

## Form ADV Part 2A Disclosure Brochure

**Raffa Wealth Management, LLC  
d/b/a Raffa Investment Advisers**

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<https://raffaadvisers.com/>

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This brochure provides information about the qualifications and business practices of Raffa Wealth Management, LLC doing business under the name Raffa Investment Advisers. If you have any questions about the contents of this brochure, please contact us at (202) 955-6734 or [dennis@raffawealth.com](mailto:dennis@raffawealth.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Raffa Investment Advisers is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view Raffa Investment Advisers' information on this website by searching for Raffa Investment Advisers. You may search by using the Firm's name or by using the Firm's CRD number. The CRD number for Raffa Investment Advisers is 136971.

\*Registration as an investment adviser does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

Since our last annual amendment filed in March 2020, we have updated this brochure to address the following areas:

- We have updated our account minimums and the basis for assessing fees for including outside accounts in our portfolio accounting and reporting.
- We have moved back to 1899 L St., NW Suite 850, Washington, DC 20036 as our primary location for meeting clients.
- We started using Raffa Investment Advisers as our primary business name.

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time, we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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## Item 4 – Advisory Business

Raffa Investment Advisers is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) and a corporation formed under the laws of the State of Maryland and domiciled in Washington, D.C. Raffa Investment Advisers has been registered with the SEC as an investment adviser since July 2005.

Raffa Investment Advisers is owned by the following individuals:

- Dennis Gogarty – Managing Member and Chief Compliance Officer
- Thomas J. Raffa – Member
- Steven Heger – Member

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

The following are brief descriptions of Raffa Investment Advisers’ primary services. A detailed description of our services is provided in Item 5 – Fees and Compensation so that clients and prospective clients can review the services and description of fees in a side-by-side manner.

***Investment Supervisory Services*** - Raffa Investment Advisers provides advisory services in the form of Investment Supervisory Services. Investment Supervisory Services involve providing clients with comprehensive portfolio management and continuous and on-going supervision over client accounts. This means we will continuously monitor a client’s account and make trades in client accounts when necessary.

***Qualified Plan Consulting Services*** - Raffa Investment Advisers provides several advisory services for corporate retirement plans, separately or in combination. While the primary clients for these services will be pension, profit sharing, and 401(k) plans, we will also offer these services, where appropriate, to individuals and trusts, as well as charitable organizations.

***Investment Consulting Services*** – Raffa Investment Advisers provides Investment Consulting Services in several ways.

- We provide investment consultations on accounts not managed or maintained by our Firm. This service is similar to Investment Supervisory Services in that we will provide specific investment recommendations to clients; however, unlike Investment Supervisory Services, we will not have trading authorization or direct access to the accounts being reviewed under this service.
- We provide investment consulting to the staff and volunteers at nonprofit organizations to support their effort to meet their fiduciary responsibility related to the management and oversight of their nonprofit’s investment reserves or endowments. These consulting engagements typically involve a process to develop or make recommendation to change their investment policies and procedures.
- Other consulting engagements for nonprofits may involve presentations intending to educate nonprofit staff or volunteers on a variety of investment management or policy topics as well as providing assessments of an existing investment advisors performance, fees, or performance evaluation reports.

In all cases where RWM is solely providing Investment Consulting Services, all trade implementation under this service is the responsibility of the client.

**Retirement Income Planning** – While RWM provides Retirement Income Planning services to clients that are individuals or couples as part of the overall portfolio management process, RWM does not charge separately for this service. The fee for this service, which is provided on a client-by-client basis, is included in the fee related to RWM's Investment Supervisory Services.

**Limits Advice to Certain Types of Investments.** Raffa Investment Advisers provides investment advice on the following types of investments.

- No-Load (i.e., no trading fee) and Load-Waived (i.e. trading fee waived) Mutual Fund Shares
- Exchange-listed securities (i.e., stocks)
- Fixed income securities (i.e., bonds)
- Exchange Traded Funds (ETFs)
- Money market sweeps and funds
- Certificates of deposit
- Municipal securities
- United States government securities

RWM's advice is primarily focused on open-ended mutual funds and exchanged traded funds that invest in the security types outlined above. We may utilize unaffiliated third-party investment managers when managing client portfolios and therefore will provide advice on other investment managers.

We do not provide advice on foreign issue, warrants, commercial paper, variable life insurance products, options, futures, and interests in partnerships investing in real estate or oil and gas interests.

Please refer to each program's description at *Item 5 – Fees* for additional details regarding the types of investments recommended specific to the program. Please also refer to *Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss* for more information.

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

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

When managing client accounts through the Firm's Investment Supervisory Services program, we may manage a client's account in accordance with one or more investment models. When client accounts are managed using models, investment selections are based on the underlying model and we do not develop customized (or individualized) portfolio holdings for each client. However, the determination to use a particular model or models is always based on each client's individual investment goals, objectives and mandates.

#### **Client Assets Managed by Raffa Investment Advisers**

As disclosed on Form ADV Part 1A, Item 5.F., the amount of client's assets managed by Raffa Investment Advisers totaled \$1,050,887,094 as of 12/31/2020. \$915,234,695 is managed on a discretionary basis and \$135,652,399 is managed on a non-discretionary basis. In addition, we provide reporting or consulting services on an additional approximately \$421,728,549 in assets.

## Item 5 – Fees and Compensation

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

### **Investment Supervisory Services**

Raffa Investment Advisers believes that our annual fees are reasonable for the client services provided and based on the fees charged by other investment advisers offering similar services. However, our fees can be higher than those charged for similar services by other firms.

Raffa Investment Advisers provides investment supervisory services defined as giving continuous investment advice to a client and making investments for the client based on the individual needs of the client. Through this service, Raffa Investment Advisers offers a customized and individualized investment program for clients. Various investment strategies are provided through this service; however, a specific investment plan is crafted for each client to focus on the specific client’s goals and objectives (See *Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss* for more information).

Our service is implemented on a discretionary or non-discretionary basis as agreed to with the client (See *Item 16 – Investment Discretion* for more information), managed by us and/or unaffiliated investment managers we recommend, and primarily through mutual funds and exchange traded funds that invest in equities, bonds, cash-equivalents, REITs, and other instruments.

When Raffa Investment Advisers provides management services, the Firm typically requires clients open an account through the Schwab Institutional platform of Charles Schwab & Company, Inc. However, upon approval of Raffa Investment Advisers, clients may direct the Firm to manage an account at a broker-dealer or other qualified custodian selected by the client. See *Item 12 – Brokerage Practices* for more information.

Raffa Investment Advisers will provide investment consulting services that relate to matters such as allocation of assets among different classes, portfolio diversification, managing portfolio risk, and other general economic and financial topics. Account supervision is guided by the stated objectives of the client and all managed accounts will be maintained with an independent custodian.

The Firm employs an asset allocation strategy focused on the efficient-market theory and the Fama-French Three Factor Model.

Below are the guidelines that are followed when managing a client’s portfolio:

- Individual client investment objectives are identified by assessing the client's risk tolerance based upon their age, income, education, need for cash flows, investment goals, and emotional tolerance for volatility. The information provided by the client will be collected during client meetings, interviews, and/or questionnaires;
- Institutional (nonprofit or association) client investment objectives are identified by assessing the organization’s risk tolerance based upon the organization’s need for cash flows from the investment portfolio, investment goals, and emotional tolerance for volatility. The information provided by the client will be collected during client meetings, interviews, and/or questionnaires;

- Strategies are developed and implemented through a combination of stocks and bonds;
- Client circumstances are monitored, and portfolio adjustments are made as appropriate to reflect significant changes in any or all of the above variables.

Raffa Investment Advisers (RWM) primarily invests client assets in open-ended mutual funds and exchange traded funds based on each client's specific financial objectives, time frames, and tolerance for volatility. In order to meet client preferences either to own bonds directly instead of through mutual funds or to restrict investment in companies that conflict with the client's values, RWM recommends the use of two third-party managers, Parametric and Breckenridge. RWM became aware of Parametric and Breckenridge while working with an outside consultant who provided research and due diligence in the selection of investment managers. RWM does not currently contract with any external consultant for manager research or due diligence. RWM continues to maintain the relationships with Parametric and Breckenridge and continues to perform due diligence related to their operations, management, regulatory standing, investment style and performance. Parametric and Breckenridge will have full investment discretion, and trading authority, and shall have sole responsibility for the implementation of the investment program with respect to the client's account for which investment discretion has been delegated by the client and accepted by the institutional investment managers. We will not place orders for transactions in the client's account or otherwise exercise trading authority over the account at any time when the account is being managed by a third-party investment manager.

Once a client has agreed to one or both of the recommended investment managers, RWM will assist with the implementation of the portfolio, and continuously monitor the portfolio for performance, compliance with the investment guidelines, and material changes relating to the investment manager or mutual fund. In connection with this process, RWM will review the initial assumptions made with respect to appropriate portfolio risk levels. RWM remains open to considering additional third-party managers and would conduct a search for a third-party manager if we believed that either Breckenridge or Parametric were failing to perform within RWM's range of expectation, made material changes to their investment styles or approach, or failed to meet RWM's standards related to operational execution, reasonableness of fees, manager skill, or regulatory deficiencies. Otherwise, the selection of outside third-party investment managers is not a service that is typically offered to all clients of our firm and we are not actively searching for third-party managers. If the Firm believes that either third-party investment manager is performing inadequately, we would either conduct a search for a suitable replacement or recommend clients move from either third-party money manager to the appropriate mutual fund or exchange traded fund that RWM recommends. If the client agrees to move to a different third-party money manager, Raffa Investment Advisers will implement the retention of the investment manager, and then monitor that manager's performance. RWM's process related to the selection of Mutual Funds is outlined in Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.

Additional information about investment managers, investment strategies, advisory fees and other pertinent information is available and provided in the Form ADV Part 2 Disclosure Brochure of the investment managers. Clients should refer to the independent adviser's disclosure document for a full description of the services offered.

Neither Raffa Investment Advisers nor any of its related persons receive any form of direct compensation from any recommended investment manager. No investment manager will be recommended to a client unless that manager is properly registered or exempt from registration in the client's state of residence.

Upon request, Raffa Investment Advisers will provide clients with quarterly reports that will address asset allocation, securities holdings and account performance. Clients are able to include accounts not managed by Raffa Investment Advisers in reports provided by the Firm. Under these situations, we will not have responsibility to review or provide advice regarding the account and it is the client's responsibility to inform us of additional accounts to be included in the report. For this service, Raffa Investment Advisers will charge an additional fee of between 0.25% and 0.50% of the value of the accounts. Raffa Investment Advisers may, at its discretion, charge a flat fee of between \$500 and \$2500 per quarter instead of the percentage of the account value. Raffa Investment Advisers may, at its discretion, waive the fee charged for additional accounts related to this service. Please refer to *Item 13 – Review of Accounts* for more information.

### **Fees**

Our compensation is derived as fee income based upon the percentage of the market value of all assets in a client's account on the last trading day of each calendar quarter. The compensation method is explained and agreed with the clients in advance before any services are rendered. The compensation for our services, which include developing and implementing an investment policy and objectives, formulating a quantitatively driven asset allocation analysis and recommendation, monitoring a client's investment results, selecting and monitoring mutual funds, ETFs, or third-party managers are as follows:

Asset Under Management	Fee
First \$1,000,000	1.00%
Next \$2,000,000	0.85%
Next \$2,000,000	0.70%
Next \$5,000,000	0.55%
Next \$10,000,000	0.40%
Next \$15,000,000	0.25%
In Excess of \$35,000,000	0.10%

In the event RWM manages for a client more than one portfolio with distinct investment objectives, fees for the additional, secondary, or non-primary portfolios that have a target asset allocation of less than 25% equity may be billed as a percentage of total assets under management at a fixed rate of 0.25% per year. An example of this is an institutional client with both a long-term or endowment portfolio and a short-term or operating portfolio. This is a conflict of interest because it incentivizes RWM to recommend more of a client's assets to be invested in their more equity-heavy portfolio managed by RWM instead of their portfolio charged at the lower 0.25% rate. We address this conflict of interest by implementing internal procedures designed to develop a recommendation focused on the allocation of client assets between portfolios with distinct investment objectives using a thorough process to understand the timing of cash flows or withdrawals from each distinct portfolio as well as the risk tolerance related to each distinct portfolio. RWM is committed to making recommendations primarily in the client's interest of receiving the most favorable execution possible and not based on our economic interests.

There are several circumstances that could lead RWM to aggregate primary and secondary portfolios, regardless of the percent allocated to equity, and charge the total combined value based on the advisory fee schedule. Examples include, but are not limited to, portfolio's with very high asset balances such that charging a flat 0.25% to a secondary portfolio would represent a fee increase, portfolios with very low asset balances, or clients that desire to eliminate this conflict completely.



The amount of the fee is negotiated on a case-by-case basis with the client and is determined based upon a number of factors including the amount of work involved, the assets placed under management and the attention needed to manage the account. At the discretion of Raffa Investment Advisers, the Firm may consider a fixed fee arrangement in lieu of a fluctuating asset-based management fee as agreed to with the client. When fees are charged on a fixed basis, the Firm uses the fee schedule listed above, and considers other factors such as reporting needs and the frequency of client meetings, to determine the fee. The Firm shall charge a fixed fee based on a percentage of the client's assets under management at the beginning of the engagement, as well as other factors, but the fee may be adjusted to keep pace with inflation. The fixed fee will be divided into quarterly payments.

Raffa Investment Advisers reserves the right to adjust the fees schedule as it deems appropriate. This can result in different fees being charged for similar services and may be less than the stated fee schedule. However, prior to increasing the standard fee schedule of a particular client, we will receive written acknowledgment from the client of the increased fee.

Fees charged by Raffa Investment Advisers are separate and collected individually from fees charged by independent investment managers or funds. Clients that have accounts managed by investment managers will also be subject to a fee charged by the investment manager. The maximum annual fee for investment supervisory services charged by Raffa Investment Advisers will never exceed 1% and when including the fee charged by a recommended investment manager(s) or funds, the total combined fee will not exceed a total annual fee of 2.0%.

Investment advisory services begin with the effective date of the Agreement, which is the date the client signs the Investment Advisory Agreement. With the exception of the first billing cycle, fees are billed quarterly in advance based on the client's total combined Account balance as of the end of the prior quarter. The initial billing period begins the date the Agreement is signed. The initial fee is billed in arrears based on the total combined Account balance as of the end of the initial quarter. The amount due will be deducted pro-rata directly from the cash balance in the Account.

Fees will generally be deducted directly from the client's brokerage or custodial account pursuant to a written agreement between Raffa Investment Advisers and the client. Raffa Investment Advisers has instituted the following safeguards when advisory fees are deducted directly from a client's brokerage or custodial account; (i) adviser will obtain written authorization for the deduction of advisory fees from the client; the deduction of advisory fees will be processed directly by Raffa Investment Advisers; (ii) each time a fee is deducted Raffa Investment Advisers will send the custodian notice of the amount of the fee to be deducted and concurrently an invoice will be sent to the client indicating the amount of the fee deducted from the account; (iii) Dennis Gogarty will review three randomly selected invoices each quarter to verify the invoiced fee amount, the account balance used to calculate the invoiced fee amount, the account being billed, and that the invoice billing schedule matches the client's agreement.

At the discretion of Raffa Investment Advisers, the Firm may prepare and send a quarterly invoice to the client for collection of the fee in lieu of deducting the fee directly from the client's account.

Either Raffa Investment Advisers or the client may terminate the Agreement with 30 days' notice. Notice of termination must be given to the other party in writing. Upon termination, the fees charged for advisory services will be pro-rated and a refund for any unearned fees will be issued. The client is responsible to pay for services rendered until the termination of the agreement. The client can cancel the Agreement without penalty within the first five business days after the signing of the Agreement.

Clients should be aware of their responsibility to verify the accuracy of the fee calculation submitted to the custodian by Raffa Investment Advisers, as the custodian will not determine whether the fee has been properly calculated. Raffa Investment Advisers will not be compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of the client. Advisory fees charged by the Firm are separate and distinct from fees and expenses charged by mutual funds, which may be recommended to clients. A description of these fees and expenses are available in each fund's prospectus.

These fees are for advisory services only and do not include other costs that the Client may incur including but not limited to transaction fees, commissions, or other custodial fees charged by the client's custodian.

### **Qualified Plan Consulting Services**

Clients may engage Raffa Investment Advisers to provide qualified retirement plan consulting services. Qualified retirement plan consulting services include, but are not necessarily limited to, development and maintenance of model investment portfolios, recommendations regarding investment selection, educational presentations to Plan participants, and ability to consult on a one-on-one basis with Plan Participants. The exact suite of services provided to a client will be listed and detailed in the Qualified Retirement Plan Consulting Agreement.

Raffa Investment Advisers' clients can choose to grant RWM trading authority or choose to implement changes on their own. In the event client chooses to grant RWM trading authority, RWM will have a limited power of attorney to execute transactions on behalf of Client. Raffa Investment Advisers will submit trade instructions to the designated third-party administrator based upon consultation and agreement from the plan trustees for Client. Client funds and assets will be held with a third-party broker/dealer that will serve as the client's qualified custodian. See *Item 12 – Brokerage Practices* for more information.

In the event a client contracts Raffa Investment Advisers for one-on-one consulting services with Plan Participants, such services are consulting in nature and do not involve the Firm implementing recommendations in individual participant accounts. It will be the responsibility of each Participant to implement changes in their individual accounts.

### **Fees**

Fees for qualified retirement plan consulting services may be calculated and billed in advance or in arrears each quarter. Fees are based on the total market value of the Plan at the close of the quarter. The maximum fee for qualified retirement plan consulting services is as follows:

<u>Annual percentage</u>	<u>Plan Value</u>
1.00%	1 <sup>st</sup> \$1,000,000
0.75%	Next \$2,000,000
0.50%	Next \$2,000,000
0.35%	Next \$5,000,000
0.15%	Next \$15,000,000
0.10%	Over \$25,000,000

The minimum annual fee is \$2,500. Instead of the schedule above, RWM will consider a fixed fee ranging from \$2,500 to \$50,000 annually for qualified retirement plan consulting services. The primary

factors influencing the amount of the flat fee is the total plan assets and number of plan participants. RWM will consider a fee that is comprised of a combination of a fee paid by the Plan assets based on the market value of the Plan and some additional fixed fee paid directly by the client. The total annual fee, not including any initial one-time fees, charged by RWM will not exceed the schedule or range outlined above. RWM will consider charging a one-time "set up" fee not to exceed \$3,500.

The actual fee charged to a client will be noted in the Qualified Retirement Plan Consulting Agreement. Fees are generally deducted from the Plan by the custodian and paid to Raffa Investment Advisers based upon the custodian's receipt of written authorization to have the fees deducted from the Client's account and paid to the Firm. If agreed to in advance and at the discretion of Raffa Investment Advisers, the Firm will bill the Client directly rather than have fees automatically deducted from the Plan. For any Clients that the Firm bills directly, fees for our qualified retirement plan consulting services are due within 30 days after Client's receipt of the billing notice.

The Plan custodian will send statements to the Plan, at least quarterly, showing all disbursements from the Plan, including the amount of the advisory fee paid and when such fee is deducted directly from the Plan. Upon request, Raffa Investment Advisers will send the Plan a fee billing notice showing the amount of the fee that will be deducted, the manner in which the fee was calculated, any adjustments to the fee and an explanation of such adjustments.

In addition to Raffa Investment Advisers' compensation, the Client will also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses) and charges imposed by the Plan custodian and Third-Party Administrator (if applicable). Brokerage commissions and/or transaction ticket fees charged by the custodian will be billed directly to Client by the custodian. RWM will not receive any portion of such brokerage commissions or transaction fees from the custodian or Client. Service fees charged by RWM are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to Clients. A description of these fees and expenses are available in each investment company security's prospectus.

Either Client's authorized representative or Raffa Investment Advisers may terminate the Qualified Retirement Plan Consulting Agreement with 30 days written notice to the other party. A refund of any unearned fees will be made based on the time expended by the Firm before termination. A full refund of any fees paid will be made if the agreement is terminated within five business days. The Qualified Retirement Plan Consulting Agreement terminates upon failure of the Client to pay Service Fees pursuant to the terms stated in that Agreement.

### **Investment Consulting Services**

Raffa Investment Advisers offers a service whereby we provide financial and investment consultations on assets not managed or maintained by the Firm. Only accounts and portfolios for which Raffa Investment Advisers is **not** the adviser and does **not** have trading authorization on the account are eligible for this service. This service is provided to both individual and non-profit organizations. All trade implementation under this service is the responsibility of the client. Raffa Investment Advisers will not at any time have access to a client's funds, securities, or account(s) and therefore will not have authority to rebalance, reallocate or trade in the account. Client portfolios are reviewed based upon the client's specific needs and desires for future financial goals and/or objectives.

Raffa Investment Advisers provides Investment and Reserve Policy Consulting Services that involve a review or draft of the client's Investment Policy Statement (IPS). When the client has a pre-existing IPS, the Firm may review the client's current holdings to establish the level of consistency with any guidelines

and restrictions set forth in the IPS. To the extent a client does not have an IPS, Raffa Investment Advisers can be engaged with to draft an IPS based on the client's investment mandates.

Another Investment Consulting service allows for Raffa Investment Advisers to conduct a review of the client's current investment holdings including managers. We will review the portfolio performance against market benchmarks and provide an assessment of the portfolio's performance against the benchmark. Generally, we will not recommend the purchase or sale of specific investments but will provide a rating or review of the overall performance of the portfolio.

After Raffa Investment Advisers has conducted its review, a report outlining the findings of the assessments will be provided.

### **Fees**

Investment Consulting Services are provided on either a one-time basis for a flat fee or flat hourly rate, or an ongoing basis for a flat quarterly or annual fee or as a percentage of the account balance. The amount of the flat fee is typically determined based on the number of hours estimated to meet the client's needs based on the scope of each engagement. The maximum fee charged for this service will generally not exceed \$25,000 or 0.50% of the account balance and the minimum annual fee is \$500. The actual fee charged to a client is determined by Raffa Investment Advisers based on factors such as, but not limited to, the full nature and scope of the consulting engagement, the number of accounts being reviewed, the total amount of assets being reviewed, and the number of investment managers used by the client.

The fee will be quoted to the client prior to commencing services and listed in the agreement for services. A retainer based on a certain number of hours of work (typically 10 hours) or a certain portion of the total expected fee (typically half) will be due upon the client's execution of the agreement with the remaining one-half of the fees due at the time the service is completed, and results are presented to the client.

Interest will be assessed at the rate of 1.5 percent per month on all balances outstanding for longer than 30 days. If turned over for collection, the client will pay Raffa Investment Advisers the amounts outstanding plus any accrued interest and will reimburse the Firm for all costs of collection, including reasonable attorneys' fees and costs. In accordance with our policies, work can be suspended if a client's payment is 60 days or more overdue and services will not be resumed until client has paid in full. If Raffa Investment Advisers elects to terminate its services for nonpayment, the written agreement will be deemed to have been completed upon written notification of termination, even if we have not completed the written assessment report. Clients will be obligated to compensate Raffa Investment Advisers for all time expended and to reimburse the Firm for all out-of-pocket expenditures through the date of termination.

Clients are reminded that they can incur certain charges imposed by third parties other than Raffa Investment Advisers in connection with their investment accounts. These fees include but not limited to, mutual fund and custodial fees. Consulting fees charged by Raffa Investment Advisers are separate and distinct from the fees and expenses charged by investment company securities that may be held by clients. A description of these fees and expenses are available in each investment company security's prospectus.

Investment Consulting Services shall terminate upon Raffa Investment Advisers' completion and presentment of the written portfolio review assessment. In the event a client would like to terminate services prior to completion of the review, a full refund of all pre-paid fees will be provided to the client if

services are terminated within 5 days after executing the agreement for services. After the initial 5-day period, the client will be responsible for any time incurred by Raffa Investment Advisers prior to notification of termination is received.

### **Retirement Income Planning**

RWM provides Retirement Income Planning services, upon request, to clients that are individuals or couples as part of the firm's overall portfolio management process. RWM does not charge separately for this service. The fee for this service is included in the fee related to RWM's Investment Supervisory Services.

The purpose of RWM's retirement income planning service is to help clients identify and sustain a prudent level of spending. We use a Monte Carlo simulation to stress test thousands of performance outcomes using historical risk and return assumptions. In doing so, we can help identify the probability that a given portfolio allocation and withdrawal rate will sustain the income necessary to last throughout a client's projected retirement.

Our effort to identify an appropriate spending level and asset allocation strategy involves analyzing a client's current level of assets, tolerance for risk and volatility, and the amount of any additional retirement income sources (such as social security and any pension income). We consider scenarios that reflect different potential savings rates, future spending levels, and possible retirement dates before making any recommendations.

Clients receive the firm's Retirement Income Planning service only upon request and the service is either provided "one-time" or ongoing at RWM's discretion. For client's receiving Retirement Income Planning on an ongoing basis, we will identify the ideal "glide path" that the portfolio value should travel through retirement. As the actual portfolio value deviates from the glide path, positively or negatively, we will talk to the client about the action they may consider remaining within their identified investment approach.

### **Fees**

Clients are not charged additional fees for RWM's Retirement Income Planning Service. The fees for this service are paid as part of a client's fee for portfolio management services as described in the ***Investment Supervisory Services section***.

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

Item 6 of the Form ADV Part 2 instructions is not applicable to this Disclosure Brochure because Raffa Investment Advisers **does not charge or accept performance-based fees** which are defined as fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

## **Item 7 – Types of Clients**

Raffa Investment Advisers generally provides its investment advice to individuals, not-for-profit organizations, foundations and other institutions, and qualified retirement plans.

All clients are required to execute an agreement for services in order to establish a client arrangement with Raffa Investment Advisers and/or the sponsor of third-party money manager platforms.

### **Minimum Investment Amounts Required**

- Generally, the minimum dollar value of assets required to set up an investment advisory account is \$250,000. However, Raffa Investment Advisers has discretion to waive the account minimum.
- The minimum fixed fee generally charged for Investment consulting services is \$2,500.

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

#### **Raffa Investment Advisers uses the following methods of analysis in formulating investment advice.**

RWM's approach to portfolio management is based on the importance of asset allocation in reflecting the client's willingness and ability to take risk. To make customized recommendations for the overall stock to bond asset allocation targets within a client's portfolio(s), RWM seeks to ascertain the individual's or organization's ability and willingness to take risk.

With respect to selecting appropriate investment vehicles for inclusion in a fund line-up for a qualified retirement plan client, the Firm's primary method of analysis begins with a proprietary ranking system that screens available funds. The screening method evaluates approximately fifteen different factors related to each fund's holdings, fundamental characteristics, and historical risk and return. Once this screening process identifies top ranked funds in each asset class, the next step is a qualitative review of a fund's strategy. The goal in performing this analysis is to identify funds that will reliably deliver the performance of the asset class to which they are selected to provide exposure.

Some of the risks involved with using this method include the risk that the analysis will not identify the funds that perform best over any specific future time frame, that the funds fail to outperform the return of their asset class benchmark, and the funds lose value.

With respect to the investment vehicles utilized for the firm's continuous portfolio management clients, RWM uses mutual funds and exchange traded funds (ETFs) managed by the Vanguard Group and Dimensional Fund Advisors (DFA). RWM has been aware of the Vanguard Group since our inception based on the firm's size and reputation. Raffa Investment Advisers became aware of DFA while working with an outside consultant who provided research and due diligence in the selection of mutual funds. RWM does not currently contract with any external consultant for manager research or due diligence. RWM continues to maintain the relationships with DFA and Vanguard and continues to perform due diligence related to their operations, management, regulatory standing, investment style and performance. RWM remains open to considering additional mutual fund providers and would not hesitate to replace either Vanguard or DFA funds if we believed that either were failing to perform within RWMs range of expectation, made material changes to their investment styles or approach, or failed to meet RWM's standards related to reasonableness of fees, manager skill, or regulatory deficiencies. Through RWM's ongoing mutual fund due diligence related to the firm's qualified retirement plan clients, RWM continues to evaluate a broad universe of mutual funds and remains open to replacing any of the mutual funds currently held in client accounts with mutual funds managed by a different provider if we believe doing so would be advantageous to the client. However, given how closely Raffa Investment Advisers' investment philosophy is aligned with the management approach of the Vanguard Group and Dimensional Fund Advisors it is likely that Raffa Investment Advisers' clients will remain primarily invested with these two mutual fund managers.

**Raffa Investment Advisers uses the following investment strategies when managing client assets and/or providing investment advice.**

Raffa Investment Advisers' strategy is to diversify completely so as to minimize unique business, sector, or country risks and to use a mix of stocks and bonds to deliver the optimal level of risk for each client. In implementing such a strategy, the Firm primarily uses passively managed mutual funds or exchange traded funds that seek to deliver or exceed the returns of the asset class benchmark to which they are providing exposure. Some of the risks involved with recommending mutual funds are general market risk. Some of the risks involved in recommending exchange traded funds are general market risks as well as liquidity or marketability risks in trading execution.

Raffa Investment Advisers has developed investment model portfolios based on the Firm's asset allocation approach. Four central tenants form the basis for the approach:

1. Comprehensive market diversification minimizes the risks inherent in concentrating investments in relatively few companies, industries, sectors, or countries.
2. A portfolio's asset allocation determines its results. Emphasizing the risks inherent in small and value-oriented companies can increase expected returns – commensurate with additional levels of risk.
3. The role of fixed income in a portfolio is to reduce overall volatility and high quality, shorter term bonds perform this function most effectively.
4. Investment fees detract directly from investment results. In an effort to maximize the potential for investment results, portfolios should reduce unnecessary expenses – meaning those associated with speculation and market-timing.

Such a broadly diversified, precise, and efficient approach seeks to deliver the optimal level of risk for each client in pursuit of their long-term investment goals.

The risks inherent in such a strategy are the risks of investing in general – which involve the potential for market losses. Investing in small company stocks, stocks with a value orientation, and stocks from emerging market countries carry additional risks and may lose value more sharply and to a greater extent during down periods in the market. Investing in fixed income securities involves credit risk including the risk of default and interest rate risk.

In addition, we use some of the following general investment strategies when providing advice and managing accounts.

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

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

Major strategic investment decisions are supported by the firm’s External Investment Committee (the Committee), which is comprised of a group (5-7) of industry professionals and collegiate academics. The Committee meets as a group on an as needed basis and specific members may be consulted throughout the year based on their area of expertise. The Committee did not meet in 2017. Prior to 2017, the EIC had been meeting annually. The committee met in 2018 and typically meets once every year or two. The strategic recommendations made by the EIC are not client specific but relate broadly to the firm’s overall investment strategy. This enables the Committee to focus on generalized and impersonal investment decisions. Committee members not affiliated with Raffa Investment Advisers do not receive specific client information unless the client has authorized Raffa Investment Advisers to share the client’s information with the Committee. Committee members not affiliated with Raffa Investment Advisers may or may not be affiliated with other investment advisory firms, but they are not investment advisory representatives of Raffa Investment Advisers. Committee members are compensated by Raffa Investment Advisers and therefore indirectly compensated by client fees paid to Raffa Investment Advisers. However, Raffa Investment Advisers’ use of an investment committee does not increase the overall fees charged to clients.

### **Receiving Economic Benefits from Mutual Fund Providers**

As part of the institutional advisory services offered by Vanguard and DFA, Raffa Investment Advisers receives benefits that it would not receive if it did not utilize mutual funds and ETFs to invest client funds. While there is no direct affiliation or fee sharing arrangement between Vanguard or DFA and Raffa Investment Advisers, economic benefits are received by the Firm which would not be received if we did not have a relationship with these companies. These benefits include access to research and educational content related to investing and practice management, utilization of asset allocation modeling and retirement income simulation software, and a dedicated support team or individual. Although many of the resources and benefits we receive from Vanguard and DFA benefit our clients or benefit their accounts, accessing content related to practice management benefits only our firm because it is intended to help us manage and further develop our business enterprise. Vanguard and DFA will provide some of these services itself. In other cases, they will arrange for third-party vendors to provide the services to us. Vanguard and DFA provide us with other benefits such as occasional business entertainment of our personnel.

The availability of these services from Vanguard and DFA benefit us because we do not have to produce or purchase them. This is a conflict of interest. However, RWM has never made any commitment to direct business to either of these companies. While it is understood that these resources would not be available in the event, we didn’t maintain some allocation to funds managed by Vanguard or DFA, no minimum level of assets has been stated by either provider. We do not view having to maintain some minimal allocation to funds managed by Vanguard or DFA as a material conflict of interest. Our selection of Vanguard and DFA as mutual fund providers and managers is made in the overall best interests of our clients and pursuant to our ongoing due diligence and investment selection process. It is primarily supported by the approach, cost, and long-term track record of each of these providers as previously described above.



## **Risk of Loss**

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

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

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- ETF and Mutual Fund Risk – When our Firm invests in an ETF or mutual fund, it will bear additional expenses based on its pro rata share of the ETFs or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our Firm varies with the success and failure of our investment strategies, research, analysis and determination of

portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

### **Item 9 – Disciplinary Information**

This item is not applicable to our brochure because there are no legal or disciplinary events listed at Item 9 of the Form ADV Part 2 instructions that are material to a client's or prospective client's evaluation of our business or integrity.

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

Raffa Investment Advisers is an investment advisory firm and only provides investment advisory services. The Firm is not engaged in any other business activities and offers no other services than those described in this Disclosure Brochure. Raffa Investment Advisers is **not** and does **not** have a related company that is a (1) broker/dealer, municipal securities dealer, government securities dealer or broker, (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), (3) other investment adviser or financial planner, (4) futures commission merchant, commodity pool operator, or commodity trading advisor, (5) banking or thrift institution, (6) lawyer or law firm, (7) pension consultant, (8) real estate broker or dealer, or (9) sponsor or syndicator of limited partnerships.

While Raffa Investment Advisers does not sell products or services other than investment advice, Raffa Investment Advisers' related persons, Mr. Thomas Raffa and Mr. Steven Heger, are also principals of a related entity.

#### **Affiliated Companies and Principal's Other Business Activities**

Mr. Thomas Raffa leads the Nonprofit and Social Sector Group of Marcum, LLP, a large public accounting and advisory services firm with offices throughout the US. Prior to his role at Marcum, Mr. Raffa was the Managing Principal for Raffa, PC, a professional accounting and consulting firm. Mr. Raffa continues to be a principal at Raffa Financial Services, Inc. which provides employee benefits brokerage services and other insurance products. There is no fee-paying arrangement in existence for the referral of clients between Raffa Investment Advisers and Raffa Financial Services, however each entity has an economic incentive to refer clients to the other because the firms are related entities (i.e., under common ownership). There is no fee-paying arrangement in existence for the referral of clients between Raffa Investment Advisers and Marcum LLP, however each entity has an economic incentive to refer client to the other because of Mr. Raffa's ownership interest in Raffa Investment Advisers and his direct financial incentive to grow the Nonprofit and Social Sector Group of Marcum, LLP. While Mr. Raffa spends the majority of his time in his role at Marcum LLP, he remains active in Raffa Investment Advisers by maintaining existing client relationships, fostering new client relationships, and engaging in overall business strategy.

Mr. Steven Heger is a principal in Raffa Financial Services, Inc. He is a licensed insurance agent and also a registered representative of LPL Financial registered broker-dealer, member FINRA/SIPC. Mr. Heger is also an investment adviser representative of LPL. He is also an investment adviser representative with Global Retirement Partners LLC (GRP).

Mr. Heger spends nearly 100% of his time on the business activities related to Raffa Financial Services, Inc. and his affiliation with LPL and GRP. Although Mr. Heger is a part owner of Raffa Investment Advisers; he does not provide investment advice to clients of the Firm. Mr. Heger is not involved in the

day-to-day operations of Raffa Investment Advisers nor does he make decisions regarding the Firm's business operations and advisory services. However, we may refer clients to Mr. Heger, and he can refer his clients to Raffa Investment Advisers. Please understand you are never obligated or required to work with Mr. Heger in his separate capacity as a licensed insurance agent, as an LPL registered representative/investment adviser representative or Global Retirement Partners LLC investment adviser representative. Moreover, Mr. Heger's clients are not obligated or required to work with Raffa Investment Advisers and can work with any financial professional they choose.

Mr. Dennis P. Gogarty is licensed as an insurance agent. If you are in need of insurance products, he can refer you to Raffa Financial Services. Please refer to Mr. Gogarty's Form ADV Part 2B Brochure Supplement available towards the back of this brochure for details regarding Mr. Gogarty's arrangement with Raffa Financial Services and share of commissions he earns.

### **Selection of other Investment Managers**

As described in *Item 5 – Fees and Compensation*, Raffa Investment Advisers can refer clients to third-party investment managers depending on each client's individual financial needs and circumstances.

Unlike many investment advisors that refer their clients to third-party managers, when we refer clients to a third-party manager, we will not receive a referral or solicitor fee from the third-party manager. Nor will we receive any portion of the fee charged by the third-party manager to the client. Therefore, our recommendations of third-party managers are based solely on our evaluation criteria and each client's individual needs and not based on compensation we could receive.

### **The Study on Nonprofit Investing (SONI)**

RWM conducts an annual survey of nonprofit finance executives about their investment policies, performance, and fees. First launched in 2012, the annual Study on Nonprofit Investing (SONI) survey and reports seek to empower nonprofits by providing them with actionable peer benchmarking data so they can make better informed decisions about their investments. The SONI results are segmented by nonprofit type, and further categorized by budget or investment reserve size. For example, SONI examines the following:

- How do nonprofits segment total cash assets among short and longer-term objectives?
- How much investment risk do nonprofits take with longer-term investments?
- How much investment risk do nonprofits take with shorter-term investments?
- How much do nonprofits pay for investment services?
- How much are nonprofits earning from their investments?
- How can nonprofits strengthen their investment policy to effectively guide decision-making?

The views expressed in SONI are opinions reflecting the best professional judgment of Raffa Investment Advisers. SONI is for informational purposes only. Participant responses are not been verified or audited. The information contained has been gathered from sources we believe to be reliable, but we do not guarantee the accuracy or completeness of such information. Data analysis was performed by Raffa Investment Advisers.

RWM provides the full SONI report for free to all of the survey participants. The report is made available for purchase to those that did not participate. Custom reports are also available for purchase. RWM does not consider these reports as providing investment advice.

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

Raffa Investment Advisers, its principals and employees may, on a limited basis, purchase securities for their personal accounts which can also be recommended to clients. Although related persons invest in the same securities that the Firm recommends to clients, the nature of the investment vehicles used by the Firm greatly reduces the conflicts that arise in connection with personal trading. To further avoid any conflicts of interest involving personal trades, Raffa Investment Advisers has adopted a formal code of ethics (the “Code”) which includes a personal securities transaction and insider trading policies and procedures. Adviser’s Code requires, among other things, that employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of clients, and the interests of Raffa Investment Advisers above one’s own personal interests;
- Adhere to the fundamental standard that you should not take inappropriate advantage of your position;
- Avoid any conflicts of interest;
- Conduct all personal securities transactions in a manner consistent with this policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on yourself and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve your professional competence and strive to maintain and improve the competence of other investment professionals.
- Comply with applicable provisions of the federal securities laws.

Raffa Investment Advisers’ Code also requires employees to 1) pre-clear personal securities transactions involving private placements and initial public offerings, 2) report personal securities transactions on at least a quarterly basis, and 3) provide the Firm with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest.

This disclosure is provided to give all clients a summary of Raffa Investment Advisers’ Code of Ethics. **However, if a client or a potential client wishes to review the Firm’s Code of Ethics in its entirety, a copy will be provided promptly upon request.**

## Item 12 – Brokerage Practices

In the course of providing our services, Raffa Investment Advisers will execute trades for our clients through broker-dealers recommended by the Firm. Our general guiding principle is to trade through broker-dealers who offer the best overall execution under the particular circumstances. With respect to execution, Raffa Investment Advisers considers a number of factors, including if the broker has custody of client assets, the actual handling of the order, the ability of the broker-dealer to settle the trade promptly and accurately, the financial standing of the broker-dealer, the ability of the broker-dealer to position stock to facilitate execution, our past experience with similar trades, and other factors which may be unique to a

particular order. Based on these judgmental factors, we may trade through broker-dealers that charge fees that are higher than the lowest available fees.

Absent an existing brokerage relationship Raffa Investment Advisers will assist the client with developing a relationship with the Institutional Division of Charles Schwab & Company, Inc. (Charles Schwab).

In the event the client directs Raffa Investment Advisers to use a particular broker dealer other than Charles Schwab, the Firm and/or investment manager may be unable to negotiate commissions and to obtain volume discounts or best execution. In such circumstances, Client is responsible for negotiating the terms and arrangements for the Account with that broker or dealer. Raffa Investment Advisers will not seek better execution services or prices from other broker-dealers or be able to aggregate Client's transactions, for execution through other brokers or dealers, with orders for other accounts advised or managed by the Firm. As a result, the Firm may not obtain best execution on behalf of Client, who may pay materially disparate commissions, greater spreads or other transaction costs, or receive less favorable net prices on transactions for the Account than would otherwise be the case.

Raffa Investment Advisers is not obligated to acquire for any account any security that we or our officers, partners, members or employees may acquire for their own accounts or for the account of any other client, if in the Firm's absolute discretion it is not practical or desirable to acquire a position in such security.

Raffa Investment Advisers recommends the use of Charles Schwab based on the services provided by Charles Schwab, such as ability to execute trades, margin rates, on-line access to accounts, transaction charges, duplicate monthly statements, access to mutual funds.

As part of the institutional programs offered by Charles Schwab, Raffa Investment Advisers receives benefits that it would not receive if it did not provide investment advice to clients. While there is no direct affiliation or fee sharing arrangement between Schwab and Raffa Investment Advisers, economic benefits are received by the Firm which would not be received if we did not have an established relationship with these companies. These benefits do not depend on the amount of transactions directed by the Firm to Charles Schwab. These benefits include: a dedicated trading desk that services the Firm's clients, a dedicated service group and an account services manager dedicated to the Firm's accounts, access to a real time order matching system, ability to block client trades, electronic download of trades, portfolio management software, access to an electronic interface, duplicate and batched client statements, confirmations and year-end summaries, the ability to have advisory fees directly debited from client accounts (in accordance with federal and state requirements), a quarterly newsletter, access to mutual funds, ability to have loads waived for the Firm's clients who invest in certain loaded funds when certain conditions are met and maintained, and the ability to have custody fees waived.

Although many of the services and benefits we receive from Charles Schwab benefit our clients or benefit their accounts, there are some services that benefit only our firm because they are intended to help us manage and further develop our business enterprise. These services include:

1. Educational conferences and events including those sponsored by Charles Schwab such as their IMPACT Conference; and
2. Publications and conferences on practice management and business succession.

Charles Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Charles Schwab may also discount or waive its fees for some of

these services or pay all or a part of a third party's fees. Charles Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

### **Our Interest in Schwab's Services**

The availability of these services from Charles Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Charles Schwab's services so long as we keep a total of at least \$10 million of client assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum results in an incentive for us to recommend or request that you maintain your account with Charles Schwab based on our interest in receiving Charles Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that our selection of Charles Schwab as custodian and broker is made in the best interests of our clients. It is primarily supported by the scope, quality and price of Charles Schwab's services as previously described above and not Charles Schwab's services that benefit only us. We have over \$600 million in client assets under management and do not believe that maintaining at least \$10 million of those assets at Charles Schwab in order to avoid paying Charles Schwab quarterly service fees presents a material conflict of interest.

### **Handling of Trade Errors.**

Raffa Investment Advisers has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of Raffa Investment Advisers to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by Raffa Investment Advisers if the error was caused by the Firm. If the error is caused by the broker-dealer, the broker-dealer will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will remain in the client's account unless the same error involved other client account(s) that should also receive the gains and it is not permissible for all clients to retain the gain. Raffa Investment Advisers may also confer with clients to determine if the client should forego the gain (e.g., due to tax reasons). Raffa Investment Advisers will never benefit or profit from trade errors.

### **Trading Policy**

Our trading policy is to implement all client orders on an individual basis. Therefore, we do not aggregate or "block" client transactions. Considering the types of investments we hold in advisory client accounts; we do not believe clients are hindered in any way because we trade accounts individually. This is because we develop individualized investment strategies for clients and holdings will vary. Further, the investments we are responsible for trading in client accounts are typically limited to mutual funds, ETFs, and other broadly traded positions. Our strategies are primarily developed for the long-term and minor differences in price execution are not material to our overall investment strategy.

## **Item 13 – Review of Accounts**

### **Investment Account Reviews and Reviewers**

Generally, client accounts are reviewed on a quarterly basis by Mark Murphy, Chief Investment Officer. Considerations taken into account during the review include, but are not limited to asset allocation, risk

profile, performance and unusual anomalies. Significant market fluctuations, changes in a client's financial circumstances or substantial contributions or withdrawals in a client's account are factors that can trigger a review.

### **Retirement Income Planning Reviews**

Clients receiving on-going retirement income planning services will receive updates to their income plan upon request or as part of the regular review of their investment portfolio with Raffa Investment Advisers. Dennis P. Gogarty, Mark Murphy, Ryan Frydenlund, or Kim Speese are responsible for preparing retirement income plans.

### **Statements and Reports**

Raffa Investment Advisers sends clients an update of their portfolio activity and performance on a monthly basis. In addition, clients can receive an additional performance evaluation report, upon request, which will address asset allocation, securities holdings and account performance. Such reports are provided on a quarterly or as-needed basis as determined by Raffa Investment Advisers or requested by the client. Clients are able to include accounts not managed by the Firm in reports provided by the Firm. Under these situations, we will not have responsibility to review or provide advice regarding the account and it is the client's responsibility to inform us of additional accounts to be included in the report.

Clients will also receive quarterly account statements directly from their qualified custodian (e.g. broker/dealer). Raffa Investment Advisers strongly urges all clients to closely review all account statements received from qualified custodians. Further, clients are urged to compare the statements received from qualified custodians against the statements and reports generated by the Firm.

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

- Raffa Investment Advisers does not directly or indirectly *compensate* anybody for client referrals.
- Please refer to the description of benefits from broker/dealers described in *Item 12* of this Disclosure Brochure. Such benefits can be considered other compensation.
- Raffa Investment Advisers' associated persons in their capacities as independent insurance agents and affiliates of Raffa Financial Services can receive commissions and other incentive awards for the recommendation/sale of annuities and other insurance products. The receipt of this compensation can affect the judgment of Raffa Financial Services and Raffa Investment Advisers' associated persons when recommending products to its clients. While Raffa Investment Advisers' associated persons endeavor at all time to put the interest of the clients first as a part of the Firm's fiduciary duty, clients should be aware that the receipt of commission and additional compensation itself creates a conflict of interest and can affect the judgment of Raffa Financial Services and these individuals when making recommendations.

## **Item 15 – Custody**

Custody, as it applies to investment advisers, has been defined by the SEC as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

Raffa Investment Advisers is given the authority from clients to deduct advisory fees directly from client accounts. Such authority is deemed to be custody as defined by the SEC. However, this is the only form of custody Raffa Investment Advisers will maintain. Raffa Investment Advisers has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client (other than an affiliated person of Adviser or Raffa Financial Services) are also notified, in writing of the qualified custodian's name, address and the manner in which the funds or securities are maintained, promptly when the account is opened and following any changes. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative (other than an affiliated person of Adviser, or Raffa Financial Services), at least quarterly. **Clients are strongly urged to compare any statements or reports from Raffa Investment Advisers against the account statements received directly from qualified custodians.**

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

Through its investment supervisory services and upon receiving written authorization from a client, Raffa Investment Advisers will maintain trading authorization over client accounts. Upon receiving written authorization from the client, the Firm may implement trades on a **discretionary** basis. When discretionary authority is granted, the Firm will have the authority to determine the type of securities and the amount of securities that can be bought or sold for the client's portfolio without obtaining the client's consent for each transaction. However, it is the policy of Raffa Investment Advisers to consult with the client prior to making significant changes in the account even when discretionary trading authority is granted by the client.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

All clients have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. Clients may also place reasonable limitations on the discretionary power granted to our Firm so long as the limitations are specifically set forth or included as an attachment to the client agreement.

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

Raffa Investment Advisers will not vote proxies on behalf of your account. While there are some investment advisors that will vote proxies and other corporate decisions on behalf of their clients, we have determined that taking on the responsibility for voting client securities does not add enough value to the services provided to clients to justify the additional compliance and regulatory costs associated with



voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in accounts managed by our Firm.

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

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

This item is not applicable to this brochure. Raffa Investment Advisers does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.

## Information Required by Part 2B of Form ADV: *Brochure Supplement*

### **Dennis P. Gogarty, Managing Member, Chief Compliance Officer and Financial Advisor**

#### ***Item 1 – Cover Page***

This brochure supplement provides information about Dennis Gogarty that supplements the information previously provided in this brochure. Please contact him at (202) 955-6734 if you have any questions about the contents of this supplement.

Additional information Dennis Gogarty is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

#### ***Item 2 – Educational Background and Business Experience***

Born: 1970

##### Formal Education After High School:

- Frostburg State University, BS in Marketing, 1992

##### Business Experience for the Preceding Five Years:

- July 2005 to Present: Raffa Investment Advisers – Managing Member/Chief Compliance Officer

#### ***Item 3 – Disciplinary Information***

Mr. Gogarty has never been subject to a legal or disciplinary event required to be reported by the Form ADV Part 2B – Brochure Supplement instructions.

#### ***Item 4 – Other Business Activities***

Mr. Gogarty is independently licensed as an insurance agent. Although licensed, Mr. Gogarty's practice does not actively involve selling insurance products to clients. Instead, Mr. Gogarty will refer clients in need of insurance products to Raffa Financial Services. Mr. Gogarty has an arrangement with Raffa Financial Services to receive a portion of the commissions earned from insurance products sold to his clients through Raffa Financial Services. The receipt of compensation can affect the judgment of Mr. Gogarty when recommending Raffa Financial Services and providing insurance advice, in general, to his clients. While Mr. Gogarty endeavors at all times to put the interest of his clients first as a part of Raffa Investment Advisers' overall fiduciary duty to clients, clients should be aware that the receipt of commissions itself creates a conflict of interest and can affect Mr. Gogarty's decision making process when making recommendations. Clients are never obligated or required to purchase insurance products from or through Raffa Financial Services and may choose any independent insurance agent and insurance company to purchase insurance products. Regardless of the insurance agent selected, the insurance agent or agency will receive normal commissions from the sale.

#### ***Item 5 – Additional Compensation***

Mr. Gogarty does not receive compensation in addition to the fees described in Item 5 and benefits described in Item 14 of this Disclosure Brochure. As disclosed in Item 4 above, Mr. Gogarty will receive a portion of the insurance commissions earned by Raffa Financial Services when selling insurance products.

#### ***Item 6 – Supervision***

Mr. Gogarty is the Chief Compliance Officer of Raffa Investment Advisers and ultimately responsible for supervising activities and services provided by the Firm. Investment accounts and investment programs are reviewed as frequently as weekly.

**Mark P. Murphy, Chief Investment Officer**

**Item 1 – Cover Page**

This brochure supplement provides information about Mark Murphy that supplements the information previously provided in this brochure. Please contact him (202) 955-6734 if you have any questions about the contents of this supplement.

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

**Item 2 – Educational Background and Business Experience**

Born: 1982

Formal Education After High School:

- University of Richmond, BSBA with concentrations in Finance and Accounting, 2004
- University College Dublin, One Semester

Business Experience for the Preceding Five Years:

- July 2010 to Present: Raffa Investment Advisers – Senior Portfolio Manager
- November 2006 to July 2010: CapitalSource Bank - Senior Account Executive
- June 2004 to November 2006: Cambridge Associates LLC – Investment Performance Analyst

**Item 3 – Disciplinary Information**

Mr. Murphy has never been subject to a legal or disciplinary event required to be reported by the Form ADV Part 2B – Brochure Supplement instructions.

**Item 4 – Other Business Activities**

Mr. Murphy is not engaged in any business activities outside of his role with Raffa Investment Advisers.

**Item 5 – Additional Compensation**

Mr. Murphy does not receive compensation in addition to the fees described in Item 5 and benefits describes in Item 14 of this Disclosure Brochure.

**Item 6 – Supervision**

Mr. Murphy is a Senior Portfolio Manager and he is supervised directly by the Firm's Chief Compliance Officer, Dennis Gogarty who may be reached at (202) 955-6734.

**Ryan Frydenlund, Senior Portfolio Manager**

***Item 1 – Cover Page***

This brochure supplement provides information about Ryan Frydenlund that supplements the information previously provided in this brochure. Please contact him at (202) 955-6734 if you have any questions about the contents of this supplement.

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

***Item 2 – Educational Background and Business Experience***

Born 1992:

Formal Education after High School:

- Wake Forest University, BS in Finance, 2014

Business Experience for the Preceding Five Years:

- February 2017 to Present: Raffa Investment Advisers – Portfolio Manager
- December 2014 – January 2017: Cambridge Associates, LLC – Investment Operations Analyst

***Item 3 – Disciplinary Information***

Mr. Frydenlund has never been subject to a legal or disciplinary event required to be reported by the Form ADV Part 2B – Brochure Supplement instructions.

***Item 4 – Other Business Activities***

Mr. Frydenlund is not engaged in any business activities outside of his role with Raffa Investment Advisers.

***Item 5 – Additional Compensation***

Mr. Frydenlund does not receive compensation in addition to the fees described in Item 5 and benefits described in Item 14 of this Disclosure Brochure.

***Item 6 – Supervision***

Mr. Frydenlund is a Portfolio Manager and he is supervised directly by the Firm's Chief Compliance Officer, Dennis Gogarty who may be reached at (202) 955-6734.

## **Kimberly Speese, Investment Adviser Representative**

### **Item 1 – Cover Page**

This brochure supplement provides information about Kimberly Speese that supplements the information previously provided in this brochure. Please contact her at (202) 955-6734 if you have any questions about the contents of this supplement.

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

### **Item 2 – Educational Background and Business Experience**

Born 1989:

#### **Formal Education after High School:**

- Towson University, BS in Business Administration, 2012

#### **Business Experience for the Preceding Five Years:**

- June 2020 to Present: Raffa Investment Advisers – Investment Adviser Representative
- September 2019 to May 2020: Fidelity Brokerage Services – Relationship Manager
- November 2017 to September 2019 – Bank of America – Financial Advisor
- July 2017 to September 2019 – Merrill Lynch, Pierce, Fenner & Smith, Inc. – Financial Advisor
- December 2016 to July 2017 – Unemployed
- June 2016 to December 2016 – Morgan Stanley – Financial Advisor
- September 2015 to May 2016 – Raymond James Financial Services, Inc. – Registered Representative
- March 2015 to May 2016 – SPC Financial, Inc. – Client Service Associate
- April 2013 to January 2015 – Morgan Stanley - Analyst

### **Item 3 – Disciplinary Information**

Ms. Speese has never been subject to a legal or disciplinary event required to be reported by the Form ADV Part 2B – Brochure Supplement instructions.

### **Item 4 – Other Business Activities**

Ms. Speese is not engaged in any business activities outside of her role with Raffa Investment Advisers.

### **Item 5 – Additional Compensation**

Ms. Speese does not receive compensation in addition to the fees described in Item 5 and benefits described in Item 14 of this Disclosure Brochure.

### **Item 6 – Supervision**

Ms. Speese is an Investment Adviser Representative and she is supervised directly by the Firm's Chief Compliance Officer, Dennis Gogarty who may be reached at (202) 955-6734.

## **Joseph Guest, Investment Adviser Representative**

### **Item 1 – Cover Page**

This brochure supplement provides information about Joseph Guest that supplements the information previously provided in this brochure. Please contact him at (202) 955-6734 if you have any questions about the contents of this supplement.

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

### **Item 2 – Educational Background and Business Experience**

Born 1982:

#### Formal Education after High School:

- Depaul University, BS in Economics and Accounting, 2011
- Southern Illinois University, no degree attained, 9/2000 – 08/2001

#### Business Experience for the Preceding Five Years:

- December 2020 to Present: Raffa Investment Advisers – Investment Adviser Representative
- June 2020 to November 2020: Unemployed
- December 2013 to May 2020 – Fairhaven Wealth Management – Head of Operations

### **Item 3 – Disciplinary Information**

Mr. Guest has never been subject to a legal or disciplinary event required to be reported by the Form ADV Part 2B – Brochure Supplement instructions.

### **Item 4 – Other Business Activities**

Mr. Guest is not engaged in any business activities outside of his role with Raffa Investment Advisers.

### **Item 5 – Additional Compensation**

Mr. Guest does not receive compensation in addition to the fees described in Item 5 and benefits described in Item 14 of this Disclosure Brochure.

### **Item 6 – Supervision**

Mr. Guest is an Investment Adviser Representative and he is supervised directly by the Firm's Chief Compliance Officer, Dennis Gogarty who may be reached at (202) 955-6734.

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