

August 4, 2021

RBSalzman Wealth Management, LLC

Firm Overview

Confidential

RBSalzman Wealth Management, LLC (RBSWM) is a fully independent, fee-only investment advisory firm, registered with the Illinois Securities Department. Its advisory services touch on all aspects of wealth management including income taxes, estate planning, and risk management (i.e., insurance), with a primary focus on fully-customized investment management. Robert R. Salzman, CFA, CFP® is the sole principal with over 30 years of investment experience. He is a Chartered Financial Analyst, a Certified Financial Planning professional and holds FINRA series 7 and 66 registrations. The firm was founded in 2015.

After spending nearly all of his career working with large, sophisticated institutional investors in portfolio management and senior relationship management roles, Robert decided to apply his experience toward helping individual investors. Institutional investors follow very disciplined processes for determining risk tolerance and long-term asset allocation, constructing and maintaining portfolios, monitoring and managing risk and for controlling investment costs. The mission at RBSWM is to bring the structured and disciplined approach which makes institutional investors successful to the investing lives of individual investors.

Fiduciary Conduct

RBSWM believes the only way to provide honest, objective guidance is to be structured as a **fully-independent advisory firm**. It is not affiliated with any bank, brokerage house or insurance company. By virtue of operating as an independent registered investment advisor and as a Certified Financial Planning professional (CFP®), Robert is obligated to act in a fiduciary capacity with clients at all times.

RBSWM does not distribute the insurance products, investment products or investment services of any organization and the Firm does not receive commissions for any client transactions. The only source

of revenue comes in the form of advisory fees. The only incentive, therefore, is to help clients grow or maintain their portfolios by helping them make informed investment and financial decisions.

The conduct of a fiduciary extends beyond the reasonable belief that investment recommendations are “suitable” for clients given their individual situations to a higher standard of acting in utmost good faith, in a manner reasonably believed to be in clients’ best interests. Client interests come first.

Philosophy

RBSWM believes that all investing should be goal-based and time horizon-specific. Examples of goals include maintaining a particular lifestyle while in retirement, funding college education or saving to make a major purchase. A client’s **time horizon** is one of the most important variables to understand. For the goal of retirement, for example, **when** a client expects to start drawing on their savings to supplement other income sources and **how long** they expect to draw on savings (i.e., life expectancy) are keys in determining their tolerance for assuming investment risk.

After developing an understanding of risk tolerance, the Firm believes that developing appropriate broad asset allocation (i.e., the mix between stocks, bonds, cash, etc.) is the most important task.

RBSWM believes the most valuable advisory service it provides is to understand each client’s objectives, help them understand their risk tolerance (current and future) and to help them develop and maintain appropriate asset allocation over time.

Numerous research studies suggest that over time, broad asset allocation explains the vast majority of the variability in an investor’s returns relative to their return benchmark. So, the most important questions for RBSWM to help each client answer are, “what is the right asset allocation for me today and why?” The research suggests that answering the asset allocation question correctly is more important than deciding which sectors to invest in or which individual securities to hold.

Consequently, considerable time is devoted with clients to the process of determining risk tolerance and long-term, broad asset allocation.

RBSWM also believes strongly in closely managing and controlling investment costs.

Investment costs can be a huge headwind to overcome. Large, sophisticated institutional investors never over-pay for asset management services. Because they have such large balances to invest, the investment firms providing services to them are often willing to provide very attractive pricing. The market for institutional investment management services is very competitive and institutional investors use that to their advantage.

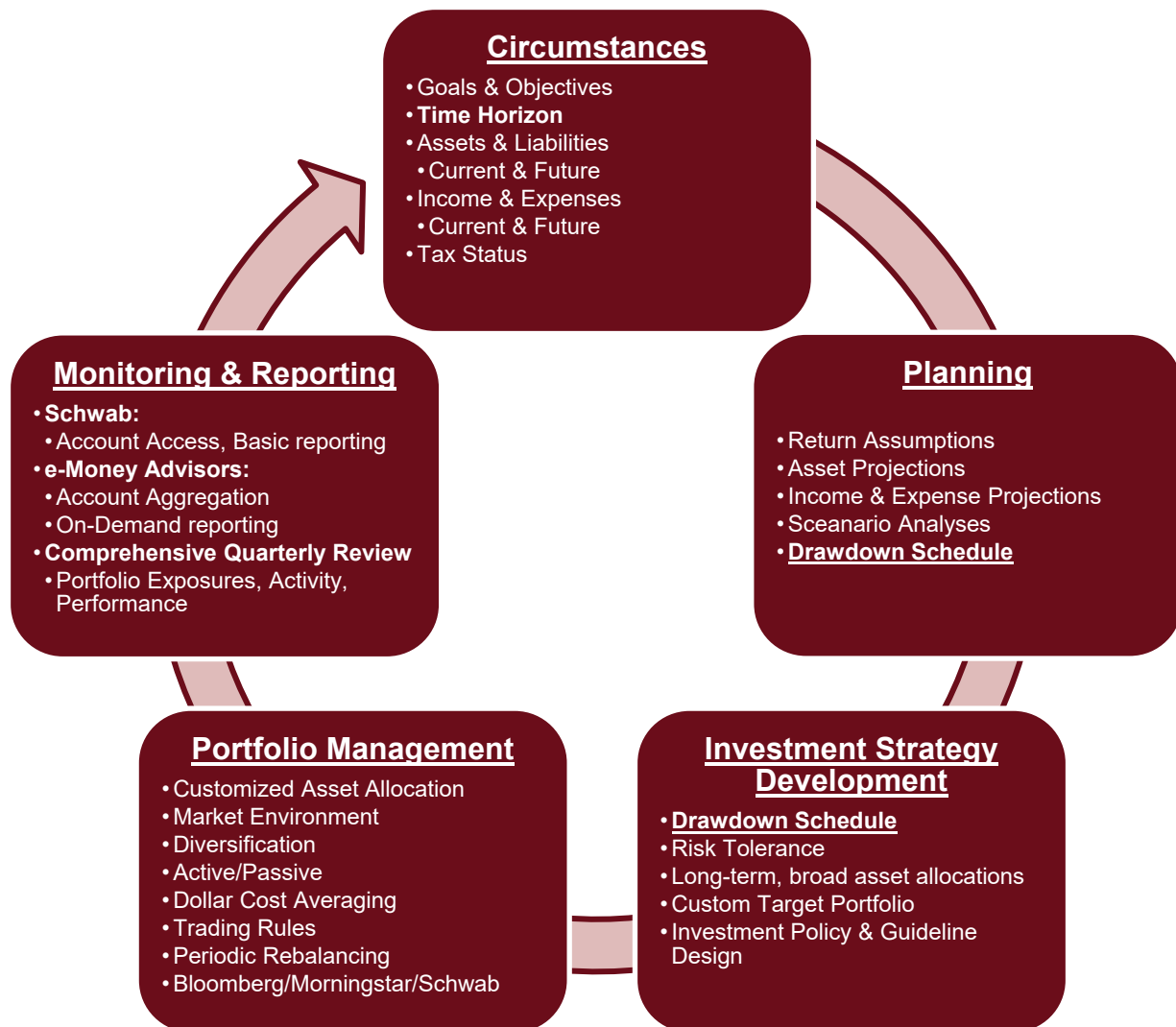
Individual investors, on the other hand, don’t enjoy the same size advantages of institutional investors. As a result, they typically pay much higher investment management and advisory fees. And depending on how an individual’s investment “advisor” is compensated, the advisor may actually receive a cut of those higher fees.

RBSWM manages and controls these costs and provides clients with reporting detailing fund-level fees, investment advisory fees and transactions costs.



Process Overview

RBSalzman’s investment process depends heavily on 1) having a holistic understanding of a client’s **current and future circumstances** and 2) high-level financial **planning**. Planning is imperative in determining risk tolerance and long-term **investment strategy**. Sound strategy is the foundation for effective **portfolio management**. Once a portfolio is constructed, it is critical to **monitor and report** portfolio characteristics and activity, risk exposures and results. The entire process is **dynamic and on-going**. Circumstances are typically reviewed annually and plans are updated and strategy revised as needed.



- **Understanding Circumstances.**

The process starts with gathering information regarding current and future circumstances. This includes gaining an understanding of goals and objectives, current and future resources (i.e., assets

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and liabilities, income and expenses) and time horizons. Information is obtained through personal interviews and with the aid of questionnaires. This background serves as input into the planning phase and is critical in developing long-term investment strategy.

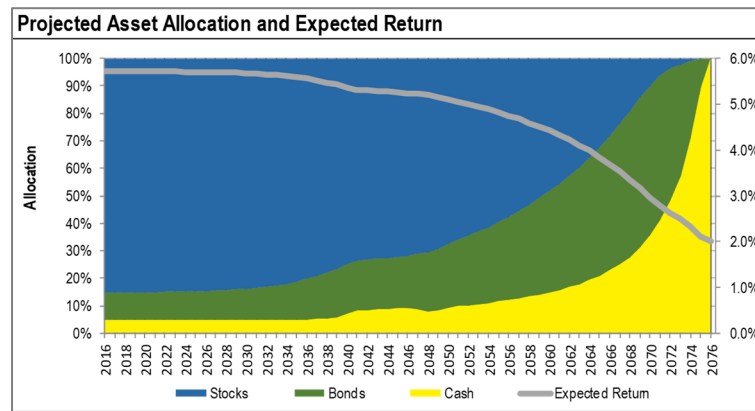
- **Planning.**

The primary goal of planning is to **understand the amount of funds required to meet an objective, and when those funds will be needed.** Information regarding circumstances is used to create a summary of current net worth and net income from all sources. Estimates of future net worth and net income are projected using conservative investment and inflation assumptions. The projections serve as a key input into a **proprietary risk tolerance model**, which suggests an appropriate and tolerable level of investment risk. Clients receive a **personalized Financial Summary Report** which includes a summary of current circumstances, projections of future net worth and net income.

Clients also receive a customized **Risk Tolerance Assessment** which suggests maximum and minimum exposures to the three broad asset classes of stocks, bonds and cash. An understanding of risk tolerance leads to a recommendation of an appropriate, **long-term “target” asset allocation.** The planning process not only produces a current asset allocation recommendation, it also produces a forecast of suggested asset allocations over a client’s entire investment time horizon. RBSWM believes clients should not only understand the reasoning behind the current asset allocation recommendation, but that they should also understand how allocations will likely change over time. For example, as the investment time horizon shortens, the tolerance for bearing risk decreases and consequently, exposure to riskier asset classes also decreases. **The process is designed to systematically and methodically adjust risk tolerance and asset allocation with the passage of time.** This is the approach that many “target date” funds crudely follow. The RBSWM approach is **personalized**, however, considering each client’s unique and changing circumstances.

The chart below shows an illustrative projection of asset allocations for a hypothetical client with a very long time horizon. The current recommendation suggests an allocation of 85% in stocks (including alternative investments), 10% in bonds and 5% in cash. As the date approaches when a client needs to start drawing down on their investments, the tolerance for bearing risk decreases and the risk posture of the portfolio becomes more and more conservative. The stock allocation gradually declines while the bond and cash allocations increase. Near the end of the time horizon, there is no allocation to stocks, a small allocation to bonds and a large allocation to cash & equivalents.





The chart also shows the returns to be expected from the projected asset allocations as time passes. As the amount of risk taken declines (i.e., as the stock allocation shrinks), expected returns also decline (less risk = less expected return). Each year, as the planning exercise is refreshed, revised expected returns are used in developing revised asset allocation projections.

The planning process is typically revisited annually, or as material changes in circumstances occur. If there are material changes in circumstances, a change in long-term asset allocation may be in order.

Systems from **e-Money Advisor, LLC** are utilized for planning, as well as for secure document storage and reporting.

As a “wealth manager”, RBSWM’s primary focus is on managing investment portfolios. However, because its process for determining risk tolerance and asset allocation necessarily entails developing a holistic view of clients’ circumstances, it is in a position to opine on other aspects of wealth management such as the needs for life, disability or long-term care insurance, income tax considerations and estate planning considerations.

- **Long-term Investment Strategy Development.**

With an understanding of risk tolerance and broad asset allocation, a custom investment strategy is developed for each client. Clients are not pigeon-holed into pre-made “Conservative”, “Moderate” and “Aggressive” model portfolios (an approach of pure convenience for the investment management and investment advisory industries). Rather, a personalized “target” portfolio is developed for each client based on their individual circumstances. The target serves as a guide for building and maintaining an actual portfolio.

Generally speaking, investment strategy development takes into account historical investment markets behavior and incorporates long-term, future risk and return expectations, but it should not be influenced by current market trends or by short-term market volatility. It’s not until the portfolio construction phase that current market conditions become relevant.

The “target” portfolio is typically revised once each year in response to changes in a client’s risk tolerance. These targets are recorded in a **Statement of Investment Policy and Guidelines**. They also form the basis of a **custom performance benchmark**.

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- **Portfolio Construction & Management.**

Using the “target” portfolio as a guide, **fully-customized**, well-diversified portfolios are constructed primarily with pooled investment vehicles (e.g., open-end and closed-end mutual funds and exchange traded funds [ETFs]). Clients typically grant RBSWM authority to make security purchase and sale decisions at its discretion. RBSalzman also often provides investment advice on accounts not under its direct discretionary authority (e.g., “non-discretionary accounts such as 401(k), 403(b), variable annuity, college savings accounts, etc.). Whether the account is discretionary or non-discretionary, long-term investment strategy is applied holistically across all client portfolios in the aggregate.

Historical markets trends and forward-looking return expectations serve as the basis for long-term investment strategy development rather than current market conditions. When it comes to actually constructing and managing a client’s portfolio, however, current market conditions **do** become relevant and can influence day-to-day security purchase and sale decisions.

Strategies designed to outperform their respective performance benchmarks are utilized (“active management”) in concert with strategies designed to match the returns of a particular market segment (“passive management” or “indexing”). Dollar-cost averaging is often employed when building or reducing long-term positions. All portfolios are actively managed but not necessarily actively traded, so turnover is generally low.

Portfolios are typically rebalanced annually, and more frequently in response to significant changes in the market environment or if there are material changes in client circumstances.

All trading takes place in consideration of **transactions costs** and **income tax considerations**.

- **Monitoring and Reporting.**

Discretionary advisory accounts (where RBSalzman has the authority to transact on behalf of clients) are maintained at Charles Schwab & Co. Inc., one of the industry’s leaders in providing investment and custody services to individual investors and independent investment advisors. **Schwab produces monthly statements** at no charge which show very basic holdings and transactions reports in addition to certain tax-related reports. **RBSWM produces a more insightful set of reporting** which shows portfolio activity, holdings characteristics and risk exposures at a deeper level, as well as results measurement. Reporting on investment exposures and characteristics can incorporate discretionary and non-discretionary accounts.

Clients have the ability to log on to a **secure website at Charles Schwab** via computer or mobile device to view all discretionary account information, including current holdings, transactions, trade confirms and basic tax reporting.

Clients are also assigned a personal, **secure website associated with e-Money Advisor** planning systems. All reports, projections and other analyses prepared in the planning process are available for review there. Client balances held at Schwab are automatically pulled into e-Money and are accessible for review on a daily basis. In addition, e-Money also offers a feature which allows clients to link and track non-RBSWM-related assets such as bank accounts, corporate retirement accounts (e.g., 401(k) or 403(b) plans, etc.), brokerage accounts, loan accounts, etc., as well. All linked balances refresh daily. Clients can use this as a universal account aggregator to track all



aspects of their wealth. Everything can be viewed from any computer or mobile device. e-Money also provides secure document storage. These services are made available to RBSWM clients free of charge.

RBSWM utilizes **Morningstar, Inc.** for investment research and portfolio management, accounting and performance measurement functions. Morningstar makes available the **ByAllAccounts account aggregation** service to RBSWM clients at no charge. Similar to the e-Money aggregation tool, ByAllAccounts allows clients to incorporate non-discretionary RBSWM balances into the more robust, insightful reporting set.

RBSWM relies on well-respected tools and resources throughout the planning and portfolio management process. **e-Money Advisors** provides planning software used in the planning and strategy process. **Bloomberg, LLC** is used for current and historical economic and financial market research, as well as for security and economic research and advanced portfolio analytics. **Morningstar Inc.** provides primary investment research, high-level portfolio analytics, holdings and activity reporting and performance measurement. **Charles Schwab & Co.**, provides trading and custody services.

Accounts

Most client accounts are typically established on a **fully-discretionary** basis, which means that within a well-defined set of parameters—often made clear in a customized Statement of Investment Policy and Guidelines—RBSWM is authorized to execute individual transactions without prior client approval. All RBSWM discretionary advisory client accounts are held in custody at Charles Schwab & Co., Inc., a leading provider of brokerage and investment services to individual investors and investment advisors. Accounts can be established via a physical document signature process or electronically via e-signature. Similarly, the documentation required for transferring accounts and assets into and out of Schwab can often be handled via e-signatures as well.

RBSWM also provides investment advisory and reporting services for non-discretionary investment accounts as well. The investments in these accounts are not held in custody at Charles Schwab, but rather reside either in a corporate retirement plan, bank or brokerage firm. These accounts are linked electronically to RBSWM's portfolio management systems.

Regardless of the nature of the account (e.g., discretionary account held at Charles Schwab or non-discretionary account held with a different custodian) under no circumstances does RBSalzman take physical custody of any client funds or investments. Furthermore, unless specifically authorized by clients, RBSWM cannot move funds or securities between Schwab accounts or external accounts. In cases where RBSWM is authorized, it's ability to initiate transfers is extremely limited.

Fees

Individual investors incur investment expenses on three levels: 1) advisory fees; 2) fund-level expenses; and 3) transactions costs. RBSWM's mission is to manage and minimize expenses on all three levels.

Advisory Fees



RBSWM is a “fee-only” advisory firm. Its sole form of compensation comes in the form of reoccurring advisory fees, which are calculated as a percentage of client account balances. It does not earn commissions on investment transactions, so it is not motivated to generate excessive trading activity. It may recommend the purchase of insurance products but does not place such products directly and does not receive direct or indirect compensation when insurance products are purchased.

RBSWM’s standard fee schedule was designed to be competitive relative to the investment advisory industry. RBSWM’s advisory fees are billed according to a declining, sliding schedule, which means that as assets under management increase, the fee associated with those assets—as a percentage of assets—declines incrementally.

Standard advisory fees are as follows:

<u>Managed Assets</u>	<u>Annual Fee</u>
\$0 - \$100,000	1.50%
\$100,001 - \$250,000	1.00%
\$250,001 - \$1,000,000	0.50%
\$1,000,001 - \$3,000,000	0.40%
\$3,000,001 - \$5,000,000	0.2625%
Over \$5,000,000	0.00%

Advisory fees are billed on a quarterly basis, based on average daily balances for the previous quarter. Fees associated with discretionary accounts held at Schwab begin to accrue once accounts are funded at Schwab. Fees associated with non-discretionary accounts typically begin to accrue when such accounts are electronically linked to RBSWM’s systems. All advisory fees are deducted automatically from client investment accounts held at Charles Schwab. Advisory fees are negotiable.

Fund-Level Fees

Providers of pooled investment vehicles (e.g., open and closed-end mutual funds and ETFs) charge fees for the strategies they manage, usually expressed as a fixed percentage of fund assets (known as an “expense ratio”) and they often charge a separate fee intended to cover the costs of marketing and distributing their funds to the public (“12B-1 fees”). These fees can vary from one fund company to the next for similar strategies (significantly in some cases). Fund companies also commonly issue open-ended mutual funds in multiple “share classes” which have differing fee structures. RBSWM closely evaluates each mutual fund’s share class structure, selecting the share class with the most advantageous fee structure. Funds with 12B-1 fees are typically never held. By virtue of its status as a Registered Investment Advisor, RBSWM has access to many “institutional” mutual fund share classes, which typically offer the lowest fees across the fund’s share class structure. Institutional share classes are typically not available to individual investors.

Fund-level fees are deducted directly from the investments by the fund company on a periodic basis. The performance of pooled investments is stated net of these fund-level fees.



Transactions Costs

Discretionary account transactions are executed on the Charles Schwab platform. RBSWM seeks to minimize transactions costs by following a low turnover approach. The investment industry is moving away from charging commissions on most individual stock and ETF transactions. While there may be transactions costs on these types of trades, they are becoming more and more negligible. Mutual fund transactions typically entail a commission of \$25, give or take. These costs can add up quickly if trading is excessive. Charles Schwab offers a number of funds and ETFs on a no-transaction cost basis. Depending on a client's circumstances, the no-transaction cost version of a particular fund may be chosen.

RBSWM does not receive commissions on discretionary transactions; commissions are received by Schwab and are automatically deducted at the time of transaction. Commissions on non-discretionary accounts vary by each plan or financial institution.

Working with RBSalzman

A typical client engagement is broken up into two distinct phases:

Phase 1: Planning and Strategy.

Information on current circumstances, goals and objectives is gathered through interviews and with the aid of a Client Profile form. The information is loaded into planning software from which a **Financial Summary Report** is prepared. The report includes a summary of current circumstances as well as projections of asset values and income over a long-term time horizon using conservative investment return and inflation assumptions.

In addition to the Financial Summary Report, a **Risk Tolerance Assessment** report is also produced. The Assessment suggests the maximum and recommended amount of investment risk a client can assume given their circumstances. The recommendation comes in the form of a suggested or "target" allocation to the three major asset classes of stocks, bonds and cash. The Assessment also provides a forecast of future risk tolerance and asset allocation over the client's investment time horizon.

RBSWM may charge a nominal fee for the Planning and Strategy phase. Going through this process does not imply an obligation to engage RBSWM for investment advisory services. It gives clients a no-risk opportunity to become familiar with RBSWM and evaluate its value proposition without the obligation of a long-term commitment. After the planning phase, the client can then make an informed decision to either implement RBSalzman's recommendations by retaining it for ongoing investment advisory services (i.e., "Phase 2") or to explore other avenues.

Phase 2: Implementation.

The implementation phase entails executing an Investment Advisory Agreement, opening and funding accounts, confirming investment strategy, creating a Statement of Investment Policy and Guidelines, and managing portfolios according to their objectives.

While some account documentation requires physical signatures, the Advisory Agreements and new account documents can typically be executed with electronic signatures.



The broad asset allocation framework from Phase 1 is incorporated into a “target” portfolio and included in a Statement of Investment Policy and Guidelines. The target portfolio and the guidelines serve as the guides for constructing and managing portfolios.

If a client wishes to include non-discretionary investment accounts into the advisory relationship, those accounts will be linked to RBSWM systems via the e-Money and/or ByAllAccounts account aggregation services.

Clients can review holdings and transactions on-demand by logging into their Schwab or e-Money sites. After the first full calendar quarter from their inception date, clients will receive a quarterly portfolio summary from RBSWM. Portfolio reviews occur no less than annually and are conducted either face-to-face or via telephone and computer screen-sharing sessions.

The planning process is revisited annually in most cases to ensure that risk tolerance and broad asset allocation continues to reflect the client’s current circumstances. Investment strategy is revised as needed, and target allocations, the Statement of Investment Policy and Guidelines and portfolios are adjusted accordingly.

For more information, contact:

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Additional information about RBSalzman is available on the SEC’s website at www.adviserinfo.sec.gov. You can search for more information using RBSalzman’s firm CRD number: 174941, or follow these links:

Investment Adviser Firm Summary:
https://adviserinfo.sec.gov/IAPD/IAPDFirmSummary.aspx?ORG_PK=174941

RBSalzman Wealth Management, LLC and Robert R. Salzman summary disclosures:
https://adviserinfo.sec.gov/IAPD/Part2Brochures.aspx?ORG_PK=174941