or performance history.

- ***Exchange-Traded Funds (ETFs)***. ETFs are typically investment companies that are legally classified as open-end mutual funds or UITs. However, they differ from traditional mutual funds, particularly in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly-traded companies. ETF shares trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the "spread." The spread varies over time based on the ETF's trading volume and market liquidity and is generally lower if the ETF has a lot of trading volume and market liquidity and higher if the ETF has little trading volume and market liquidity. ETFs can be closed and liquidated at the discretion of the issuing company.

It is important to note that no methodology or investment strategy is guaranteed to be successful or profitable. Investing in securities involves the risk of loss that clients should be prepared to bear.

## **Item 9: Disciplinary Information**

River City Wealth Management has no legal or disciplinary events to report that would impact the evaluation by a client or investor (or potential client or investor) of our advisory business or the integrity of our management.

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

River City Wealth Management does not participate in any other business activities.

## **Item 11: Code of Ethics**

River City Wealth Management has adopted a Code of Ethics pursuant to SEC rule 204A-1 for all supervised persons of the Firm describing its high standards of business conduct and fiduciary duty to its clients. The Code includes provisions relating to the confidentiality of client information, a prohibition on insider trading, guidelines surrounding gifts and business entertainment, personal securities trading, and conflicts of interest, among other things. All supervised persons must acknowledge the terms of the Code initially upon hire as well as annually or as amended.

Our Code of Ethics is designed to assure that our employees' personal securities transactions, activities, and interests will not interfere with making decisions in the best interest of advisory clients.

Employees are permitted to maintain personal securities accounts provided any personal investing by an employee in any accounts in which the employee has a beneficial interest is consistent with our personal trading guidelines and applicable regulatory requirements. Employees are permitted to buy or sell for their personal accounts securities similar to those recommended to or owned by clients. All reportable transactions are reported to the Chief Compliance Officer in accordance with the reporting requirements outlined in the Code, and personal trading is monitored in order to reasonably prevent conflicts of interest between River City Wealth Management and its clients.

We will provide a copy of our Code of Ethics to any client or prospective client upon request.

## **Item 12: Brokerage Practices**

River City Wealth Management generally recommends Clients use Charles Schwab as their custodian. River City Wealth Management does not have the discretion to select a broker/dealer or commission rates.

Factors which we consider in recommending Charles Schwab or any other broker- dealer to clients include their respective financial strength, reputation, execution, pricing, research, and service. The commissions and/or transaction fees charged by Charles Schwab may be higher or lower than those charged by other Financial Institutions.

River City Wealth Management receives support services and/or products from Schwab, which consists of:

- investment-related research
- pricing information and market data
- software and other technology that provide access to client account data • compliance

and/or practice management-related publications

- consulting services
  - attendance at conferences, meetings, and other educational and/or social events •
- marketing support

These support services are provided to River City Wealth Management based on the overall relationship between River City Wealth Management and Charles Schwab. It is not the result of soft dollar arrangements or any other express arrangements that involve the execution of client transactions as a condition to the receipt of services. River City Wealth Management will continue to receive the services regardless of the volume of client transactions executed with Charles Schwab. Clients do not pay more for services as a result of this arrangement. The receipt of these benefits from Charles Schwab creates a conflict of interest. The receipt of these products and services presents a financial incentive for us to recommend that our clients use Charles Schwab's custodial platform rather than another custodian's platform.

**Soft Dollar Arrangements:** River City Wealth Management does not receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions.

**Brokerage for Client Referrals:** River City Wealth Management does not recommend broker dealers to clients based on our interest in receiving client referrals.

**Trade Allocation and Aggregation:** River City Wealth Management will aggregate trades in certain circumstances. If trades are aggregated, participating clients will receive an average share price, and transaction costs will be shared equally and on a pro-rata basis. Aggregating trades allows us to execute trades in a timelier, more equitable manner. No client or account will be favored over another.

Prior to entry of an aggregated order, a written order ticket is completed, which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients. In the rare instances when an order cannot be executed in full, we will allocate the transaction according to our random allocation method in order to not favor any one client over another.

**Mutual Fund Share Class Selection:** Mutual funds generally offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to retail share classes (typically referred to as class A, class B, and class C

shares), funds may also offer institutional share classes or other share classes that are specifically designed for purchase by investors who meet certain specified eligibility criteria, including, for example, whether an account meets certain minimum dollar amount. Institutional share classes usually have a lower expense ratio than other share classes. When recommending investments in mutual funds, it is our policy to review and consider available share classes. The Firm's policy is to select the most appropriate share classes based on various factors including, but not limited to: minimum investment requirements, trading restrictions, internal expense structure, transaction charges, availability, and other factors. When considering all the appropriate factors, we can select a share class other than the 'lowest cost' share class. In order to select the most appropriate share class, we consider retail, institutional, or other share classes of the same mutual fund. Regardless of such considerations, clients should not assume that they will be invested in the share class with the lowest possible expense ratio. Clients should ask their adviser whether a lower cost share class is available instead of those selected by the Firm. We periodically review the mutual funds held in client accounts to select the most appropriate share classes in light of our duty to obtain the best execution.

### **Item 13: Review of Accounts**

While the underlying securities within Client accounts are monitored on an on-going basis, these accounts are reviewed at least quarterly. Client 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. The River City Wealth Management investment adviser representative for your account will perform the review.

Clients receive written monthly statements (or quarterly if there is no monthly activity) and confirmations of transactions directly from the custodian detailing account holdings and all activity within the account, including all contributions, withdrawals, and purchase/sell transactions. When Clients meet with us, they will receive performance reports in coordination with those meetings. Clients should compare these reports with the statements received from the custodian.

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

River City Wealth Management engages an independent solicitor to provide client referrals. When a client is referred to us by a solicitor, this practice is disclosed to the client in writing by the solicitor and River City Wealth Management pays the solicitor out of its own funds—specifically, River City Wealth Management generally pays the solicitor a portion of the

advisory fees earned for managing the capital of the client or investor that was referred. The use of solicitors is strictly regulated under applicable federal and state law.

The River City Wealth Management receives client referrals from Zoe Financial, Inc. Zoe Financial, Inc is independent of and unaffiliated with River City Wealth Management and there is no employee relationship between them. Zoe Financial does not supervise River City Wealth Management and has no responsibility for the River City Wealth Management's management of client portfolios or the River City Wealth Management's other advice or services. River City Wealth Management pays Zoe Financial an on-going fee for each successful client referral. This fee is usually a percentage of the advisory fee that the client pays to the River City Wealth Management. River City Wealth Management will not charge clients referred through Zoe Advisor Network any fees or costs higher than its standard fee schedule offered to its clients.

### **Item 15: Custody**

River City Wealth Management is deemed to have custody over a client's assets when it is authorized to directly debit a client's account for payment of our firm's management fee. Our firm's agreement requires the Client to appoint a qualified custodian to receive and have possession of the assets of the Account. In accordance with applicable custody rules, custodians are required to send a statement to clients, not less than quarterly, indicating all amounts paid to our firm. River City Wealth Management also provides performance reports to clients when meeting with them. Clients are advised to carefully review the statements and confirmations sent directly by the custodian and to compare them with any reports received from our firm.

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

River City Wealth Management provides management services on a discretionary basis. Discretionary basis means that we will be authorized by you to make investment decisions, and we will buy and sell the securities we have recommended to you.

### **Item 17: Voting Client Securities**

River City Wealth Management does not accept proxy voting authority with respect to client securities. If you own shares of equities, ETFs or mutual funds, you are responsible for exercising your right to vote as a shareholder. You should receive proxy materials directly from the custodian.

## **Item 18: Financial Information**

Registered investment advisers are required to provide you with certain financial information or disclosures about the firm's financial condition. River City Wealth Management does not require or solicit prepayment of fees more than six months in advance. Additionally, River City Wealth Management has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been subject to a bankruptcy proceeding.