

FORM ADV

Part II - Page 1

Uniform Application for Investment Adviser Registration

OMB APPROVAL

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Name of Investment Adviser:

Beacon Investment Management, Inc

Address: (Number and Street)

4001 Barrett Dr. #103

(City)

Raleigh

(State)

NC

(Zip Code)

27609

Area Code:

(919)

Telephone number:

821-5225

This part of Form ADV gives information about the investment adviser and its business for the use of clients.
 The information has not been approved or verified by any governmental authority.

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(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form
 are not required to respond unless the form displays a currently valid OMB control number.

Applicant: Beacon Investment Mgmt

SEC File Number:
801-55377

Date: 2/2/10

1. A. **Advisory Services and Fees.** (check the applicable boxes) For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

Applicant:

- | | | |
|-------------------------------------|---|-------------|
| <input checked="" type="checkbox"/> | (1) Provides investment supervisory services | <u>98</u> % |
| <input type="checkbox"/> | (2) Manages investment advisory accounts not involving investment supervisory services | _____ % |
| <input checked="" type="checkbox"/> | (3) Furnishes investment advice through consultations not included in either service described above | <u>2</u> % |
| <input type="checkbox"/> | (4) Issues periodicals about securities by subscription | _____ % |
| <input type="checkbox"/> | (5) Issues special reports about securities not included in any service described above | _____ % |
| <input type="checkbox"/> | (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities | _____ % |
| <input type="checkbox"/> | (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities | _____ % |
| <input type="checkbox"/> | (8) Provides a timing service | _____ % |
| <input type="checkbox"/> | (9) Furnishes advice about securities in any manner not described above | _____ % |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

- B. Does applicant call any of the services it checked above financial planning or some similar term? Yes ☐ No ☒

- C. Applicant offers investment advisory services for: (check all that apply)

- | | |
|---|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input type="checkbox"/> (2) Hourly charges | <input type="checkbox"/> (5) Commissions |
| <input type="checkbox"/> (3) Fixed fees (not including subscription fees) | <input type="checkbox"/> (6) Other |

- D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. **Types of clients** - Applicant generally provides investment advice to: (check those that apply)

- | | |
|---|--|
| <input checked="" type="checkbox"/> A. Individuals | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations |
| <input type="checkbox"/> B. Banks or thrift institutions | <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies | <input type="checkbox"/> G. Other (describe on Schedule F) |
| <input checked="" type="checkbox"/> D. Pension and profit sharing plans | |

Applicant:

Beacon Investment Mgmt

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3. Types of Investments. Applicant offers advice on the following: (check those that apply)

- | | |
|--|--|
| <input type="checkbox"/> A. Equity securities | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities | <input type="checkbox"/> I. Options contracts on: |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter | <input type="checkbox"/> (1) securities |
| <input checked="" type="checkbox"/> (3) foreign issuers | <input type="checkbox"/> (2) commodities |
| <input checked="" type="checkbox"/> B. Warrants | <input type="checkbox"/> J. Futures contracts on: |
| <input checked="" type="checkbox"/> C. Corporate debt securities (other than commercial paper) | <input type="checkbox"/> (1) tangibles |
| <input type="checkbox"/> D. Commercial paper | <input type="checkbox"/> (2) intangibles |
| <input checked="" type="checkbox"/> E. Certificates of deposit | <input type="checkbox"/> K. Interests in partnerships investing in: |
| <input checked="" type="checkbox"/> F. Municipal securities | <input type="checkbox"/> (1) real estate |
| <input type="checkbox"/> G. Investment company securities: | <input type="checkbox"/> (2) oil and gas interests |
| <input type="checkbox"/> (1) variable life insurance | <input type="checkbox"/> (3) other (explain on Schedule F) |
| <input type="checkbox"/> (2) variable annuities | <input checked="" type="checkbox"/> L. Other (explain on Schedule F) |
| <input checked="" type="checkbox"/> (3) mutual fund shares | |

4. Methods of Analysis, Sources of Information, and Investment Strategies.

A. Applicant's security analysis methods include: (check those that apply)

- | | |
|---|--|
| (1) <input type="checkbox"/> Charting | (4) <input type="checkbox"/> Cyclical |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input type="checkbox"/> Technical | |

B. The main sources of information applicant uses include: (check those that apply)

- | | |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines | (5) <input type="checkbox"/> Timing services |
| (2) <input checked="" type="checkbox"/> Inspections of corporate activities | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases |
| (4) <input checked="" type="checkbox"/> Corporate rating services | (8) <input type="checkbox"/> Other (explain on Schedule F) |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- | | |
|--|--|
| (1) <input checked="" type="checkbox"/> Long term purchases (securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions |
| (2) <input checked="" type="checkbox"/> Short term purchases (securities sold within a year) | (6) <input type="checkbox"/> Option writing, including covered options, uncovered options or spreading strategies |
| (3) <input type="checkbox"/> Trading (securities sold within 30 days) | (7) <input checked="" type="checkbox"/> Other (explain on Schedule F) |
| (4) <input type="checkbox"/> Short sales | |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

Applicant:

Beacon Investment Corp

SEC File Number:

801-55377

Date:

2/3/10

5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients?
(If yes, describe these standards on Schedule F.)

Yes ☒ No ☐

6. Education and Business Background.

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

7. Other Business Activities. (check those that apply)

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- | | |
|--|--|
| <input type="checkbox"/> (1) broker-dealer | <input type="checkbox"/> (7) accounting firm |
| <input type="checkbox"/> (2) investment company | <input type="checkbox"/> (8) law firm |
| <input type="checkbox"/> (3) other investment adviser | <input type="checkbox"/> (9) insurance company or agency |
| <input type="checkbox"/> (4) financial planning firm | <input type="checkbox"/> (10) pension consultant |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer |
| <input type="checkbox"/> (6) banking or thrift institution | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? . . .
- Yes ☐ No ☒

(If yes, describe on Schedule F the partnerships and what they invest in.)

9. Participation or Interest in Client Transactions.

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☐ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

- 10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services and impose a minimum dollar value of assets or other conditions for starting or maintaining an account?

Yes No
☒ ☐

(If yes, describe on Schedule F)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

A. Describe below the reviews and reviewers of the accounts. For reviews, include their frequency, different levels, and triggering factors. For reviewers, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

Currently, Samuel Q. Bass Jr. alone reviews portfolios for appropriateness relative to the client's investment objective, size of positions relative to one of six model portfolios, diversification within the models and, each model's risk characteristics. Portfolios are reviewed continuously either via the models or individually when the account is new or significant capital changes take place.

B. Describe below the nature and frequency of regular reports to clients on their accounts.

Clients receive from the Qualified Custodian, Schwab Institutional, confirmations for all purchases and sales, monthly statements (quarterly with no account activity) which reflect the account's capital flows, any miscellaneous activity, total market values, and year-end tax summaries (IRS Substitute Form 1099). Sponsor mails performance reports and invoices to all clients each quarter and posts reports daily, monthly, and quarterly on the Sponsors' secure web page. For those clients that use Wealthcare, Wealthcare will send additional quarterly plan reports which includes all client activity.

Applicant: Deacon Investment Mgmt

SEC File Number:
801-55377

Date:
2/2/10

12. Investment or Brokerage Discretion.

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- | | | |
|--|---|--|
| (1) securities to be bought or sold? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (3) broker or dealer to be used? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| (4) commission rates paid? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

B. Does applicant or a related person suggest brokers to clients? Yes ☒ No ☐

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- | | | |
|---|---|-----------------------------|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet? Yes ☐ No ☒

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV **Part II**

Applicant:

Beacon Investment Management

SEC File Number:

801-55377

Date:

02/02/10

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

Beacon Investment Management, Inc.

IRS Empl. Ident. No.:

Question 1.D

INVESTMENT ADVISORY SERVICES AND MINIMUM REQUIREMENTS

Beacon offers investment advisory services to clients, generally over \$100,000, but exceptions are made. Factors such as client intentions to add to their accounts in the future provide greater flexibility. Using models and custom portfolios Beacon manages all-equity, balanced (equity and fixed income), and all-bond portfolios for individuals, corporations, pension plans, profit sharing plans, and trusts. Portfolios are managed on a discretionary basis without contacting the client for prior approval. Investments may include exchange-listed and over-the-counter securities, ETFs, foreign issuers, warrants, United States Government securities, corporate debt issuers, certificates of deposit, municipal securities, mutual fund shares, index funds, and sector funds.

Beacon employs a strategic allocation approach with exchange traded funds as the primary investment vehicles. In certain circumstances individual assets are employed. In such cases we use fundamental analytical methods to evaluate investment candidates with emphasis on such criteria as, but not limited to, revenue and earnings growth, financial structure and quality, strength of management, the company's investment in research and development, and its position in the industry. ETF's have built-in tax advantages as they do not pass along unrealized tax gains. They have considerably lower expenses than mutual funds. And they allow for considerably longer holding periods as their volatility is considerably less than the individual stocks which comprise them.

THE INVESTMENT PROCESS

We begin our account relationship with an interview that facilitates our understanding of the significant financial life-goals of our client as well as his or her tolerance for risk. Once the necessary information is gathered we build a financial model of the client's life with software licensed from Wealthcare. By adjusting plan components such as savings, retirement spending, or risk according to our understanding of the client's priorities we work toward a recommendation that delivers the best balance we can accomplish between what the client ideally prefers versus what he might find acceptable. The software runs the model of our client's life 1,000 times through actual historical and statistically possible market conditions for the portfolio we recommend to them. The result is a probability or comfort level that the client will meet his or her goals. In the Wealthcare vernacular, the plan defines the 'Comfort Zone,' the place where the client's life and investing are in balance. Outside it are two conditions we help him or her avoid: uncertainty – asking too much of the markets; and sacrifice – making needless compromises in life. At this point we are ready to implement an investment plan that is tied to our client's life and designed to maximize gains while minimizing losses, taxes, and fees. Our process does not make a prediction of future markets, rather it better informs advisor recommendations and client decisions by identifying critical components in a client's plan.

We offer clients six strategically allocated model portfolios in our investment process which include Risk Adverse, Balanced Income, Balanced, Balanced Growth, Growth, and Aggressive Growth. The models are comprised primarily of Exchange Traded Funds representing major indexes, asset classes, (i.e. bonds, commodities, stocks) economic sectors, industries, international geographic regions, and countries. In addition to the models when circumstances warrant, we will tailor a custom portfolio to our client's needs.

Once a model is chosen, the manager invests client assets accordingly during the following several weeks or months, depending upon market conditions and the client's tax considerations. New accounts are individually monitored by the portfolio manager until they are fully invested according to their parameters. Once invested, accounts are re-balanced against their respective model portfolios on an ongoing basis. Significant additions or withdrawals of capital from the accounts require the buying and selling of securities necessary to re-balance the account.

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV **Part II**

Applicant:

Beacon Investment Management

SEC File Number:

801-55377

Date:

"
06/06/06

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

Beacon Investment Management, Inc.

IRS Empl. Ident. No.:

The Wealthcare process promotes frequent contact with the client to facilitate discussion about any significant changes that may have taken place, whether market or client-centric. If model changes are suggested, the manager explains the process and notes any tax consequences that may occur.

Accounts may be allowed to fall below minimum levels after inception at the discretion of Beacon, however, Beacon reserves the right to end the advisory agreement with written notice to the client should the client generate excessive activity in the account or should other factors in the client relationship interfere with the normal management operations of the portfolio.

Clients are encouraged to contact their manager with any questions or concerns they have regarding their investment program. The manager is alert during client conversations to detect changes in their unique circumstances that may require adjustments to investment policy. If such changes are required, a new Investment Policy is completed. If changes require a model change, the manager explains the process and any tax consequences that may occur.

WRAP FEES AND SCHEDULE

Beacon offers two fee programs which charge client accounts on a quarterly basis, in advance of services. The "wrap" program covers both management costs and transactions. Alternatively, the fee plus commission program charges a lower fee plus commissions which are paid to the Custodian as transactions occur. Fees are a function of account and full relationship size as well as expected activity. Fees are calculated by multiplying one fourth of the annual fee as a percentage by the fair market value of the total assets in a client's account at the end of each calendar quarter. The amount covers expenses for the following quarter. A fee invoice that includes the amount, its method of calculation, the value of the assets on which the fee is based, and a statement that it has been debited from the account is sent for each account quarterly. The individual fee amounts are sent to the Custodian to request debits from each client's account at the beginning of each calendar quarter. In addition to Beacon's invoice the Custodian sends to the client, at least quarterly, a statement that reflects the amount of fees debited from the account. The client authorizes the debit of fees from his account by Beacon on the Advisory Agreement and on the New Account Application. One of seven fee schedules is applied to an account during setup. Examples of our highest and lowest fee schedules are presented below:

Wrap Fee Schedule

| Portfolio Value | Annual Rate | Portfolio Value | Annual Rate |
|------------------|-------------|------------------|-------------|
| First \$250,000 | 2.00% | First \$250,000 | 1.00% |
| Next \$750,000 | 2.00% | Next \$750,000 | 1.00% |
| Next \$1,000,000 | 1.75% | Next \$1,000,000 | .900% |
| Over \$2,000,000 | 1.00% | Over \$2,000,000 | 0.75% |

Beacon's model programs may cost the client more or less than purchasing such services separately. All investment services provided for by Beacon Investment Management, Inc. are covered by the fees stated above. The wrap program covers Custodian transaction costs as well as Beacon management expenses, while the fee plus commission program covers only Beacon's management expenses. Commissions are charged for each transaction. Depending on the number and nature of transactions in the client's account one program may be less expensive for the client than the other.

Managed funds such as Mutual Funds and Exchanged Traded Funds charge fees in addition to those previously mentioned. These charges appear in the prospectuses provided by the funds. Neither Beacon nor the client pays these fees directly as they are drawn from the managed assets directly. They range from .15% to .75% in the ETFs we currently employ.

ACCOUNT TERMINATION POLICY

Accounts may be terminated immediately upon receipt of a written request by the client. The client is entitled to a refund of any unused fees based on the pro rata share of the remainder of the calendar quarter in which the

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV **Part II**

Applicant:

Beacon Investment Management

SEC File Number:

801-55377

Date:

02/02/10

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

| | | |
|--|---|-----------------------|
| 1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Beacon Investment Management, Inc. | | IRS Empl. Ident. No.: |
| | <p>account is terminated. There is no expiration date in Beacon's advisory agreements. Beacon reserves the right to terminate an account in cases of abuse or other conditions sufficiently beyond normal parameters.</p> <p>REPORTS</p> <p>Clients receive from Charles Schwab Institutional, the Custodian, confirmations for all purchases and sales as they occur, monthly statements which reflect the account's capital flows, transactions and other activity, and total market values. At year-end tax summaries (IRS Substitute Form 1099) are provided. If the client authorizes, Beacon mails gains information to the client's tax-preparer on a quarterly basis to facilitate accuracy on quarterly estimated tax payments. In February or early March we send a package that contains all the tax-preparer needs to complete taxes for each account held at Beacon.</p> <p>Performance reports for each account are mailed to all clients at the end of each calendar quarter. Similar reports are available monthly on Beacon's web site at www.beaconinvest.com.</p> <p>EXECUTION OF SERVICES</p> <p>Beacon Investment Management, Inc. acts as agent for the client with respect to all purchases and sales of securities executed through the Custodian. Beacon will not take a principal position in any client transaction. When determined appropriate, Beacon may aggregate, in a block, orders of the client with other such clients or with affiliates of Beacon. Such transactions may be made at slightly different prices, due to the volume of Securities purchased or sold. In such an event, the average price of all Securities purchased or sold in such transactions will be determined, and Client will be charged or credited, as the case may be, the average transaction price.</p> <p>Should you have any questions regarding any information contained in this brochure, please contact Mr. Sam Q. Bass, President of Beacon Investment Management at 919-821-5225 or toll-free at 888-621-5885.</p> | |
| Question # 3 | Applicant also buys and sells exchange traded funds. | |
| Question #5 | Applicant required that those giving investment advice to clients have a bachelor's degree and an advanced degree in business or finance, or comparable experience. | |
| Question #6 | <p>PORTFOLIO MANAGER QUALIFICATIONS</p> <p>Beacon Investment Management, Inc. requires that portfolio managers hold a bachelor's degree and an advanced degree in business or finance, or comparable investment industry experience. Presently, Mr. Bass is the sole portfolio manager at Beacon Investment Management. Samuel Q. Bass, Jr. Mr. Bass is the president and founder of Beacon Investment Management. He is responsible for the selection of securities in Beacon's model portfolios as well as the direct management of client portfolios. Born in 1953, Mr. Bass has twenty one years experience investing money for his clients. He holds a Bachelor of Arts degree in English Literature from Hampden-Sydney College, 1975 and a Masters of Business Administration from Wake Forest University, 1981. While at Wake Forest, Mr. Bass concentrated in Finance and International Finance. Prior to organizing Beacon Investment Management, he was associated with Wheat First Union as a Registered Representative and a Certified Portfolio Manager for the years 1989 through April of 1998. Prior to that time, he was a Registered Representative with Carolina Securities from 1983 to 1989. Mr. Bass is active on several local philanthropic boards and investment committees.</p> | |
| Question 9 E. | Applicant and related persons invest in the same model portfolios as do our clients. All securities in which Applicant and related persons invest are widely held and publicly traded. We believe this practice is appropriate and demonstrates confidence in our advice. Applicant and related persons participate in block transactions with other clients and receive the same averaged share price as others. In non-block transactions applicant's policy is to execute all like transactions after other client's transactions have been executed. | |

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV **Part II**

Applicant:

Beacon Investment Management

SEC File Number:

801-55377

Date:

02/02/10

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

| | | |
|--|---|-----------------------|
| 1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Beacon Investment Management, Inc. | | IRS Empl. Ident. No.: |
| Question 10. | Beacon offers investment advisory services to clients, generally over \$100,000. Factors such as client intentions to add funds in the future may allow for exceptions to stated minimums. Using models and custom portfolios Beacon manages all-equity, balanced (equity and fixed income), and all-bond portfolios for individuals, corporations, pension plans, profit sharing plans, and trusts. | |
| Question 12 A. 4. | Beacon offers two fee programs which charge client accounts on a quarterly basis, in advance of services. The "wrap" program covers both management costs and transactions. Alternatively, the fee plus commission program charges a lower fee plus commissions which are paid to the Custodian as transactions occur. Under the 'wrap' program, Applicant pays the Qualified Custodian directly for transactions and clients pay no transaction charges. | |
| Question 12. B. | <p>Applicant will use one Qualified Custodian, Schwab Institutional, for all client accounts. In order to do business with Applicant clients authorize transfer of their assets from other broker/dealers to Schwab Institutional by signing an Automatic Customer Account Transfer System form.</p> <p>Products and services offered by Schwab Institutional are comparable to other top-line full-service broker dealers. Clients will pay no commissions directly as the wrap fee covers all transactions.</p> <p>Any research provided by Schwab Institutional is used for all accounts.</p> | |
| Question 13. A. | Schwab Institutional makes available the trading software Cybertrader which Beacon utilizes for trading purposes. | |
| Question 13 B. | <p>Beacon does employ a client solicitor, Mid-Atlantic Securities, 4001 Barrett Drive #100, Raleigh NC 27609. Mid-Atlantic is paid a percentage of client fees and must distribute a Solicitor Disclosure Statement at the time of initial solicitation.</p> <p>Beacon has contracted with Financeware Inc d/b/a Wealthcare Capital Management to make available their advisory services to select Beacon clients. Wealthcare, at the direction of Beacon, will select, trade, and monitor individual portfolios, designed by Wealthcare, on a discretionary basis for some Beacon clients. Wealthcare, at the direction of Beacon, will provide operational and administrative support commensurate with such advisory services, including, but not limited to development of a recommended Wealthcare plan for Beacon's clients, monitoring the status of those Wealthcare plans, and making revised recommendations to Beacon related to Beacon's clients Wealthcare plans consistent with client profiling information provided by Beacon to Wealthcare</p> <p>Wealthcare will provide services in a manner consistent with Client's investment objectives and Wealthcare plan, based on client profiling and Wealthcare's own obligations as a fiduciary. Beacon shall appoint Wealthcare to supervise and direct the investment, reinvestment and asset class allocation target monitoring (and related trading to maintain relative securities holding weightings within acceptance tolerances determined by Wealthcare) of client's assets.</p> <p>Wealthcare will make available to Beacon, to deliver to clients, a quarterly statement containing a description of all activity involving the client's assets during the previous quarter. Beacon will continue to bill clients and send quarterly performance reports. Beacon will also vote proxies, if that is the client's preference. Wealthcare will mail no less than annually their ADV Part II and current privacy policy.</p> <p>Sub-Advisor fees are negotiated between Beacon and Wealthcare and will be billed to Beacon each quarter, in advance. The client's management fee paid to Beacon will not be raised due to this fee.</p> | |
| Proxy Voting | <p>Beacon votes consistently among clients, and does not engage in specific client voting. Any client wishing to vote proxies themselves for securities they own may do so at any time upon written request.</p> <p>The Firm votes all proxies to, in it's opinion, maximize shareholder value, which is defined as long-term value accretion through price appreciation. Beacon's investment philosophy is to purchase "Quality" companies for the portfolios of its clients. One of the main criteria for "Quality" is trust and excellence in management. Beacon tends to vote non-shareholder value issues in alignment with management's recommendations, if there is no</p> | |

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**Schedule F of
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Applicant:

Beacon Investment Management

SEC File Number:

801-55377

Date:

02/02/10

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

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Code of Ethics

conflict with shareholder value. These would include:

- Appointment of auditors
- Routine election of directors
- Standard matters (such as address change, name change, other routine administrative matters)
- Amendments of Articles of Incorporation or By-laws to coincide with changes in Federal or State regulations
- Stock splits
- Improvements in stock option (dilution no to exceed 1%)

All resolutions regarding anti-takeover measures will be considered individually with the intent of avoiding actions likely to diminish the value of the securities held by the client. When a proposal considered being economically detrimental, Beacon will vote against such proposal.

The firm may occasionally be subject to conflicts of interest in the voting of proxies because of business or personal relationships it maintains with persons having an interest in the outcome of specific votes. Beacon and its employees may also occasionally have business or personal relationships with other proponents of proxy proposals, participants in proxy contests or corporate directors. If at any time the responsible voting parties become aware of any type of potential conflict of interest relating to a particular proxy proposal, they will promptly report such conflict to the Compliance Officer. Conflicts of interest are handled in various ways depending on the type and materiality.

The custodian will be relied upon to forward all relevant proxy material to Beacon, either electronically or in the physical form to the address of record. Receipt of proxies will be recorded and will be voted upon a timely basis. Records of each proxy vote are retained by Beacon. Clients may obtain a copy of the Policies by phoning Patricia Hall at 919.821.5225 or via email at phall@beaconinvest.com. Information or a copy for a particular proxy vote can be obtained by the above contact information as well.

Beacon Investment Management (The Company) is committed to conducting business with honesty and integrity. Compliance with the law is fundamental to the ethical and business principles of Beacon Investment Management. The following policies are set forth to provide guidance to officers and employees and in addition ensure they act in accordance with not only these but also the spirit of the laws and regulations that apply to the Company's business.

Annual Review

Each Director, Officer, and employee shall provide written acknowledgment annually that they have Read and understand this Code and it's contents and they have not violated, and are not aware that any Direwctor, Officer, or employee has violated this Code.

Compliance with Laws, Rules and Regulations

This Conduct and Code of Ethics applies to each and every employee, director and officer. All employees and officers are expected to read these policies and comply with them. The compliance officer, Patricia Hall will administer and interpret this Code as well as implement rules and procedures to promote its effectiveness. The activities of Beacon must at all times be in full compliance with all rules, regulations and laws of the jurisdictions in which the Company conducts business. All employees, directors and officers are expected to fully comply with this Code. Any questions regarding compliance with any laws, rules or regulations should be directed to the Compliance Officer.

Conflicts of Interest

No employee or officer will have a "conflict of interest" with Beacon Investment Management, except with the prior consent of Beacon. A "conflict of interest" exists when a person's private interest interferes, or even appears to interfere, with the interest of Beacon Investment Management. Some types of transactions and/or relationships that might cause a conflict of interest and that should be considered are:

1. Favoring the interests of one client over another or favoring larger accounts over smaller accounts.
2. Use or disclosure of confidential information for personal profit by any employee or officer.
3. Competing with client trades, and using that knowledge to profit personally, directly or indirectly, as a result of such transactions, including by purchasing or selling such securities.

Complete amended pages in full, circle amended items and file with execution page (page 1).

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Date:

02/02/10

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The above list is only a guide in identifying potential conflicts of interest. A review will be done on any circumstances that could possibly be deemed as a conflict of interest. All employees and officers are required to promptly report to the compliance office any transaction or relationship that could be deemed as a conflict. Every employee and director is expected to avoid any outside activity, financial interest or relationship that may present a possible conflict of interest. No employee or director may engage in any activity that involves any conflict except with specific prior approval in accordance with procedures set out in this Code and the Beacon Investment Management Compliance Manual.

Corporate Opportunities

Each Employee and director is prohibited from

1. Using corporate property, information or position for personal gain
2. Competing with Beacon
3. Taking for themselves personally opportunities that are found through the use of Beacon's property or information, or through their position with Beacon.
4. Offering, soliciting, or accepting any gifts, benefits, compensation or consideration that reasonably could be expected to compromise beacon and/or its clients.

Confidentiality

Employees and officers should maintain confidentiality at all times. Confidential information includes proprietary information of Beacon and its clients, employee data and all other non-public information that might be of use to competitors, or harmful to Beacon and its clients, if disclosed is confidential. This confidential information should be protected at all times, however may be subject to legal or regulatory requirements to disclose that information. In such cases, the President of Beacon will assist in determining what disclosure is required.

Fair Dealing

All employees and directors should deal fairly with customers, suppliers, employees, and competitors. No person will take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

Protection and Proper Use of Company Assets

Employees and directors are expected to protect and help ensure the efficient use of Beacon's assets, including trade secrets, proprietary information, equipment and other property created, obtained or compiled by employment with Beacon. All company assets should be used for a legitimate business purpose. The misuse or removal from Beacon's facilities of Beacon assets is prohibited, unless specifically authorized by an appropriate representative of Beacon.

Insider Trading

Beacon currently has an insider trading policy which governs its employees and directors. This policy states that employees and directors may not trade in stocks of companies which they may learn material, non-public information through the course of their employment or service. They are also prohibited from passing on such information to others.

Personal Trading

Personal trading reports for all access persons of Beacon are reviewed daily by the compliance Officer and are kept monthly. Statements of all holdings for access persons are recorded quarterly and filed at least annually. In addition, it is firm policy that complete reports of securities holdings must be made available and filed at the time there is a new access person, and at least filed annually thereafter.

Any IPO or private placement that may be done by an access person must be pre-approved by Sam Bass Jr.

Public Filings and Communications

Beacon Investment Management upholds fair, full, accurate, timely and understandable disclosure for use in any reports and documents that Beacon files with, or submits to, the Securities and Exchange Commission and in other public communications made by Beacon. All employees and officers are expected to communicate whether by email correspondence, reports, or documents; in a fair, accurate, timely and understandable method. The compliance officer or the President of the Company should be consulted prior to any public disclosure of information concerning Beacon. Any questions regarding this should be directed to the compliance officer.

Recordkeeping and Record Retention

Beacon complies with all laws and regulations regarding the preservation of its books, records, accounts and financial statements, and are all kept for a minimum of five years. All assets of Beacon are carefully and properly accounted for. Any employee or officer making false or misleading records or documentation is strictly prohibited. Beacon does not maintain unrecorded funds or assets.

Reporting Violations

All suspected violations of this Code, applicable laws and regulations, or Beacon's other internal policies or procedures must be reported immediately to either the compliance officer or the President. All employees and

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officers are encouraged to talk to the compliance officer or the president when in doubt about the best course of action in a particular situation. Employees may make a report anonymously to the compliance officer if they suspect any unlawful or fraudulent activity. Beacon does not permit retaliation of any kind for good faith reports of violations or possible violations. All employees and officers are expected to fully cooperate with any internal investigations or either apparent or actual violations of this Code. All reports violations are immediately investigated, and a record is retained for all investigations, reports, and the actions taken.

Penalties

Any employee or officer who violates this Code will be subject to disciplinary action, up to and including dismissal. Violations of some provisions of this Code are illegal and may subject the employee or director to civil and criminal liability. If there are any questions regarding any information in this Code, they should be directed to the compliance officer.

Waiver

Any waiver of the provisions of this Code for executive officers or directors of Beacon may be made only by the Board or Directors and must be promptly disclosed, along with the reasons for the waiver.

Privacy Policy

Beacon Investment Management, Inc. understands that privacy is an important issue. Details of our privacy pledge and how your personal information is collected and used are outlined in this brochure, the Beacon Investment Management Privacy Policy. This brochure also describes the instances where we may share information with other parties and affiliates, and when and how you can "opt out" of sharing certain information about you with others. We recognize the important position of trust we hold with you, and take your privacy and confidentiality of your information seriously.

When we talk of "personal information", we are referring to information that personally identifies you or your accounts. Our privacy policy applies to consumers who are current or former Beacon Investment Management clients, or those that have requested information for our services.

Information we collect:

- We collect nonpublic personal information about you consisting of information you give us on account applications or other forms and information about transactions in your accounts. We limit the collection and use of information to that which is necessary to administer our business and provide superior service. We collect and maintain nonpublic personal information about you from the following sources:

- Information that you provide to us, such as on applications or other forms.

- Information about your transactions with us and/or our custodian. This information collected includes balances, positions, and history and may include your name or other data in an internal client list that reflects your activities.

Information we share:

- We do not disclose personal information to third parties, unless one of the following exceptions applies.

We disclose personal information to our custodian, Schwab Institutional for processing and servicing of your transactions or account(s), and also through them a for printing and mailing your account statements and confirmations.

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We may disclose or report personal information in limited circumstances where we believe in good faith that disclosure is required or permitted under law; to cooperate with regulators or law enforcement authorities, or to resolve consumer disputes.

We may share personal information to companies of those securities held in your account in order for you to receive financial reports directly, however, you can "opt out" on the account application, or at any time by sending in writing your intention to "opt out". The "opt out" will remain in effect until you change it.

Outside of these exceptions, we will not share your personal information with third parties including attorneys or CPAs unless you have specifically asked us in writing to do so, that is, opted in.

- If your relationship with us is terminated, we will still adhere to the privacy policies and practices described in this Statement.
- We do not sell your personal information to anyone.
- We limit the use of your personal information supplied to our custodian to the performance of the specific service we have requested.
- Access to your information is restricted to our employees who need it in order to provide service to **you**. We maintain physical, electronic and procedural safeguards to ensure information security. All documentation, whether physical or electronic, are kept in a secure environment that protects customer information from being accessed inappropriately by third parties. We maintain and grant access to customer information only in accordance with our internal security standards.
- We are committed to customer privacy on our websites

Beacon Investment Management is equally committed to protecting the privacy of customer information on the Internet. In the public area of our web site, we do not collect any personal information. In the private area, we will only recognize you by your personal User ID and password.

How do we protect your Information?

When you access your financial data, we use a secure server to keep all of your personal information as secure as possible. The Secure Socket Layer (SSL) protocol provides secure communications on the Internet.

In addition, we have an internal firewall in place, and monitor that we have the latest in virus protection. This approach helps ensure that your personal data remain safe and private. We will continue to implement security features in the future that will maintain the highest levels of secure data transmissions.

Use of Cookies

The Beaconinvest.com site, like many web sites, uses "cookies" (information stored on your computer by your browser at our request). Cookies enable the site to 'remember' whom you are so that you can get navigate around it easier and more efficiently. We do not save any personal or sensitive information in our cookies.

Hyperlinks

Our Web site contains hyperlinks to other sites. Web sites we link to may have different privacy practices from the ones described here for www.beaconinvest.com. Visitors and clients should read the privacy statements of other Web sites they visit. This privacy statement applies solely to information collected by this Web site.

Electronic Message and E-Mail Security E-mail sent to Beacon Investment Management from within our Web site is secured with the same Secure Socket Layer (SSL) technology we use to transmit account reporting.

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Disaster Recovery

As part of its fiduciary duty to its clients and as a matter of best business practices, Beacon Investment Management, Inc., has adopted policies and procedures for disaster recovery and for continuing Beacon Investment Management, Inc.'s business in the event of an emergency or a disaster. These policies are designed to allow Beacon Investment Management, Inc. to resume providing service to its clients in as short a period of time as possible. These policies are, to the extent practicable, designed to address those specific types of disasters that Beacon Investment Management, Inc. might reasonably face given its business and location.

Beacon Investment Management, Inc. currently backs-up all company data nightly to a secure server. That back-up is verified the next morning to insure proper completion. Each day the prior day's data tape is taken to a secure offsite location so there is always current data securely held. All client paper documents are scanned into files which are included as part of the nightly backup. In addition, our custodian Schwab Institutional also backups all of our important documents in a geographically separate location.

All personnel have a list of addresses, home and cell phone numbers and relative's phone numbers so that each other can be reached quickly in the event of an emergency. Should an emergency occur, all personnel would meet at the home of Sam Bass Jr., which is a secure and separate location from the office. This location is currently equipped with computers and a server, as well as a secure remote access to the office's main server. If for any reason the home of Sam Bass Jr. is not accessible we would contact each other either via cell phone, land line, or text message to agree to meet at another employees home. Should the phone system be dysfunctional, we have the capabilities to forward all office calls from a remote location to a landline at the secure location, any cellular number, or any other number to be used, including long distance numbers. As long as all phone service and cell towers are not disabled, clients would be able to reach us via the office phone number. If all phone service is inoperable, we would post a message to this effect on our website. Any incoming mail to the office can be viewed securely at any other location.

Accounts and activity can easily be accessed from the secure location (or any location via secure password protected entry to the custodian's website link to accounts), as well as viewing the market. This could also be accomplished via a modem line. All client accounts can be accessed from any computer using a secure login specifically for Beacon personnel. From this site, balances can be confirmed, trades placed and checks may be issued out should a client request. If the office were disabled for any reason, we would contact our custodian, Schwab Institutional, both the operations desk and the trading desk to alert them to the situation. For trading, Beacon utilizes an online trading platform, which can be downloaded and used anywhere. Trades can also be phoned in, with the allocations faxed to the traders at Schwab, or entered via the secure Schwab Institutional web site.

Alerts and emergency notifications for clients would be posted on our website. All backup systems have been tested and proved effective. If the emergency is contained, and only electrical power, or phone, or internet singularly were not functioning we would remain at the main facility until notice of outage duration would be known. We are equipped with backup electrical power for the computers through our APC Back-UPS supplies if the duration would be a short one. The utility and/or phone companies would be alerted immediately of either power failure. If our Internet connection should be lost, we have a backup system to ensure connect ability to the internet. Should unlikely events unfold that would prevent us from remaining in business, Charles Schwab would handle the accounts and assist clients with any request, including prompt access to their funds and securities.

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