



# Wealth Management

***Royal Harbor Partners, LLC***  
***d/b/a RHP Wealth Management***  
*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Royal Harbor Partners, LLC d/b/a RHP Wealth Management (hereinafter “RHP” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

## **Item 2. Material Changes**

Since the most recent filing of Form ADV Part 2A, dated June 16th, 2023, the following changes have been made:

- No material changes

### Future Changes

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations, and routine annual updates as required by the securities regulators. Either this complete Disclosure 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 RHP.

At any time, you may view the current Disclosure Brochure online at the SEC's Investment Adviser Public Disclosure website at <http://www.adviserinfo.sec.gov> by searching for our firm name or by our CRD number 742579.

You may also request a copy of this Disclosure Brochure at any time by contacting us at (713) 554-2252.

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#### **Item 4. Advisory Business**

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

RHP filed for registration as an investment adviser in June 2019 and is owned by Glenn Royal, Michele Jones and Natalie Picha. As of December 2023, RHP had \$264,433,297 in assets under management, \$233,097,408 of which was managed on a discretionary basis and \$31,335,889 of which was managed on a non-discretionary basis.

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

#### **Wealth Management Services**

RHP provides clients with Wealth Management services which include a broad range of financial planning and consulting services as well as discretionary management of investment portfolios. RHP primarily allocates client assets among various mutual funds, exchange-traded funds (“ETFs”), and individual debt and equity securities. Where appropriate, the Firm also provides advice about any type of legacy position or other investment held in client portfolios. Clients can engage RHP to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, RHP directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product’s provider.

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

#### **Project based and Hourly Expanded Consulting Services**

RHP offers clients a broad range of expanded consulting services on a project or hourly basis. The client and RHP will work together to select specific areas to cover. These areas may include, but are not limited to, the following:

- Business Planning
- Cash Flow Forecasting
- Trust and Estate Planning
- Investment Consulting
- Insurance Planning
- Retirement Planning
- Tax Planning
- Education Planning

While each of these services is available on a stand-alone basis, certain of them can also be rendered in conjunction with investment portfolio management as part of a comprehensive Wealth Management engagement (described in more detail below).

In performing these services, RHP is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.,) and is expressly authorized to rely on such information. RHP recommends certain clients engage the Firm for additional related services, its Supervised Persons in their individual capacities as insurance agents and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage RHP or its affiliates to provide (or continue to provide) additional services for compensation, including Wealth Management services. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by RHP under a financial planning or consulting engagement.

Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising RHP's recommendations and/or services.

### **Retirement Plan Consulting Services**

RHP provides various consulting services to qualified employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans. Each engagement is individually negotiated and customized, and includes any or all of the following services:

- Plan Design and Strategy
- Plan Review and Evaluation
- Executive Planning & Benefits
- Investment Selection
- Plan Fee and Cost Analysis
- Plan Committee Consultation
- Fiduciary and Compliance

- Participant Education

As disclosed in the Advisory Agreement, certain of the foregoing services are provided by RHP as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). In accordance with ERISA Section 408(b)(2), each plan sponsor is provided with a written description of RHP’s fiduciary status, the specific services to be rendered and all direct and indirect compensation the Firm reasonably expects under the engagement.

## **Item 5. Fees and Compensation**

RHP offers services on a fee basis, which includes fixed fees, as well as fees based upon assets under management. Additionally, certain of the Firm’s Supervised Persons, in their individual capacities, offers securities brokerage services and/or insurance products under a separate commission-based arrangement.

### **Wealth Management Service Fees**

RHP offers Wealth Management services at different service levels with accompanying an annual fee based on the amount of assets under the Firm’s management and a minimum annual fee or minimum asset level. This management fee varies between in accordance with the following fee schedules:

#### **‘Advice’ Service Level Fee:**

- 1% of Assets Under Management with a \$5,000 minimum annual fee  
*Example: \$100,000 AUM x 1% = \$1,000 + \$4,000 to meet minimum annual fee*

#### **Service Level includes:**

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Asset management for discretionary RHP-managed portfolios</li> <li>• Annual Review</li> <li>• Annual Basic Retirement Financial</li> </ul> | <ul style="list-style-type: none"> <li>• Plan</li> <li>• Annually updated ‘Goals Checklist’ for implementation by the client</li> </ul> |
|---|---|

#### **‘Comprehensive’ Service Level Fee:**

- 1% of Assets Under Management with a \$10,000 minimum annual fee  
*Example: \$500,000 AUM x 1% = \$5,000 + \$5,000 to meet minimum annual fee*

#### **Service Level includes:**

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• Asset Management for discretionary RHP-managed portfolios, as well as non-managed accounts</li> <li>• Complex Financial Planning</li> <li>• Annual Review</li> <li>• Semi-Annual Values and Goal Mapping</li> <li>• Semi-Annually updated ‘Goals Checklist’ accountability by client</li> </ul> | <ul style="list-style-type: none"> <li>• and advisor</li> <li>• Charitable Strategies</li> <li>• Coordination and strategy with other advisors regarding Tax and Estate Planning</li> </ul> |
|--|---|

**'Family' Service Level Fee:**

- Minimum annual fee of \$50,000 and Percent of Assets Under Management based on the fee schedule below.

*Example: \$5,000,000 AUM x 1% = \$50,000*

Total Assets Under Management	Percentage of AUM
Less than \$5,000,000	1.00% plus the amount to meet minimum fee
\$5,000,000 - \$7,500,000	1.00%
\$7,500,001 - \$10,000,000	0.85%
More than \$10,000,000	0.60%

**Service Level includes:**

- Generational Planning
- Asset Management for discretionary RHP-managed portfolios, as well as non-managed accounts
- Complex Financial Planning
- Annual Review & Quarterly Calls
- Semi-Annually updated 'Goals Checklist' accountability on goals
- Annual Strategy meeting with CPA
- and Attorney
- Estate Management and Inheritance Assistance
- Generational Education – 'Advice' service level relationship offered to children, grandchildren or parents without minimum fee
- Annual Family Meeting
- Wealth Transition strategies

The annual fee is prorated and charged monthly, in advance, based upon the market value of the assets being managed by RHP on the last day of the previous month. If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

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

If the client's held-away assets are managed through the Pontera platform, there is a 1% additional fee. The fee is deducted from the client's other assets at Schwab and cannot be deducted from the held away asset on the Pontera platform. The fees will align with their service level and count toward their minimum fee.

For the purpose of computing fees, RHP can agree to treat managed assets in related accounts as if all the assets were in one account. After the fee is computed in this way, it is divided among

the accounts involved, usually in proportion to the market value of each account. This grouping of related accounts must be approved in advance by the Firm, and approval is in the sole discretion of the Firm.

### **Project based and Hourly Expanded Consulting Services**

Project-based or Hourly Expanded Consulting services will be performed at an hourly rate of \$250 per hour. The client will receive an itemized invoice detailing the number of hours worked.

The terms and conditions of the Project Based or Expand Consulting engagement are set forth in the Advisory Agreement. The hourly fees will be invoiced to the client to be paid via check or electronic funds transfer. The firm does not, however, take receipt of \$1,200 or more in prepaid fees in excess of six months in advance of services rendered.

### **Retirement Plan Consulting Fees**

RHP charges as fixed project-based fee to provide clients with retirement plan consulting services. Each engagement is individually negotiated and tailored to accommodate the needs of the individual plan sponsor, as memorialized in the Agreement. These fees vary, based on the scope of the services to be rendered, the assets to be managed and the individual providing the services.

### **Fee Discretion**

RHP does not regard its fees as negotiable. However, in a limited instances, the Firm will grant exceptions to the application of its regular fee schedules when the Firm believes there are highly unusual factors involved that justify exceptional treatment. From time to time, the Firm will seek to determine if such unusual factors continue to justify deviations from its regular fee schedule.

### **Additional Fees and Expenses**

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

### **Direct Fee Debit, Invoice and Credit Card Payment**



Clients provide RHP with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to RHP. Alternatively, clients may elect to have RHP send a separate invoice for direct payment. Fee minimums may also be paid via credit card in arrears.

### **Use of Margin and Other Borrowing**

RHP can recommend that certain clients utilize margin in the client's investment portfolio or other borrowing, including structured lending. RHP typically recommends such borrowing for non-investment needs, such as bridge loans and other financing needs. The Firm's fees are determined based upon the value of the assets being managed gross of any margin or borrowing and the Firm does not receive a separate fee for recommending the borrowing.

### **Account Additions and Withdrawals**

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

### **Commissions and Sales Charges for Recommendations of Securities**

As of June 2023, RHP or its employees do not accept compensation for the sale of securities or other investment products.

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

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

### **Item 7. Types of Clients**

RHP offers services to individuals, trusts, estates, charitable organizations, corporations and business entities.

### **Minimum Account Value**

RHP does not impose account minimums, though they do have minimum fees. RHP may, in its sole discretion, accept clients with smaller portfolios based upon certain criteria, including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and pro bono activities.

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

### **Methods of Analysis and Investment Strategies**

#### *RHP Investment Philosophy*

We believe that financial markets are semi-efficient and that a security's price generally reflects all publicly known and available material information. We also believe that investors can and do act irrationally at times, which can create opportunities for astute investors.

Equities offer the best opportunity to achieve inflation-adjusted returns in the long run. To minimize risks, they should be broadly diversified to avoid concentration in a few positions, styles, or sectors. Fixed-income investments help reduce volatility in portfolios and generate income. As with equities, broad diversification is preferred. Cash is used to meet spending needs and minimize market exposure during periods of heightened volatility.

A discussion of investments should begin with a solid understanding of the financial planning process, and investing should be viewed in the context of a client's financial goals. This process educates clients about the interaction of investment returns and volatility, their spending and savings habits, and how this can affect the probability of reaching their financial goals.

#### *RHP Investment Strategy*

Investors are risk-averse. The degree of risk aversion will vary across investors at any point in time and for the same investor across time (as a function of their age, wealth, income, and health). The more risk-averse an investor, the less their portfolio should be in risky assets such as equities.

An investor's time horizon reflects personal characteristics or a need for cash. Some investors have the patience to hold investments for long periods, while others do not. Other investors with significant cash needs in the near term have shorter time horizons than those without such requirements. An investor's time horizon will influence the kinds of assets they will hold in their portfolio and the weights of those assets. The longer an investor's time horizon, the more significant the proportion of the portfolio should be in risky investments such as equities.

RHP has developed five investment strategies that address an investor's targeted time horizon. Each model is geared to the client's investment time horizon and risk tolerance by either increasing or decreasing the riskier asset class of equities.

CONSERVATIVE – 100% fixed income

MODERATELY CONSERVATIVE – 70% fixed income/30% equities

MODERATE – 40% fixed income/60% equities

MODERATELY AGGRESSIVE – 25% fixed income/75% equities

AGGRESSIVE – 100% equities

Suppose RHP perceives investment opportunities that favor either asset class of equities or fixed income. In that case, RHP can shift the weighting of equities or fixed income up to 10% within the balanced strategies of Moderately Conservative, Moderate, and Moderately Aggressive. For example, at a 10% fixed income over-weight within the Moderate strategy, the neutral weight of 40% fixed income/60% equities will shift to 50% fixed income/50% equities.

### **Risk of Loss**

The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved with respect to the Firm's Wealth Management activities. Clients should consult with their legal, tax, and other advisors before engaging the Firm to provide Wealth Management services on their behalf.

#### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of RHP's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. In addition, investments may be adversely affected by financial markets and economic conditions throughout the world. There can be no assurance that RHP will be able to predict these price movements accurately or capitalize on any such assumptions.

#### *Volatility Risks*

The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

#### *Cash Management Risks*

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

#### *Company-specific risk*

A company's stock price may decline for numerous reasons that relate directly to the company, such as a loss of competitive advantage, impairment of capital or earnings power, legal difficulties, or management changes.

#### *Risks associated with foreign companies*

Special risks associated with investments in foreign companies may include greater exposure to fluctuations in currency exchange rates, less comprehensive company information, different financial reporting and legal standards, and political instability.

#### *Allocation risk*

Certain companies, industries or market sectors may be significantly over weighted or underweighted relative to the broader market indices. Consequently, the performance of our portfolios may be more or less sensitive than the overall market to factors affecting those companies, industries or sectors.

#### *Style risk*

The Firm's investment strategy focuses on high quality stocks with large market capitalizations. As a result, the portfolios may underperform the broader market during intervals when such securities are out of favor with investors.

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

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

#### *Fixed Income Securities*

While the Firm emphasizes risk-averse management and capital preservation in its fixed-income bond portfolios, clients who invest in this product can lose money, including losing a portion of their original investment. The prices of the securities in our portfolios fluctuate. The Firm does not guarantee any particular level of performance. Below is a representative list of the types of risks clients should consider before investing in this product.

- Interest rate risk. Prices of bonds tend to move in the opposite direction to interest rate changes. Typically, a rise in interest rates will negatively affect bond prices. The longer the duration and average maturity of a portfolio, the greater the likely reaction to interest rate moves.
- Credit (or default) risk. A bond's price will generally fall if the issuer fails to make a scheduled interest or principal payment, if the credit rating of the security is downgraded, or if the perceived creditworthiness of the issuer deteriorates.
- Liquidity risk. Sectors of the bond market can experience a sudden downturn in trading activity. When there is little or no trading activity in a security, it can be difficult to sell the security at or near its perceived value. In such a market, bond prices may fall.
- Call risk. Some bonds give the issuer the option to call or redeem the bond before the maturity date. If an issuer calls a bond when interest rates are declining, the proceeds may have to be reinvested at a lower yield. During periods of market illiquidity or rising rates, prices of callable securities may be subject to increased volatility.
- Prepayment risk. When interest rates fall, the principal of mortgage-backed securities may be prepaid. These prepayments can reduce the portfolio's yield because proceeds may have to be reinvested at a lower yield.
- Extension risk. When interest rates rise or there is a lack of refinancing opportunities, prepayments of mortgage-backed securities or callable bonds may be less than expected. This would lengthen the portfolio's duration and average maturity and increase its sensitivity to rising rates and its potential for price declines.

#### *Mutual Funds and ETFs*

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

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

end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

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

#### *Management through Similarly Managed "Model" Accounts*

RHP manages certain accounts through the use of similarly managed "model" portfolios, whereby the Firm allocates all or a portion of its clients' assets among various mutual funds and/or securities on a discretionary basis using one or more of its proprietary investment strategies. In managing assets through the use of models, the Firm remains in compliance with the safe harbor provisions of Rule 3a-4 of the Investment Company Act of 1940.

The strategy used to manage a model portfolio may involve an above average portfolio turnover that could negatively impact clients' net after tax gains. While the Firm seeks to ensure that clients' assets are managed in a manner consistent with their individual financial situations and investment objectives, securities transactions effected pursuant to a model investment strategy are usually done without regard to a client's individual tax ramifications. Clients should contact the Firm if they experience a change in their financial situation or if they want to impose reasonable restrictions on the management of their accounts.

#### *Use of Margin*

While the use of margin borrowing for investments can substantially improve returns, it may also increase overall portfolio risk. Margin transactions are generally effected using capital borrowed from a Financial Institution, which is secured by a client's holdings. Under certain circumstances, a lending Financial Institution may demand an increase in the underlying collateral. If the client is unable to provide the additional collateral, the Financial Institution may liquidate account assets to satisfy the client's outstanding obligations, which could have extremely adverse consequences. In addition, fluctuations in the amount of a client's borrowings and the corresponding interest rates may have a significant effect on the profitability and stability of a client's portfolio.

### *Currency Risks*

An advisory account that holds investments denominated in currencies other than the currency in which the advisory account is denominated may be adversely affected by the volatility of currency exchange rates.

### **Item 9. Disciplinary Information**

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

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

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

### **Registered Representatives of a Broker-Dealer**

None of the Firm's Supervised Persons are Registered Representatives of a Broker-Dealer.

### **Licensed Insurance Agents**

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

### **Item 11. Code of Ethics**

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

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

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

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

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by money market funds; and iv) shares issued by other unaffiliated open-end mutual funds.

Clients and prospective clients may contact RHP to request a copy of its Code of Ethics.

## **Item 12. Brokerage Practices**

### **Recommendation of Broker-Dealers for Client Transactions**

RHP recommends that clients utilize the custody, brokerage and clearing services of Charles Schwab & Co, Inc. through its Schwab Advisor Services division ("Schwab") for Wealth Management accounts. The final decision to custody assets with Schwab is at the discretion of the client, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. RHP is independently owned and operated and not affiliated with Schwab. Schwab provides RHP with access to its institutional trading and custody services, which are typically not available to retail investors.

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

The commissions paid by RHP's clients to Schwab comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where RHP determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research



provided, execution capability, commission rates and responsiveness. RHP seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

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

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

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

#### **Management of Held Away Assets**

RHP uses a third-party platform, Pontera Solutions Inc. ("Pontera") to facilitate management of held away assets such as defined contribution plan participant accounts, with discretion. The platform allows RHP to avoid being considered to have custody of Client funds since RHP does not have direct access to Client log-in credentials to affect trades. RHP is not affiliated with the platform in any way and receive no compensation from Pontera for using their platform. A link will be provided to the Client allowing them to connect an account(s) to the platform. Once Client account(s) is connected to the platform, RHP will review the current account allocations. When deemed necessary, RHP will rebalance the account, considering client investment goals and risk tolerance, and any change in allocations will consider current economic and market trends. The goal is to improve account performance over time, minimize loss during difficult markets, and manage internal fees that harm account performance. Client account(s) will be reviewed at least quarterly, and allocation changes will be made as deemed necessary.

#### **Software and Support Provided by Financial Institutions**

RHP has access to research, products, or other services from its broker/dealer in connection with client securities transactions ("soft dollar benefits") consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended, and may consider these benefits in recommending brokers. There can be no assurance that any particular client will benefit from any particular soft dollar research or other benefits. RHP benefits by not having to produce or pay for the research, products or services, and RHP will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware

that RHP's acceptance of soft dollar benefits may result in higher commissions charged to the client.

RHP receives without cost from Schwab administrative support, computer software, related systems support, as well as other third-party support as further described below (together "Support") which allows RHP to better monitor client accounts maintained at Schwab and otherwise conduct its business. RHP receives the Support without cost because the Firm renders Wealth Management services to clients that maintain assets at Schwab. The Support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The Support benefits RHP, but not its clients directly. Clients should be aware that RHP's receipt of economic benefits such as Support from a broker-dealer creates a conflict of interest since these benefits will influence the Firm's choice of broker-dealer over another that does not furnish similar software, systems support or services, especially because the support is contingent upon clients placing a certain level(s) of assets at Schwab. In fulfilling its duties to its clients, RHP endeavors at all times to put the interests of its clients first and has determined that the recommendation of Schwab is in the best interest of clients and satisfies the Firm's duty to seek best execution.

Specifically, RHP receives the following benefits from Schwab: i) receipt of duplicate client confirmations and bundled duplicate statements; ii) access to a trading desk that exclusively services its institutional traders; iii) access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and iv) access to an electronic communication network for client order entry and account information.

These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain amount of the advisor's clients' assets are maintained in accounts at Schwab Advisor Services. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, 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 client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to the Firm other products and services that benefit the Firm but may not benefit its clients' accounts. These benefits may include national, regional or Firm specific educational events organized and/or sponsored by Schwab. Other potential benefits may include occasional business entertainment of personnel of RHP by Schwab personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist RHP in managing and administering clients' accounts. These include

software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of the Firm's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of the Firm's accounts, including accounts not maintained at Schwab. Schwab also makes available to RHP other services intended to help the Firm manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to the Firm by independent third parties. Schwab 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 the Firm. While, as a fiduciary, RHP endeavors to act in its clients' best interests, the Firm's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefits received and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which creates a conflict of interest.

The Firm receives funds to be used toward qualifying third-party service providers for services that can include research, marketing, compliance, technology and software platforms and services. The initial funds are available regardless of assets held at Schwab. Subsequent funds are expected to become available when certain thresholds for new assets added to Schwab, are met. This results in a conflict of interest since the Firm has an incentive to place additional client assets with Schwab.

### **Brokerage for Client Referrals**

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

### **Directed Brokerage**

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

result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

### **Trade Aggregation**

Transactions for each client will be effected independently, unless RHP decides to purchase or sell the same securities for several clients at approximately the same time. RHP may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and allocated among RHP’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which RHP’s Supervised Persons may invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. RHP does not receive any additional compensation or remuneration as a result of the aggregation.

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

### **Item 13. Review of Accounts**

#### **Account Reviews**

RHP monitors client portfolios on a continuous and ongoing basis, including weekly model tracking error checks for client accounts. Such reviews are conducted by the Firm’s Principal and/or investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with RHP and to keep the Firm informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its

previous services and/or recommendations and quarterly to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

### **Account Statements and Reports**

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

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

Charles Schwab & Co., Inc. Advisor Services provides RHP with access to Charles Schwab & Co., Inc. Advisor Services' institutional trading and custody services, which are typically not available to Charles Schwab & Co., Inc. Advisor Services retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Charles Schwab & Co., Inc. Advisor Services. Charles Schwab & Co., Inc. Advisor Services includes brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, 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 RHP client accounts maintained in its custody, Charles Schwab & Co., Inc. Advisor Services generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Charles Schwab & Co., Inc. Advisor Services or that settle into Charles Schwab & Co., Inc. Advisor Services accounts.

RHP receives economic benefits from the Thornburg Global Research Summit (Thornburg). This includes a two-day conference that provides lodging, meals and travel mileage reimbursement to RHP. RHP works in the fixed income investments sector with Thornburg. As part of its fiduciary duties to clients, The Adviser endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by The Adviser or its related persons in and of itself creates a conflict of interest and may indirectly influence The Adviser's choice of Thornburg for custody and brokerage services.

### **Schwab Advisor Business Loan**

Schwab Advisor Business Loan Schwab has provided a loan to the Firm to assist its business operations, and the loan is guaranteed by Glenn Royal, Natalie Picha, and Michele Jones, principals of the Firm. The terms of the loan require that management fees to the Firm be paid to an account at Schwab for deduction of interest and principal payments on the loan before the Firm may access such management fees. The loan agreement contains various representations and covenants by the Firm, including, among others, that the Firm will maintain at least

\$190,000,000 in end client net assets held at Schwab ("Assets Under Management at Schwab"), and that the Firm will comply with all applicable laws, regulations, and agreements, and obtain all necessary licenses, consents and permits.

Upon the occurrence and during the continuance of an event of default under the loan agreement, Schwab may terminate and/or accelerate the loan, which may have a material adverse effect on the Firm's ability to perform services for clients. Some of the products, services and other benefits provided by Schwab, including the loan noted above, benefit the Firm and may not benefit the Firm's client accounts. The Firm's recommendation or requirement that a client place assets in Schwab's custody may be based in part on benefits Schwab provides to the Firm, or the Firm's agreement to maintain certain Assets Under Management at Schwab, and not solely on the nature, cost or quality of custody and execution services provided by Schwab. The Firm places trades for its clients' accounts subject to its duty to seek best execution and its other fiduciary duties. The Firm may use broker-dealers other than Schwab to execute trades for client accounts maintained at Schwab, but this practice may result in additional costs to clients so that the Firm is more likely to place trades through Schwab rather than other broker-dealers. Schwab's execution quality may be different than other broker-dealers. Clients should be aware that RHP's receipt of the Schwab Advisor Business Loan creates a conflict of interest since these benefits will influence the Firm's choice of Schwab over another that does not furnish similar benefits, especially because the loan is contingent upon clients placing a certain level of assets at Schwab.

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

#### **Other Compensation**

Some employees receive additional compensation for bringing a new client into the firm. This presents a conflict of interest as the employee has an additional incentive to recommend that the prospect become a client.

#### **Item 15. Custody**

RHP is deemed to have custody of client funds and securities because the Firm is given the ability to debit client accounts for payment of the Firm's fees. As such, client funds and securities are maintained at one or more Financial Institutions that serve as the qualified custodian with respect to such assets. Such qualified custodians will send account statements to clients at least once per calendar quarter that typically detail any transactions in such account for the relevant period.

In addition, as discussed in Item 13, RHP will also send, or otherwise make available, periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from RHP. Any other custody disclosures can be found in the Firm's Form ADV Part 1.

Custody is also disclosed in Form ADV because RHP has authority to transfer money from client account(s), which constitutes a standing letter of authorization (SLOA). Accordingly, RHP will follow the safeguards specified by the SEC rather than undergo an annual audit.

**Item 16. Investment Discretion**

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

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

**Item 17. Voting Client Securities****Acceptance of Proxy Voting Authority**

RHP will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

**Item 18. Financial Information**

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.