

**Item 1 Cover Page**



Registered As:

# Rhino Wealth Management, Inc.

Doing Business As: Rhino Wealth Management

Registered Investment Adviser

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January 14, 2019

**NOTICE TO PROSPECTIVE CLIENTS: READ THIS DISCLOSURE BROCHURE IN ITS ENTIRETY**

All the material within this Brochure must be reviewed by those who are considering becoming a client of our firm. This Brochure provides information about the qualifications and business practices of Rhino Wealth Management, Inc. doing business as Rhino Wealth Management. If you have any questions about the contents of this Brochure, please contact us at (704) 827-9000 or through our website at [www.rhinowealth.com](http://www.rhinowealth.com).

In accordance with federal and state regulations, this Brochure is on file with the appropriate securities regulatory authorities as required. The information provided within this Brochure is not to be construed as an endorsement or recommendation by state securities authorities in any jurisdiction within the United States, or by the United States Securities and Exchange Commission. 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. Rhino Wealth Management is registered as an Investment Adviser in the state of North Carolina and South Carolina. Registration of a registered Investment Adviser does not imply any level of skill or training. Additional information about Rhino Wealth Management also is available on the SEC's Web Site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Rhino Wealth Management, Inc.'s CRD number is: 171388.

**Item 2 – Material Changes**

This brochure is prepared in the revised format required beginning in 2011. Registered Investment Advisers are required to use this format to inform clients of the nature of advisory services provided, types of clients served, fees charged, potential conflicts of interest and other information. The brochure requirements include the annual provision of a Summary of Material Changes (the “Summary”) reflecting any material changes to our policies, practices, or conflicts of interest made since our last required “annual update” filing. In the event of any material changes, clients will be notified of the change(s) within thirty (30) days. In addition, such summary is provided to all clients within 120 days of our fiscal year-end. Our last annual update was filed on [January 12, 2018](#). Of course, the complete brochure is available to clients at any time upon request.

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**Item 4 – Advisory Business**

- As of December 31, 2018, the firm has \$43,500,000 of discretionary assets under management.
- **Firm Information** - Rhino Wealth Management, Inc. is a Registered Investment Adviser located in the state of North Carolina regulated by the North Carolina Department of the Secretary of State Securities Division. Rhino Wealth Management is also registered as an Investment Adviser in South Carolina, regulated by the Office of the Attorney General - Securities Division. The firm's founding member, Stephen Todd Van Der Meid, incorporated the firm as Rhino Financial, Inc. in January of 2002 as an entity; not a Registered Investment Adviser. In 2014, the name was changed from Rhino Financial, Inc. to Rhino Wealth Management, Inc. and registered as an Independent Investment Adviser in North Carolina.
- **Primary Advisory Services** - Rhino Wealth Management manages investment portfolios for individual clients, high-net worth families and small businesses for a fee as described below and as specified in the asset management agreement. Rhino Wealth Management also offers personal financial planning for an hourly fee or a flat fee per engagement.
- **Asset Management Service** - Rhino Wealth Management provides ongoing discretionary investment management of assets in a client's custodial account held with a qualified custodian. As a discretionary Investment Adviser, Rhino Wealth Management will have the authority to supervise and direct the portfolio without prior consultation with the client. Assets held in client accounts may include mutual funds, exchange-traded funds ("ETFs"), variable annuity subaccounts, real estate investment trusts ("REITs"), equities, and fixed income securities.
- **Asset Management Process** - We begin the Asset Management Process with a *Client Profile* to better understand the client's goals, family and financial status. We give all clients access to an *Online Financial Planning Portal* to allow clients to aggregate other asset and liability accounts and share information that may give us a more complete picture of their financial status. The client selects an *Investment Objective* which is influenced by their investment goals, return requirements and risk tolerance. Client accounts are generally invested in a *Portfolio Model* corresponding to the risk/return characteristics of the selected investment objective. Portfolio models are constructed using a definable, measurable and repeatable *investment selection process*. The components of our asset management process are outlined below.

- **Client Profile** - Upon initial engagement, we collect from clients, and review annually with clients, information forming a client profile. The client profile information includes but is not limited to:

- Contact Information
- Demographic Information
- Employment Information
- Family Information
- Beneficiary Information
- Social Security Number
- Date of Birth
- Government Issued Identification
- Investment Experience
- Time Horizon
- Source of Current Income
- Net Worth
- Liquid Net Worth
- Investment Objective
- Document Delivery Preference
- Financial Status

- **Online Financial Planning Portal** - All clients are given access to a collaborative online financial planning portal. Clients can choose if, and to what degree, they wish to utilize this tool. Accounts at other financial institutions can be linked to track holdings and balances. Client financial information can also be entered manually. The data is used to provide the client with more individualized advice. The portal gives the client access to calculators to solve many financial planning questions. The portal also includes a digital vault that allows clients to store important documents.

- **Investment Objective** - Clients select one of the six investment objectives listed below:

- Aggressive Growth
- Growth
- Growth with Income
- Income with Growth
- Income with Capital Preservation
- Trading

Each investment objective has its own risk/return characteristics. When selecting an investment objective, clients should consider their investment return requirements as well as their comfort level with variations in returns. Rhino Wealth Management makes an online risk tolerance questionnaire available to help clients determine and understand their risk tolerance. On account opening and annually, Rhino Wealth Management will review the client's investment objective selection for suitability considering the client's goals, age, and financial status.

- **Portfolio Models** - Client accounts are invested in portfolio models with risk/return characteristics that correspond to the clients selected investment objective. Models are constructed using mutual funds and exchange traded funds. Portfolio models are invested in a diversified mix of equity and fixed income asset classes. Asset classes are weighted to provide a risk/return profile which aligns with a specific investment objective. Client accounts are invested in models along with other clients' accounts sharing the same investment objective.

- **Investment Selection Process** - Asset classes are chosen based on our understanding of current trends in global economic conditions, monetary policy, inflation rates, unemployment rates, political policies, demographics and the business cycle. This information provides insight into asset classes that may provide good investment opportunities in the intermediate term. For each asset class, we seek investments with a history of meeting or outperforming its benchmark on a risk adjusted basis. In choosing one investment option over another we may consider the experience and performance history of the management team. We may also consider various statistical measures including standard deviation, alpha and beta coefficients, Sharps ratio and Treynor ratio.
- **Financial Planning Services** - As part of our financial planning services, Rhino Wealth Management provides personal financial planning tailored to the individual needs of the client. These services may include, as selected by the client on the Financial Planning Agreement, information and recommendations regarding tax planning, investment planning, retirement planning, estate needs, business needs, education planning, life and disability insurance needs, long-term care needs and cash flow/budget planning. The services consider information collected from the client such as financial status, investment objectives and tax status, among other data. Fees for such services are negotiable and detailed in the client agreement.

The financial plan may include generic recommendations as to general types of investment products or specific securities which may be appropriate for the client to invest in given his/her financial situation and objectives. The client is under no obligation to act upon the Investment Adviser's recommendation or to invest in such securities through Rhino Wealth Management. However, if the client desires to implement his/her financial plan, Rhino Wealth Management may make a variety of products and services available through its Investment Adviser Representatives. This may result in the payment of normal and customary advisory fees to Rhino Wealth Management. Please see **Item 5** – Fees and Compensation for additional information.

- **Hourly Consulting Services** - Rhino Wealth Management, through its Investment Adviser Representatives offers consulting services on an hourly basis. These services include, as selected by the client in the consulting agreement, advice regarding tax planning, investment planning, retirement planning, estate planning, cash flow/budget planning, business planning, education planning, and personal financial planning. The services consider information collected from the client such as financial status, investment objectives and tax status, among other data. The Investment Adviser Representatives may or may not deliver to the client a written analysis or report as part of the services. The Investment Adviser Representatives tailor the hourly consulting services to the individual needs of the client. The engagement terminates upon final consultation with the client. The negotiated hourly fee for these services is \$200. Fees are

charged 50% in advance, but never more than six months in advance, with the remainder due upon presentation of the plan.

- **Directly Held Accounts** - Rhino Wealth Management offers asset allocation services and investment recommendations to clients regarding variable annuities, 529 college savings plans, and/or individual employer-sponsored retirement and deferred compensation plans. We either direct on a discretionary basis or recommend the allocation of assets among the various mutual fund and investment choices offered by the variable annuity, 529 plan or retirement/deferred compensation plan. Your assets are maintained at either the specific fund company or insurance company that issued the variable annuity or 529 plan or at the custodian designated by the sponsor of your retirement/deferred compensation plan.
  
- **Other Considerations**
  - Rhino Wealth Management does not purchase shares of proprietary or illiquid investments in client accounts. If Investment Adviser Representatives of the firm are unable to fulfill their duties due to disability or death, client accounts can be transferred to any qualified custodian or managed by any Registered Investment Adviser. The phone number for the qualified custodian is on the account statement.
  
  - The Investment Adviser Representative may receive additional cash or non-cash compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with client meetings, client appreciation events, marketing or advertising initiatives.
  
  - Neither the firm nor any Investment Adviser Representative are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or a representative of the foregoing.
  
  - Rhino Wealth Management is not a law firm or an accounting firm and does not offer legal or accounting services. Accordingly, Rhino Wealth Management does not prepare legal documents or prepare tax returns. Rhino Wealth Management may introduce clients to other professionals for such non-investment related services. Clients are under no obligation to use these professionals and should conduct their own due-diligence prior to engaging their services. Rhino Wealth Management should not be considered a party to any disputes that may arise.
  
  - Investments recommended by Investment Adviser Representatives of Rhino Wealth Management are publicly available for purchase without engaging the services of Rhino Wealth Management. However, if a client elects to make such

direct purchases, they do so without the benefit of the on-going advisory services offered by Rhino Wealth Management.

### **Item 5 – Fees and Compensation**

The specific manner in which fees are charged by the firm is established in a client's written agreement between the client and Rhino Wealth Management. The asset management fee will be stated as a fixed annual percentage (%) or according to a tiered fee or breakpoint fee schedule as specified in the Asset Management Agreement. The firm's annual investment advisory fee shall be based upon a percentage (%) of the market value of assets placed under the firm's management. Rhino Wealth Management Investment Adviser Representatives may at their discretion negotiate the flat fee charged up to a maximum annual fee of 1.50%.

Clients will provide the qualified custodian, written authorization to directly deduct fees and pay the advisory fees directly to Rhino Wealth Management. Rhino Wealth Management will then distribute fees to Investment Adviser Representatives after expenses.

The qualified custodian will send statements on at least a quarterly basis to clients of Rhino Wealth Management, showing the market values of all accounts, contributions, deposits and disbursements including the amount of the advisory fees paid to Rhino Wealth Management.

Custodian specific fee information is outlined below:

**TD Ameritrade Institutional** - Rhino Wealth Management calculates the advisory fees monthly in arrears and deducts them from the client's accounts.

**LPL Financial** - The fee to be assessed to each account is detailed in the LPL Account Application or LPL Tiered Fee Authorization form. Fees are billed quarterly in advance based on the value of the account(s) on the last day of the previous quarter. Fees will be adjusted for deposits and withdrawals made during the quarter. If accounts are opened during the quarter, the advisory fees will be deducted during the next regularly scheduled billing cycle. LPL Financial calculates the advisory fees for all fee schedules, deducts them from the client's account and directs the fees deducted to Rhino Wealth Management.

**Jefferson National Life Insurance Company** - Jefferson National Life Insurance Company calculates the advisory fees, deducts the fees from the client's account monthly in arrears and directs the fees deducted to Rhino Wealth Management. The fees for these accounts are nonnegotiable at 1% per year.

**American Funds** – American Funds calculates the advisory fees, deducts the fees from the client's account quarterly in arrears and directs the fees deducted to Rhino Wealth Management. The fees for these accounts are nonnegotiable at 1% per year.

Clients may terminate the agreement without penalty for a full refund of Rhino Wealth Management's fees within five business days of signing the Asset Management Agreement. Thereafter, clients may terminate the Investment Asset Management Agreement generally with 30 days' written notice.

The hourly consulting fee will be based on the type of services to be provided. The maximum hourly fee to be charged any client will not exceed \$200 without extenuating circumstances and approval by the Chief Compliance Officer.

The qualified custodians LPL Financial and TD Ameritrade Institutional charge brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). The custodian enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. The custodian's commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by the custodian may be higher or lower than those charged by other custodians and broker/dealers. Advisory fees are generally not reduced to offset commissions or markups.

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

Rhino Wealth Management does not accept performance-based fees, fees based on a share of capital gains, or on the capital appreciation of assets.

#### **Item 7 – Types of Clients**

The advisory services offered by Rhino Wealth Management are available for individuals, banks and thrift institutions, pension and profit-sharing plans, including plans subject to Employee Retirement Income Security Act of 1974 ("ERISA"), trusts, estates, charitable organizations, state and municipal government entities, corporations and other business entities.

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

We emphasize continuous and regular account supervision. As part of our asset management service, we create portfolios which may consist of individual stocks or bonds, exchange traded funds ("ETFs"), options, mutual funds and other publicly traded securities or investments.

Each portfolio will be initially designed to meet an investment objective, which we determine to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, we review the portfolio at least quarterly and if necessary, rebalance the portfolio based upon the client's needs, stated goals and objectives. Each client can place reasonable restrictions on the types of investments to be held in the portfolio.

The firm uses a combination of, fundamental and technical analysis, cyclical analysis and Modern Portfolio Theory to formulate investment advice when managing assets. Depending on the analysis the firm will implement a long or short-term trading strategy based on the objectives and risk tolerance of the client.

- **Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages. Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.
- **Technical analysis** involves the analysis of past market data; primarily price and volume. Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not consider new patterns that emerge over time.
- **Cyclical analysis** involves the analysis of business cycles to find favorable conditions for buying and/or selling a security. Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.
- **Modern Portfolio Theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset. Modern Portfolio Theory assumes that investors are risk adverse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

Please note, investing in securities involves risk of loss that clients should be prepared to bear. There are different types of investments that involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy will be profitable or equal any specific performance level(s). Past performance is not indicative of future results.

The firms' methods of analysis and investment strategies do not represent any significant or unusual risks however all strategies have inherent risks and performance limitations such as:

- **Market Risk** - the risk that the value of securities may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or industries.

- **Interest Rate Risk** - the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.
- **Credit Risk** - the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.
- **Mutual Funds** - Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature (mentioned below).
- **Equity** - investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.
- **Fixed income** - investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best-known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.
- **Exchange Traded Funds (ETFs)** - an ETF is an investment fund traded on stock exchanges, like stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.
- **Annuities** - are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement

and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

- **Non-U.S. securities** - present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

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

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of an advisory firm or the integrity of a firm's management. Neither Rhino Wealth Management nor any of its Related Persons has any legal or disciplinary events to disclose.

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

Representatives of our firm are insurance agents/brokers. They offer insurance products and receive customary fees because of insurance sales. A conflict of interest may arise as these insurance sales create an incentive to recommend products based on the compensation the adviser and/or our supervised persons earn and may not necessarily be in the best interests of the client. No client is under any obligation to purchase any commissioned products from Investment Adviser Representative of the firm. Clients may purchase fixed insurance products recommended by Investment Adviser Representatives through other, non-affiliated insurance agents. Such potential conflicts of interest are mitigated by a fiduciary duty to act in the best interests of a client and acting accordingly. They are also subject to review by the Chief Compliance Officer.

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

Rhino Wealth Management maintains a Code of Ethics, which serves to establish a standard of business conduct for all employees that are based upon fundamental principles of openness, integrity, honesty and trust.

The code of ethics includes guidelines regarding personal securities transactions of its employees and Investment Adviser Representatives. The code of ethics permits employees and Investment Adviser Representatives or related persons to invest for their own personal accounts in the same or different securities that an Investment Adviser Representative may purchase for clients in advisory accounts. This presents a conflict of interest because trading by an employee or Investment Adviser Representatives in a personal securities account in the same or different security on or about the same time as trading by a client could potentially disadvantage the client. Rhino Wealth Management addresses this conflict of interest by requiring in its code of ethics that employees and Investment Adviser Representatives report certain personal securities transactions and holdings to the Chief Compliance Officer for review.

An Investment Adviser is considered a fiduciary. As a fiduciary, it is an Investment Adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients always. Investment Adviser Representatives have an affirmative duty of care, loyalty, honesty and good faith to its clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws always. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Neither Rhino Wealth Management nor a related person recommends to clients, or buys or sells for client accounts, securities in which they or a related person has a material financial interest.

The Firm and Investment Adviser Representatives must abide by honest and ethical business practices including, but not limited to:

- Not inducing trading in a client's account that is excessive in size or frequency in view of the financial resources and character of the account;
- Making recommendations with reasonable grounds to believe that they are appropriate based on the information furnished by the client;
- Placing discretionary orders only after obtaining client's written trading authorization contained within the Asset Management Agreement or via separate amendment;
- Not borrowing money or securities from, or lending money or securities to a client;
- Not placing an order for the purchase or sale of a security if the security is not registered, or the security or transaction is not exempt from registration in the specific state;

All Investment Adviser Representatives of Rhino Wealth Management are required to sign an acknowledgment of their understanding and acceptance of these terms.

### **Item 12 – Brokerage Practices**

Rhino Wealth Management receives support services and/or products from qualified custodians, many of which assist Rhino Wealth Management to better monitor and service accounts maintained at the custodian. These support services and/or products may be received without cost, at a discount, and/or at a negotiated rate, and may include the following:

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

## Firm Brochure ADV Part 2A

- compliance and/or practice management-related publications
- consulting services
- attendance at conferences, meetings, and other educational and/or social events
- marketing support
- other products and services used by Adviser in furtherance of its investment advisory business operations

These support services are provided to Rhino Wealth Management based on the overall relationship between Rhino Wealth Management and the custodian. It is not the result of soft dollar arrangements or any other express arrangements with the custodian that involves the execution of client transactions as a condition to the receipt of services. Rhino Wealth Management will continue to receive the services regardless of the volume of client transactions executed with the custodian. Clients do not pay more for services because of this arrangement. There is no corresponding commitment made by the Rhino Wealth Management to the custodian or any other entity to invest any specific amount or percentage of client assets in any specific securities because of the arrangement.

As a result of receiving the services Rhino Wealth Management has an incentive to continue to use or expand the use of the qualified custodian's services. Our firm examined this conflict of interest when we chose to enter the relationship with the custodians and we have determined that the relationship is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

The qualified custodian charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). The qualified custodian enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. The qualified custodians commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by the qualified custodian may be higher or lower than those charged by other custodians and broker/dealers.

Clients may pay a commission to the custodian that is higher than another qualified broker/dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker/dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

Neither we nor any of our firm's related persons have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. We

routinely recommend that a client directs us to execute through a specified custodian. Our firm recommends the use of LPL Financial. Each client that chooses LPL Financial will be required to establish an account if not already done.

Clients may direct their brokerage transactions at a firm other than LPL Financial. However, we may be unable to achieve more favorable executions of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices.

### **Best Execution**

It is the legal obligation of a broker/dealer to seek the best possible execution terms for a securities transaction. SEC rules require broker/dealers to provide quarterly reports on routing of customer orders and require markets to supply monthly reports on execution quality.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker/dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, for the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions. Our recommendations to our clients are based on our clients' interests in receiving best execution and the level of competitive, professional services.

### **Trade Aggregation**

For advisory services, Rhino Wealth Management and its related persons may aggregate transactions in equity and fixed income securities for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. Rhino Wealth Management and its related persons may determine not to aggregate transactions, for example, based on the size of the trades, number of client accounts, the timing of trades, and the liquidity of the securities and the discretionary or non-discretionary nature of the trades. If Rhino Wealth Management or its related persons do not aggregate orders, some clients purchasing securities around the same time may receive a less favorable price than other clients. This means that this practice of not aggregating may cost clients more money.

### **Item 13 – Review of Accounts**

For those clients to whom Rhino Wealth Management provides investment supervisory services, account reviews are conducted on an ongoing basis by Stephen Todd Van Der Meid, the Chief Compliance Officer. All investment supervisory clients are advised that it remains their responsibility to advise Rhino Wealth Management of any changes in their investment objectives and/or financial situation. All clients in person, by telephone, video conference or email are

encouraged to review financial planning issues to the extent applicable, investment objectives and account performance with their Investment Adviser Representative on an annual basis.

Stephen Todd Van Der Meid, the Chief Compliance Officer, may also conduct account reviews based on the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and by client request.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the custodian and/or program sponsor for the client accounts. Rhino Wealth Management may also provide a written periodic report summarizing account activity and performance.

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

As noted above, Rhino Wealth Management receives an economic benefit from qualified custodians in the form of support products and services it makes available to Rhino Wealth Management and other Independent Investment Advisers whose clients maintain accounts at the custodian. These products and services, how they benefit our firm, and the related conflicts of interest are described in (*Item 12 - Brokerage Practices*). The availability of products and services to Rhino Wealth Management is based solely on our participation in the program, and not on the provision of any investment advice. Neither the custodian nor any other party is paid to refer clients to Rhino Wealth Management.

Product sponsors may also pay for, or reimburse Rhino Wealth Managements for the costs associated with, education or training events that are attended by Rhino Wealth Managements employees and investment adviser representatives and for Rhino Wealth Managements sponsored conferences and events. Such additional compensation represents a conflict of interest however, Investment Adviser Representatives of Rhino Wealth Management have a fiduciary duty to act in the client's best interest. Rhino Wealth Management does not receive any other economic benefit for providing investment advice or other advisory service from someone who is not a client.

#### **Item 15 – Custody**

Rhino Wealth Management does not have custody of clients' accounts or assets. Custody is held by the qualified custodian where client maintains their account.

You are urged to carefully review the statements provided by the custodian compare such official custodial records to account statement and reports that may be provided by Rhino Wealth Management.

#### **Item 16 - Investment Discretion**

For discretionary accounts, a Limited Power of Attorney ("LPOA") is executed by the client, giving Rhino Wealth Management the authority to carry out various activities in the account, generally including the following: trade execution; the ability to request checks on behalf of the client, and the withdrawal of advisory fees directly from the account. Rhino Wealth Management then directs investment of the client's portfolio using its discretionary authority. The client may

limit the terms of the LPOA to the extent consistent with the client's investment advisory agreement with Rhino Wealth Management and the requirements of the client's custodian. The discretionary relationship is further described in the agreement between Rhino Wealth Management and the client.

**Item 17 – Voting Client Securities**

Rhino Wealth Management does not vote client proxies but third-party money managers selected or recommended by our firm may vote proxies for clients. Clients will otherwise receive their proxies or other solicitations directly from their custodian. Clients may contact Rhino Wealth Management at (704) 827-9000 to discuss any questions they may have with a proxy matter.

**Item 18 – Financial Information**

Rhino Wealth Management does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance.

There are no financial conditions that are reasonably likely to impair the firm's ability to meet contractual commitments to clients. At no time has Rhino Wealth Management been the subject of a bankruptcy petition.

**Item 19 – Requirements for State Registered Investment Advisers**

Rhino Wealth Management currently has only one management person: Stephen Todd Van Der Meid. Education and business background can be found on the Form ADV Part 2B brochure supplement for such individual.

Mr. Van Der Meid has not been involved in arbitration or material events that require disclosure nor is he compensated for advisory services with performance-based fees.

Todd Van Der Meid does not have a relationship or other arrangement with an issuer of securities. Any such financial industry activity and affiliation is disclosed in **Item 10** above.