

E.K. RILEY

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ITEM 1: COVER PAGE

Form ADV Part 2A Firm Brochure

October 2019

This brochure provides information about the qualifications and business practices of E.K. Riley Investments, LLC (“EKRI/we/our/us”). If you have any questions about the contents of this brochure, please contact us using the information 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. References herein to EKRI being a “registered investment advisor” or “registered” does not imply a certain level of skill or training.

Additional information about E.K. Riley Investments, LLC is also available on the SEC’s website at www.adviserinfo.sec.gov. EKRI’s searchable IARD/CRD number is 121003 and our SEC File Number is 801-78547.

ITEM 2: MATERIAL CHANGES

This Item provides our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information. We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

Material changes in E.K. Riley Investments, LLC's Advisory Programs since this brochure was last filed with the SEC in January 2019:

- On October 1, 2019 E.K. Riley Investments, LLC (EKRI) added National Financial Services LLC (Fidelity) as a qualified custodian for customer accounts. This allows customers to select either First Clearing¹ or Fidelity² as custodian for assets held in certain EKRI advisory programs. Details regarding the custody services of both First Clearing and Fidelity are explained in more detail throughout this brochure.

- On October 7, 2019 First Clearing's Diversified Managed Allocations (DMA) was renamed to Personalized Unified Managed Account (Personalized UMA). The First Clearing Masters, Wells Fargo Compass, Allocation Advisors and the equity Customized Portfolios have been consolidated and available exclusively under the Personalized UMA program. Client statements issued after November 25, 2019 will display this new name.

¹ First Clearing is a trade name used by Wells Fargo Clearing Services, LLC. Member SIPC, a registered broker-dealer and non-bank affiliate of Wells Fargo & Company.

² Fidelity clearing, brokerage, and custody services are provided by National Financial Services (a wholly owned business unit of Fidelity) and Member of the New York Stock Exchange (NYSE) and the Securities Investor Protection Corporation (SIPC).

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**ITEM 4:
ADVISORY BUSINESS**

The Company. E.K. Riley Investments, LLC (EKRI) is an investment adviser registered with the Securities and Exchange Commission (SEC) and also a broker-dealer registered with the Financial Industry Regulatory Authority (FINRA). EKRI conducts additional business as an insurance agency registered with various state jurisdictions. Our headquarters are located in Seattle, Washington.

Founded in 2002 by principal owner Edward K. Riley, EKRI provides a full range of advisory and investment services including investment advice, portfolio management, financial planning and access to stocks, corporate, municipal and government bonds, mutual funds and insurance products. EKRI settles transactions (“clears”) through First Clearing². First Clearing (FCC) also acts as a custodian for some of EKRI’s advisory assets. EKRI also uses National Financial Services LLC (a wholly owned business unit of Fidelity) for custody services for some advisory assets.

EKRI’s advisory services are made available through Investment Adviser Representatives located in branch offices throughout the United States.

Advisory and Custody Services. Your EKRI Investment Adviser Representative (IAR) will work with you to determine which advisory service(s) and which custodian may be right for you. Your IAR will perform a review of your financial situation, including obtaining information related to your financial situation, your tolerance for risk and your investment goals and objectives. If any advisory service is appropriate for you, your IAR will complete paperwork with you to establish an account with EKRI. In addition to this brochure, you will be provided with your IAR’s own personal brochure supplement (Form ADV Part 2B Brochure) which contains relevant information related to your IAR’s experience and background. Your IAR will also provide you with the Form ADV of any third-party money manager your services may include, as applicable. We urge you to review each document carefully.

Factors that your IAR may consider in recommending the custody services of either First Clearing or Fidelity include their relative execution capabilities, pricing, research, and service, as well as each firm’s ability to execute the type of activity anticipated based on your financial goals. In seeking the right custodian to meet your needs the determinative factor is not the lowest possible cost, but whether the custodian can provide the best qualitative execution, taking into consideration the full range of services, including the value of research provided and responsiveness.

Our IARs are able to select from a variety of investment management programs as described in this brochure. The advisory services which may be offered to you include:

1. Investment Management Programs

In these programs, your IAR will work with you to create a portfolio based on your specific investment needs and objectives. Your IAR will provide you with continuous advice regarding your investments based on an ongoing review of your financial situation, goals, time horizon, risk tolerance, and any special needs. You may also impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

You will have the ability to invest in a variety of securities including stocks, bonds, mutual funds, exchange traded funds or other securities. These accounts may be handled on a discretionary or non-discretionary basis depending on your written agreement with your IAR. Assets in these programs may be held at First Clearing or at Fidelity based on your IAR’s determination of which custodian best fits your anticipated needs.

- ***Private Investment Management (PIM)***

- In this discretionary program your IAR is the portfolio manager. Your IAR will manage your portfolio based on your objectives and goals and their own personal investment style. The program allows your IAR to choose from a wide range of asset types and periodic performance reports allow you to track your progress.

- ***Asset Adviser***

- This comprehensive, non-discretionary advisory program includes advisory services and custodial/transaction costs in a single asset-based fee. With Asset Adviser, you ultimately make the investment decisions regarding what to buy, sell and hold within the account.

The COR.E Program

In this discretionary program you can select, with the help of your IAR, from actively managed models including Equity Income, Equity Growth, Index ETF and Hybrid models. COR.E models are designed to

² First Clearing is a trade name used by Wells Fargo Clearing Services, LLC. Member SIPC, a registered broker-dealer and non-bank affiliate of Wells Fargo & Company.

maximize potential portfolio efficiency over the long term, including key components such as appropriate asset exposures, high tax efficiency, and below-average internal expenses. The models are curated under the leadership of EKRI's Investment Committee. The program is customized for each client based on each individual's risk profile and unique needs and objectives.

2. Financial Planning or Consultation Services

EKRI IARs may also create a comprehensive or modular (focused on a specific area) written financial plan for you. Planning or consultation services may vary greatly in depth and scope and may be offered on a variety of different situations or circumstances which relate to your financial picture. The amount of time necessary to provide this service may also vary greatly from client to client. Services are available on a one-time basis or as a more continuous service. Depending on your needs you may pay a one-time fee or a continuous retainer for your IAR's planning or consultation services; this will be clearly outlined in the agreement you sign with your IAR.

- **Financial Plan**

After gathering specific information from you, your IAR will use the information to generate a written financial plan which may address a specific need or cover a variety of topics such as retirement planning, investment planning, college funding, asset allocation, gift giving including charitable gift giving, insurance needs and estate planning. In the course of creating a comprehensive financial plan, your IAR may (at your direction) also work closely with your attorney, CPA, or other personal advisors.

- **Consultation Services**

An IAR may consult with you regarding topics such as investment planning, retirement planning, insurance planning, asset allocation and estate planning.

3. Wrap Fee Programs

EKRI has entered into an agreement with Wells Fargo Advisors (WFA) to provide services with respect to wrap fee programs. Clients that participate in wrap programs remain clients of EKRI; EKRI is not related to or affiliated with WFA or its affiliated custodian FCC. The wrap fee programs described in this brochure are charged a fee on eligible assets that covers advisory, execution, custodial, and reporting services. WFA provides EKRI with the following programs. Custody for assets in these programs is provided exclusively by First Clearing.

Mutual Fund Advisory:

- **FundSource**

FundSource is a discretionary mutual fund advisory program offering actively managed mutual fund portfolios from WFA Portfolio Management Group or Russell Investments or your IAR can create a tailored allocation for you using Customized Blend.

- **CustomChoice**

Using CustomChoice you and your IAR can construct your own asset allocation from a broad universe of institutional share class, no-load and load-waived mutual funds. This program is non-discretionary.

Separately Managed Accounts (SMA):

- **Personalized Unified Managed Account (UMA)**

UMA is WFA's Unified Manager Account program which is potentially suitable for affluent investors. UNA includes SMA equity choice at \$50,000 minimum; over 380 ETFs to choose from; and three investment choices including: Single Strategy with a single investment manager or Multi-Strategy Optimal Blend or Multi-Strategy Custom Blend.

- **Customized Portfolios**

This separately managed account program provides tailored fixed income strategies.

Private Advisor Network:

- **Private Advisor Network**

This separately managed, dual contract program offers access to over 300 "cleared" professional money managers.

Each of these WFA Wrap Fee programs has its own unique disclosure document which describes the program details, including details on applicable fees. In addition to EKRI's and your IAR's Forms ADV, participating clients will be provided with WFA's disclosures documents and the adviser or manager's Form ADV Part 2, We urge you to review these documents carefully.

If a wrap fee program is right for you, your IAR will help you select the program most appropriate for your needs and

each selected adviser or manager will be provided with appropriate financial profile information and will then create and manage your portfolio based on your stated individual needs as exhibited in the profile information. Advisers or managers will comply with reasonable restrictions you give. The IAR will meet with you on a regular basis to review the account.

While the IAR monitors the performance of the selected adviser or manager, neither EKRI nor a third party reviews performance information to determine or verify its accuracy or its compliance with presentation standards. If we determine that a particular selected adviser or manager is not providing sufficient management services to the client, or is not managing the client's portfolio in a manner consistent with the client profile information, we may suggest that the client contract with a different adviser or manager and/or program sponsor. Under this scenario, the IAR assists the client in selecting a new adviser or manager and/or program. However, any move to a new adviser or manager and/or program is solely at the discretion of the client. EKRI reserves the right to discontinue use of any adviser or manager that does not continue to meet our overall service standard.

Assets Under Management. As of December 31, 2018, EKRI's IARs were actively managing over \$560 million in client assets, of that number approximately \$380 million was managed on a discretionary basis.

Discretionary assets under management are those for which we have an ongoing responsibility to select and make securities recommendations which are in line with a client's financial needs and objectives, then effect those securities transactions without first consulting the client. Non-discretionary assets under management are those for which we have an ongoing responsibility to select and make securities recommendations but may only effect those transactions after consulting with clients to obtain approval to move forward.

ITEM 5: FEES, MINIMUM ACCOUNT SIZE & DISCLOSURES

We charge fees for our advisory services and those fees vary among the different types of services and programs we offer. More detail on the fees typically associated with each type of advisory service is provided below. The specific fees associated with your individual advisory service will be detailed in the advisory agreement you complete and sign with your IAR. You should carefully review that document prior to signing it.

At our discretion we may waive the stated minimum account size. Where appropriate, we may also consider account values for related household accounts such as spouse, minor children, and other types of related accounts in an effort to meet the stated minimum.

1. **Private Investment Management Program (PIM).** PIM accounts are charged an all-inclusive fee that covers advisory, execution, custodial and reporting services. Billed quarterly in advance, the standard PIM fee schedule is based on program eligible assets. Listed below are the standard fees for this program. Fees may be negotiated. Under certain circumstances, the minimum fee may be waived.

The minimum account size for PIM is \$50,000. The maximum fee for PIM is 2.00%. Minimum account fee requirements may cause the fee to exceed the rate set in the fee schedule.

2. **Asset Advisor.** Asset Advisor accounts are charged an all-inclusive fee that covers advisory, execution, custodial, and reporting services. Billed quarterly in advance, the standard Asset Advisor fee schedule is based on program eligible assets. Listed below are the standard fees for this program. Fees may be negotiated. Under certain circumstances, the minimum fee may be waived.

The minimum account size for Asset Advisor is \$25,000. The maximum fee for Asset Advisor is 2.00%. Minimum quarterly fee is \$250. Minimum account fee requirements may cause the fee to exceed the rate set in the fee schedule. Under certain circumstances, the minimum fee may be waived.

3. **The COR.E Program (COR.E).** COR.E accounts are charged a fee that covers advice and reporting services only. Execution and custody fees for COR.E are charged by the broker/dealer and custodian: Fidelity. See Item 12 for more information about Fidelity's fees for brokerage and custody.

The minimum account size for COR.E is \$25,000. The maximum fee for COR.E is 2.00%. Minimum quarterly fee is \$250. Minimum account fee requirements may cause the fee to exceed the rate set in the fee schedule. Under certain circumstances the minimum fee may be waived.

4. **Financial Planning and Consultation.** Fees for financial planning or consultations will vary greatly depending on the needs of the client and the scope of the agreement and are subject to negotiation between the IAR and client. Fees for financial planning or consultations must be agreed to by the client and IAR in writing and may be charged on a one-time basis, an annual renewing basis or on an hourly basis.

5. **Wrap Fee Program Fees.** Please see the WFA's Form ADV Part 2 Wrap Fee Brochure for a full description of the services and fee information applicable to their **FundSource, CustomChoice, Personalized Unified Managed Account (UMA) and Customized Portfolios programs.** Fees for these WFA programs generally range as follows:

Program	Maximum Fee
FundSource	2%
CustomChoice	1.75%
Personalized Unified Managed Account (UMA)	2 %
Private Advisor Network	See specific manager's Form ADV
Customized Portfolios	2%

As described in the WFA Form ADV Part 2 Wrap Fee Brochure specific to each program noted above, advisers, including EKRI IARs receive a portion of the wrap fee.

Additional Disclosure. If your program involves the purchase of mutual funds or exchange traded funds the fund may charge you operational fees as a shareholder. Such fees typically range from .25 to 1% of a fund's net assets and are included in a fund's expense ratio. EKRI and your IAR may receive a portion of such fees in the form of a marketing fee also called a "12b-1 fee". We urge you to review the prospectuses for any funds in your program to determine if additional fees apply.

The recommendation to roll assets from a retirement plan to an IRA managed by your IAR, rather than recommend you maintain assets in the retirement plan, presents a financial incentive to the IAR and may create a conflict of interest. If you are considering funding an advisory program using assets withdrawn from an existing retirement plan (i.e. rolling over assets) we encourage you to compare the program fees against your existing retirement plan.

Program fees may be higher or lower than those otherwise available if you were to select a separate brokerage service and negotiate commissions. Similar investment advisory services may be offered by other advisors at a lower rate. Our fees may be subject to negotiation depending upon a range of factors including, but not limited to account sizes, and overall range of services provided.

You should consider the value of these advisory services when making any comparisons. The combination of custodial, advisory and brokerage services may not be available separately or may require multiple accounts, documentation and fees. You should also consider the amount of anticipated trading activity when selecting among the programs and assessing the overall cost. Advisory programs typically assume a normal amount of trading activity and, therefore, under particular circumstances, prolonged periods of inactivity or asset allocations with significant fixed income or cash weightings may result in higher fees than if commissions were paid separately for each transaction.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and/or for determining the annualized fee. Discounts not generally available to our advisory clients may be offered to family members of IARs and employees ("Associated Persons") of our firm.

A portion of the fees or commissions charged for the programs described here will be paid to your IAR in connection with the introduction of accounts as well as for providing client-related services within the programs. This compensation may be more or less than the IAR would receive if you paid separately for investment advice, brokerage, and other services, and may vary, depending on the program or services offered. If an IAR wishes to discount any program fee below certain levels, they may have the ability to do so, but may earn reduced compensation associated with the discount. This may create an incentive to price accounts at or above those levels. IARs may be advanced a portion of the future estimated fees for clients who invest in a program.

Unless agreed upon otherwise, you authorize your Program Custodian to deduct applicable fees from your account. For the purposes of calculating advisory fees, "account value" means the sum of the absolute market value of all eligible long and short security positions, including accrued income, cash and cash alternatives held in your account. If your account has short positions, the account value reflects the short position's absolute value. A short position does not offset the value of long positions in the account. Margin debit balances do not reduce the value of the account. In valuing your account, your Custodian will use the closing prices or, if not available, bid prices of the last recorded transactions for listed securities, options and over-the-counter NASDAQ securities. For mutual funds, your Custodian will use the fund's most current net asset value, as computed by the fund company. In doing so, your Custodian will use the information provided by quotation services believed to be reliable. Due to trade date or settlement date accounting, the treatment of accrued income and other factors, the account value used in the calculation of fees may differ from that shown on your monthly account statement and/or performance report.

Fees for programs may be charged in advance or in arrears. Read your Program Agreement carefully to determine which method applies. When fees are charged in advance, the initial fee is calculated as of the date that the account is

accepted into the program and covers the remainder of the calendar quarter. Subsequent fees will be determined for calendar quarter periods and shall be calculated on the value of the account on the last business day of the prior calendar quarter and may take into account assets added to, or withdrawn from an account. No fee adjustment will be made, on fees billed in advance, during any fee period for appreciation or depreciation in the value of the assets in your account during that period. Your account will be charged or refunded a prorated quarterly fee on any net additions or net withdrawals in the account during a month. Fees will be charged or refunded if the net addition or net withdrawal would generate a fee or refund of at least \$40 for that quarter. Fees under \$40 will not be charged or refunded. Fees will be assessed in the month following the net addition or net withdrawal. Fees are based on the value of the assets in your account and EKRI shall not be compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of your funds.

Any anticipated increase to the contracted fee schedule or other amendment to the contract will be provided to you for your acknowledgement and signature. Fee schedule charges previously in effect shall continue until the next billing cycle. If a request to lower the fee rate is submitted within the first week of the quarter (January, April, July and October) the reduced fee will be effective for that quarter. Agreements for advisory services may be terminated by either party at any time upon written notice.

Cash balances in an account may be invested in money market mutual funds including, as permitted by law, those with which we have agreements to provide advisory, administrative, distribution, and other services and for which we may receive compensation for the services rendered. In a low interest rate environment, the yield that you earn on cash and cash alternatives, including cash sweep funds, CDs and money market funds may not offset advisory fees. In some instances, the effective yield of the investment may in fact be negative.

Non-brokerage-related fees, such as IRA fees, may be charged to your account separately.

**ITEM 6:
PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

We do not charge performance-based fees in any of our investment advisory programs nor do we participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or appreciation of your assets. Side-by-side management refers to the practice of managing some accounts that are charged performance-based fees while at the same time managing other accounts that are not charged performance-based fees.

**ITEM 7:
TYPES OF CLIENTS**

EKRI offers investment advisory services to many different types of clients including individuals, trusts, estates, corporations and other business entities. In general, a minimum investment amount is required to open and maintain an investment management account. Standard minimums are:

Program	Minimum Initial Deposit
COR.E	\$25,000
PIM	\$50,000
Asset Advisor	\$25,000
FundSource	\$25,000
FundSource Foundations	\$10,000
CustomChoice	\$25,000
Personalized Unified Managed Account (UMA)	Subject to manager's minimum
Private Advisor Network	See specific manager's Form ADV
Customized Portfolios	\$50,000-2,000,000 depending on strategy selected

**ITEM 8:
METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

When employing various methods of analysis and investment strategies, your IAR will incorporate your needs and investment objectives, as well as your time horizon and tolerance for risk. Regardless of which method your IAR uses, any investment in securities involves a risk of loss that you should be prepared to bear.

Your IAR is not bound to specific methods of analysis or investment strategies for the management of investment portfolios, but rather, as previously stated, he or she will consider your unique situation and all information gathered from you as well as changes to your financial picture as they occur over time.

The methods of analysis and investment strategies used may have unique and significant tax implications. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to

and throughout your investment process.

In analyzing securities, your IAR may use a wide array of available information obtained from various sources believed to be accurate and reliable. These sources may include:

- Financial publications
- Research materials prepared by other companies
- Annual reports issued by companies
- Prospectuses
- SEC filings
- Company press releases
- Other research materials provided to EKRI by various business partners

Some of the more common methodologies used by IARs, along with the risks associated with some methods of analysis, include:

- **Charting.** In this type of technical analysis, charts of market and security activity are reviewed in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.
- **Fundamental Analysis.** Fundamental analysis is an attempt to measure the intrinsic value of a security by looking at economic and financial factors including the overall economy, industry conditions, and the financial condition and management of the company itself, to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.
- **Technical Analysis.** This type of analysis reviews past market movements and applies that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.
- **Cyclical Analysis.** In this type of technical analysis, IARs measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.
- **Quantitative Analysis.** IARs use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.
- **Qualitative Analysis.** This type of analysis subjectively evaluates non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data. A risk in using qualitative analysis is that our subjective judgment may prove incorrect.
- **Asset Allocation.** Rather than focusing primarily on securities selection, IARs may attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.
- **Mutual Fund and/or ETF Analysis.** IARs may look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. The IAR also may look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. This type of analysis also includes monitoring funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy. A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.
- **Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information

**ITEM 9:
DISCIPLINARY INFORMATION**

We are required to disclose any legal or disciplinary events that have occurred as they may be material to your evaluation of our advisory business or the integrity of our management:

In 2005, FINRA (then the NASD) and the Municipal Securities Rulemaking Board (MSRB) found EKRI to have reported a number of fixed income transaction executions outside of the required 15 minute window or with the incorrect execution time. Without admitting or denying the finding, we agreed to pay an administrative penalty of \$10,000 for TRACE violations, \$10,000 for Municipal Trade Reporting violations and \$5,000 for supervision violations. In 2014, FINRA and the MSRB found EKRI to have executed municipal bond transactions in the accounts of 28 customers that were in amounts below the offering's stated \$25,000 minimum denomination. The transactions did not fall within the exceptions to executing transactions below the minimum denomination. Without admitting or denying the finding, we agreed to pay an administrative penalty of \$45,000.

**ITEM 10:
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

EKRI is registered with the SEC as both a broker-dealer and an investment advisor. EKRI is also licensed in several states to offer insurance products. EKRI IARs are dually registered as broker-dealer registered representatives and as investment advisor representatives and some may, when appropriately state licensed, also offer insurance products.

When acting as a registered representative, your IAR will offer brokerage services and receive commissions for brokerage transactions. Brokerage services provided by your IAR are different from the advisory services detailed in this Brochure.

For a brokerage relationship, the standard of care is based on suitability, with the premise being that the recommended security is appropriate for a client at the time of purchase and adheres to the client's investment objectives and risk tolerance. Commissions earned are for a specific transaction and usually involve an upfront amount and may include a smaller ongoing commission (referred to as 12b-1, fees or trails). For an advisory relationship, fiduciary duty is mandated, where the standard of care is higher than that of a brokerage relationship. A fiduciary standard requires your IAR place your interest above his or her own. In an advisory relationship, the cost of services is typically generated throughout the advisory relationship based on the asset size of the account or a negotiated flat cost for services.

Because of the potential for your IAR to generate a commission separate from, or in addition to, fees charged for advisory services, your IAR may have an incentive to recommend brokerage services based on the compensation they may receive rather than taking into account your needs and objectives. EKRI mitigates this conflict by monitoring the appropriateness of brokerage account recommendations. You have no obligation to open a brokerage account with your IAR or EKRI.

When acting as an insurance agent, your IAR will offer insurance products approved by EKRI and may receive commissions for the insurance sale. Depending on product, commissions earned may be based on the sale, on premiums paid or a combination of both. Commission may be upfront and may include smaller ongoing commission (referred to as trails). IARs who are licensed to offer insurance products may have an incentive to recommend certain insurance products if they provide compensation that exceed fees for advisory programs. EKRI mitigates this conflict by monitoring the recommendation of insurance products. You have no obligation to purchase insurance through your IAR or EKRI.

And, as previously described, various third party money managers may provide services related to the advisory services that are offered to you. These contracted parties are not affiliated with us; however, they may pay us a portion of the fees you pay to them, and if so a portion of what we receive is then paid to your IAR. This is considered a material conflict of interest as the cost of placing your assets with one of these third parties may be higher than placing your assets in one of our own investment management programs. You are under no obligation to utilize a third party your IAR may recommend.

**ITEM 11:
CODE OF ETHICS, PARTICIPATION OR INTEREST IN TRANSACTIONS AND PERSONAL TRADING**

Clients of EKRI are entitled to expect high ethical standards of conduct in all of their dealings with us. EKRI strives to foster a culture of compliance that supports our ability to meet your expectations. Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Our firm and our personnel owe a duty of loyalty, fairness and good faith to our clients and have an obligation to adhere not only to the specific provisions of our Code of Ethics but to the general principles that guide that Code.

Among other things, our Code of Ethics includes policies and procedures for the review of the securities transactions and holdings of our personnel; prohibits participation by personnel in any initial public offering and addresses issues such as information security. And, while we do not believe that we have any particular access to non-public information, the Code also reminds our personnel that non-public information may not be used in any personal or professional capacity.

EKRI's Code of Ethics is available to you upon request. You may obtain a copy by contacting our Compliance Department at 206-832-1661.

ITEM 12: BROKERAGE PRACTICES

Not all registered investment advisors require their clients to direct their brokerage transactions to a specific broker-dealer. However, our IARs are also registered representatives of EKRI and will recommend EKRI to clients for brokerage services, which may include variable insurance products. Your IAR will generally recommend that you use EKRI to implement any applicable recommendations made in a financial plan or through the course of a financial consultation. EKRI serves as the executing broker/dealer for PIM, Asset Advisor and the other First Clearing advisory Programs listed in this brochure.

If your IAR recommends the COR.E Program, Fidelity will act as your broker/dealer and custodian for your COR.E assets.

Fidelity may charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain mutual funds, commissions are charged for individual equity transactions, and mark-ups and mark-downs are charged for fixed income transactions. Conversely, Fidelity does offer a series of "no transaction fee" mutual funds.). In addition, client accounts may invest in mutual funds (including money market funds) and ETFs that have various internal fees and expenses (i.e. management fees), which are paid by these funds but ultimately borne by clients as a fund shareholder. The fees charged by the applicable broker-dealer/custodian, and the internal fees and expenses imposed at the fund level, are in addition to the fees referenced in Item 5.

As previously mentioned, we may execute and settle transactions through FCC or Fidelity. Both custodians are members of FINRA and SIPC and support a wide range of brokerage services.

We may combine multiple orders for shares of the same securities purchase for advisory accounts we manage (referred to commonly as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. Subject to our discretion regarding facts, circumstances and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or Associated Persons may participate in block trading with your accounts. These individuals will not be given preferential treatment of any kind.

ITEM 13: REVIEWS OF ACCOUNTS

Activity in advisory accounts is supervised on an ongoing basis. Account reviews are conducted on an ongoing basis by EKRI's principals and are an integral part of the supervision process and are described in more detail here.

Reminder: It is your responsibility to advise your IAR of any changes in your investment objectives and/or financial situation. All clients are encouraged to review, in person or by telephone, their financial needs, profile, objectives and account performance with their IAR anytime changes in their situation occur or at least annually, whichever is more frequent.

General Reviews. Your IAR will conduct periodic reviews of your account(s) and will meet with you as frequently as is agreed upon. Meetings may be conducted in person or over the phone or by other means as agreed to by the parties. Your IAR must discuss your account(s) with you on at least an annual basis and review any updates or changes to your financial situation, goals and objectives.

Statements will be provided to you by the custodian on at least a quarterly basis. Confirmations of all trades (purchases and sales) will be sent to you by the custodian unless you opt to suppress such confirmations where that option is made available. Additionally, you may receive periodic performance reports from your IAR. We strongly urge you to carefully review your statements and confirmations and immediately contact your IAR with any questions or concerns.

COR.E Program models are curated by the leadership of EKRI's Investment Committee. Components of the COR.E Program were reviewed and approved by the firm's Investment Committee at inception. Overall program strategy and constituent models are overseen by the firm's Chief Investment Officer and reviewed no less than annually. Each approved model within the COR.E Program is customized for each client based on each individual's risk profile and unique needs and objectives.

Supervisory Reviews. When each advisory account is opened, a properly licensed, trained and experienced Principal of EKRI reviews the client's investment objectives and strategy against the program guidelines. Thereafter, account transactions, including fees, are reviewed on a periodic basis by an appropriate Principal.

Reviews may also be conducted by the Risk Management Committee for adherence to the policies and procedures set by the committee. Where an IAR has been granted discretionary authority by a client, EKRI's Compliance Department will conduct additional reviews.

Each client has the ability to impose reasonable restrictions on the management of their account, including the designation of particular securities or types of securities that should not be purchased for the account, or should be sold if held in the

account. If the client's instructions are unreasonable or we (or, if applicable, an adviser) believe that the instructions are inappropriate for the client, we will notify the client that, unless the instructions are modified, we may remove the client's account from the program. A client will not be able to provide instructions that prohibit or restrict the investment advisor whose strategies include the use of an open-end or closed-end mutual fund or exchange traded funds, with respect to the purchase or sale of specific securities or types of securities within the funds.

Financial Planning and Consulting Services. While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for financial planning or consulting services unless required under their specific agreement.

**ITEM 14:
CLIENT REFERRALS AND OTHER COMPENSATION**

It is EKRI's policy not to accept or allow our Associated Persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we may provide to you.

If your account is introduced to EKRI by an unaffiliated solicitor, EKRI may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from EKRI's investment advisory fee, and shall not result in any additional charge to you. If your account is introduced to us by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of their solicitor relationship, and shall provide you with a copy of their written disclosure statement disclosing the terms of the solicitation arrangement between EKRI and the solicitor, including the compensation to be received by the solicitor from EKRI.

As referenced in Item 12 above, EKRI receives certain benefits from both FCC and Fidelity including support services and/or products. EKRI's clients do not pay more for investment transactions effected and/or assets maintained at FCC or Fidelity as a result of this arrangement. There is no corresponding commitment made by EKRI to FCC or Fidelity or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**ITEM 15:
CUSTODY**

Your IAR will typically recommend one or more custodians for custody and execution services. Certain programs require the use of a specific custodian.

Factors that your IAR may consider in recommending the custody services of either FCC or Fidelity include their relative execution capabilities, pricing, research, and service, as well as each firm's ability to execute the type of activity anticipated based on your financial goals. In seeking the right custodian to meet your needs the determinative factor is not the lowest possible cost, but whether the custodian can provide the best qualitative execution, taking into consideration the full range of services, including the value of research provided and responsiveness.

All funds received from clients for deposit to their account must be payable to their selected program's custodian. Any securities received from clients are immediately forwarded to their custodian for deposit to their account.

EKRI requires written authorization from you to deduct advisory fees from an account held by the custodian. The custodian pays fees from your account when we submit notice of the amount of the advisory fee to be deducted. On at least a quarterly basis, your custodian will send you a statement that shows all transactions within the account during the reporting period, including any fee payments. We strongly urge you to carefully review your statements and immediately contact your IAR with any questions or concerns.

EKRI may have custody of client assets where we have authority to withdraw advisory fees upon our instruction to the custodian and where we request client funds be disbursed pursuant to a standing letter of instruction.

Clients may incur certain charges imposed by custodians including commissions and trading fees, wire transfer and other administrative fees on brokerage accounts and securities transactions.

**ITEM 16:
INVESTMENT DISCRETION**

Some programs that we offer require that you grant your IAR discretionary authority. Where this is the case, you must first sign a discretionary management agreement. By choosing to do so, you grant your IAR discretion over the selection of managers and/or the selection of the type and amount of securities to be purchased or sold in your account(s), without obtaining your consent or approval prior to each transaction.

Additionally, third-party managers will maintain discretion over your account. Such authority will be fully disclosed to you, where applicable, in that third-party manager's Form ADV.

**ITEM 17:
VOTING CLIENT SECURITIES**

As a matter of firm policy, we do not vote proxies on behalf of clients and neither EKRI nor your IAR may advise you regarding legal proceedings involving companies whose securities are or were held in your account(s), including but not limited to filing of "proofs of claim" class action settlements.

**ITEM 18:
FINANCIAL INFORMATION**

We have no financial information to share that would be material to your evaluation of our advisory business or the integrity of our management.