

**Item 1 – Cover Page**

PBGH Financial Advisors, Inc.

725 Jackson Street, Suite 210

Fredericksburg, VA 22401

(540) 371-3566

[www.pbghfa.com](http://www.pbghfa.com)

March 23, 2011

This Brochure provides information about the qualifications and business practices of PBGH Financial Advisors, Inc. (“PBGH”). If you have any questions about the contents of this Brochure, please contact us at (540) 371-3566. 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.

PBGH is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about PBGH also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for PBGH is 115013.

## Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 23, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting PBGH’s Director of Investment Strategy, Raymond Kingsfield at 800-296-7244. Our Brochure is also available on our web site [www.pbghfa.com](http://www.pbghfa.com), also free of charge.

Additional information about PBGH is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with PBGH who are registered, or are required to be registered, as investment adviser representatives of PBGH.

### Item 3 -Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes .....	ii
Item 3 – Table of Contents.....	iii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	4
Item 6 – Performance-Based Fees and Side-By-Side Management.....	6
Item 7 – Types of Clients .....	6
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	6
Item 9 – Disciplinary Information .....	9
Item 10 – Other Financial Industry Activities and Affiliations.....	9
Item 11 – Code of Ethics.....	10
Item 12 – Brokerage Practices.....	11
Item 13 – Review of Accounts.....	13
Item 14 – <i>Client</i> Referrals and Other Compensation.....	14
Item 15 – Custody .....	15
Item 16 – Investment Discretion .....	15
Item 17 – Voting <i>Client</i> Securities.....	16
Item 18 – Financial Information.....	16

## **Item 4 – Advisory Business**

PBGH is owned by 15 individual Members (see [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) for Wealth Management's Form ADV Part 1, Schedule A for a list of all individuals names) and has been providing advisory services since 1998.

As of December 31, 2010, PBGH managed \$68 million on a discretionary basis and \$25 million on a nondiscretionary basis.

### **Investment Management Services:**

PBGH constructs and manages investment portfolios for affluent individuals, qualified retirement plans, trusts, charitable organizations, small businesses and corporations. PBGH will work with a client to determine the client's investment objectives and investor risk profile and will design a written investment policy statement. PBGH uses investment and portfolio allocation software to evaluate alternative portfolio designs. PBGH evaluates the client's existing investments with respect to the client's investment policy statement. PBGH works with new clients to develop a plan to transition from the client's existing portfolio to the portfolio recommended by PBGH. PBGH will then continuously monitor the client's portfolio holdings and the overall asset allocation strategy and hold review meetings with the client regarding the account as necessary.

The PBGH investment methodology involves the construction of customized portfolios using low-cost, no load, passive investment vehicles such as mutual funds and exchange traded funds (ETFs). The portfolio will be designed to meet the investment objectives, risk tolerance, and investment time horizon of the client and as detailed in the Investment Policy Statement. PBGH primarily recommends mutual funds and ETFs offered by Dimensional Fund Advisors (DFA), Vanguard, State Street (SPDRs), iShares, and other passive, or index-based investment tools with low holdings turnover and low costs.

Client portfolios may also include some individual equity securities in situations where disposition of these securities would present an overriding tax implication or the client specifically requests they be retained for a personal reason. These situations will be specifically identified in the client's Investment Policy Statement (IPS).

PBGH manages mutual fund and equity portfolios on a discretionary and non-discretionary basis according to the investment policy selected by the client.

A client may impose any reasonable restrictions on PBGH's discretionary authority, including restrictions on the types of securities in which PBGH may invest client's assets and on specific securities, which the client may believe to be appropriate.

Depending on the specific circumstances of the client, PBGH may also recommend an outside manager to assist in the management and execution of the fixed income portion of the client's portfolio. In this event, PBGH will request discretionary authority from the investment management client to retain a third party fixed income manager. PBGH will prepare a separate Fixed Income Investment Policy Statement for any client qualifying for separate fixed income portfolio services.

If PBGH and client decide to retain a fixed income securities manager, the fixed income securities manager will be provided with the discretionary authority to invest client assets in fixed income securities consistent with the client's Fixed Income Investment Policy Statement. The manager will also monitor the account for changes in credit ratings, security call provisions, and tax loss harvesting opportunities (to the extent that the manager is provided with cost basis information). The manager will obtain PBGH's consent prior to the sale of any client securities.

On an ongoing basis, PBGH will answer clients' inquiries regarding their accounts and review periodically with clients the performance of their accounts. PBGH will periodically, and at least annually, review clients' investment policy, risk profile and to discuss the re-balancing of each client's accounts to the extent appropriate. PBGH will provide to investment manager any updated client financial information or account restrictions necessary for investment manager to provide sub-advisory services.

In addition to managing the client's investment portfolio, PBGH may consult with clients on various financial areas including income and estate tax planning, business sale structures, college financial planning, retirement planning, insurance analysis, personal cash flow analysis, establishment and design of retirement plans and trust designs, among other things.

### **Employee Benefit Plan Services:**

PBGH also provides advisory services to participant-directed employee retirement benefit plans. PBGH will analyze the plan's current investment platform, and assist the plan in creating an investment policy statement defining the types of investments to be offered and the restrictions that may be imposed. PBGH will recommend investment options to achieve the plan's objectives, provide participant education meetings, and monitor the performance of the plan's investment vehicles.

PBGH will recommend changes in the plan's investment vehicles as may be appropriate from time to time. PBGH generally will review the plan's investment vehicles and investment policy as necessary.

The annual fee for employee benefit retirement plan services will be charged as a percentage of assets within the plan. Typically, the annual fee will be 75 percent of the above quoted fees for investment management services.

## **Financial Planning**

PBGH also provides advice in the form of a Financial Plan. Clients purchasing this service will receive a written financial plan, providing the client with a detailed financial plan designed to achieve their stated financial goals and objectives.

In general, the financial plan will address any or all of the following areas of concern:

- PERSONAL: Family records, budgeting, personal liability, estate information and financial goals.
- TAX & CASH FLOW: Income tax and spending analysis and planning for past, current and future years. PBGH may illustrate the impact of various investments on a client's current income tax and future tax liability.
- DEATH & DISABILITY: Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.
- RETIREMENT: Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.
- INVESTMENTS: Analysis of investment alternatives and their effect on a client's portfolio.

PBGH gathers required information through in-depth personal interviews. Information gathered includes a client's current financial status, future goals and attitudes towards risk. Related documents supplied by the client are carefully reviewed, including any questionnaires completed by the client, and a written report is prepared. Should a client choose to implement the recommendations in the plan, PBGH suggest the client work closely with his/her attorney, accountant or insurance agent. Implementation of financial plan recommendations is entirely at the client's discretion.

## **Item 5 – Fees and Compensation**

In certain circumstances, all fees, account minimums and their applications to family circumstances may be negotiable.

PBGH has contracted BAM Advisor Services, LLC (BAM), to perform certain operational services including trade processing, collection of management fees, record maintenance and report preparation. PBGH pays a fee to BAM for these services based on the management fees paid to PBGH on accounts that use BAM Advisor Services. The fee paid by PBGH to BAM consists of a portion of the fee paid by clients to PBGH and varies based on the total client assets participating in BAM Advisor Services through PBGH. These fees are not separately charged to advisory clients.

The specific manner in which fees are charged by PBGH is established in a client's written agreement with PBGH. Investment Management and Employee Benefit Plan clients will be invoiced in advance at the beginning of each calendar quarter based upon the value (market value based on independent third party sources or fair market value in the absence of market value; client account balances on which PBGH calculates fees may vary from account custodial statements based on independent valuations and other accounting variances, including mechanisms for including accrued interest in account statements) of the client's account at the end of the previous quarter. New accounts are charged a prorated fee for the remainder of the quarter in which the account is incepted (date of first trade).

For Investment Management and Employee Benefit Plan Services, PBGH will request authority from the client to receive quarterly payments directly from the client's account held by an independent custodian. Clients may provide written limited authorization to PBGH or its designated service provider, BAM, to withdraw fees from the account. Clients will receive custodial statements showing the advisory fees debited from their account(s). Certain third party administrators will calculate and debit PBGH's fee and remit such fee to PBGH.

A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

PBGH's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees

charged by managers, custodial fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. These fees will generally include a management fee and other fund expenses. All fees paid to PBGH for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders.

Such charges, fees and commissions are exclusive of and in addition to PBGH's fee, and PBGH shall not receive any portion of these commissions, fees, and costs.

### **Advisory Fees**

#### **Investment Management Services:**

The annual fee for investment management services will be charged as a percentage of assets under management, according to the schedule below:

<b>Assets under management</b>	<b>Annual Fee (%)</b>
Up to \$199,999	1.50%
\$200,000 - \$499,999	1.25%
\$500,000 - \$999,999	1.00%
\$1,000,000 - \$1,999,999	0.90%
\$2,000,000 - \$2,999,999	0.80%
\$3,000,000 - \$3,999,999	0.70%
\$4,000,000 - \$4,999,999	0.60%
\$5,000,000 or greater	0.50%

All accounts for members of the client's family (husband, wife and dependent children) or related businesses may be assessed fees based on the total balance of all accounts.

#### **Employee Benefit Plan Services:**

The annual fee for employee benefit retirement plan services will be charged as a percentage of assets within the plan. Typically, the annual fee will be 75 percent of the above quoted fees for investment management services.

## **Financial Planning Services:**

FEES: Financial planning fees will be charged in one or both of two ways:

1. As a fixed fee, typically ranging from \$1,500 to \$5,000, depending on the nature and complexity of each client's circumstances.
2. On an hourly basis, ranging from \$75 to \$200 per hour, depending on the nature and complexity of each client's circumstances. An estimate for total hours may be determined at the start of the advisory relationship.

Total anticipated fees are determined prior to the engagement and are payable 25% upon initiation of the contracted services, with the remaining balance payable in quarterly installments. PBGH will never hold client funds greater than \$1200 for more than six months in advance of completion of the financial plan.

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

PBGH does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). All fees are calculated as described above and are not charged on the basis of income or capital gains or capital appreciation of the funds or any portion of the funds of an advisory client.

## **Item 7 – Types of Clients**

PBGH provides services to individuals, qualified retirement plans, trusts, charitable organizations, corporations and small businesses.

A minimum of \$400,000 is generally required for management services of portfolios of individual fixed income securities. Minimum account sizes may be negotiable under certain circumstances.

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

### *Methods of Analysis and Investment Strategy*

PBGH's services are based on long-term investment strategies incorporating the principles of Modern Portfolio Theory. PBGH's investment philosophy is firmly rooted in the belief

that markets are essential "efficient" and that over extended investment time periods, returns are determined principally by asset allocation decisions, rather than market timing or stock picking. PBGH recommends diversified, asset class driven portfolios, principally through the use of low cost, passively managed mutual funds and ETFs. PBGH portfolios will consist principally of exchange listed and registered securities and registered fixed income securities.

Although all investments involve risk, PBGH's portfolio construction process seeks to limit risk through broad diversification among asset classes and, as appropriate for particular clients the investment directly in high quality fixed income securities to represent the fixed income class allocation. PBGH's investment philosophy is designed for investors who desire consistency and adherence to the strategy detailed in the Investment Policy Statement. Regardless of the specific risk profile of the client, the PBGH strategy do not include frequent, market timing trading. Frequent trading of securities increases brokerage and other transaction costs that PBGH's strategy seeks to minimize.

Clients may hold or retain other types of assets as well, and PBGH may offer advice regarding those various assets as part of its services. Advice regarding such assets will generally not involvement asset management services but may help to more generally assist the client.

PBGH receives supporting research from BAM Advisor Services, Fidelity Investments, Morningstar, iShares, and from other consultants, including economists affiliated with Dimensional Fund Advisors ("DFA"). PBGH utilizes DFA mutual funds and funds from other providers of research in client portfolios. DFA mutual funds follow a passive asset class investment philosophy with low holdings turnover.

#### *Analysis of a Client's Financial Situation*

In the development of an investment policy statement for clients, including the recommendation of an appropriate asset allocation, PBGH relies on an analysis of the client's financial objectives, current and estimated future resources, and tolerance for risk, and investment time horizon. To derive a recommended asset allocation, PBGH may use a Monte Carlo simulation, a standard statistical approach for dealing with uncertainty. As with any other methods used to make projections into the future, there are several risks associated with this method, which may result in the client not being able to achieve their financial goals. They include:

- The risk that expected future cash flows will not match those used in the analysis

- The risk that future rates of return will fall short of the estimates used in the simulation
- The risk that inflation will exceed the estimates used in the simulation
- For taxable clients, the risk that tax rates will be higher than was assumed in the analysis

### Risk of Loss

#### **Investing in securities involves risk of loss that clients should be prepared to bear.**

All investments present the risk of loss of principal – the risk that the value of securities (mutual funds, ETFs and individual securities), when sold or otherwise disposed of, may be less than the price paid for the securities. Even when the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment.

The mutual funds and ETFs utilized by PBGH may include funds invested in domestic and international equities, including real estate investment trusts (REITs), corporate and government fixed income securities and commodities. Equity securities may include large capitalization, medium capitalization and small capitalization stocks. Mutual funds and ETF shares invested in fixed income securities are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings.

Among the riskiest mutual funds used in PBGH's investment strategies funds are the U.S. and International small capitalization and small capitalization value funds, emerging markets funds, and commodity futures funds. Conservative fixed income securities have lower risk of loss of principal, but most bonds (with the exception of Treasury Inflation Protected Securities, or TIPS) present the risk of loss of purchasing power through lower expected return. This risk is greatest for longer-term bonds.

Certain funds utilized by PBGH may contain international securities. Investing outside the United States involves additional risks, such as currency fluctuations, periods of illiquidity and price volatility. These risks may be greater with investments in developing countries.

More information about the risks of any particular market sector can be reviewed in representative mutual fund prospectuses managing assets within each applicable sector.

## **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 PBGH or the integrity of PBGH's management. In 2002 a non-registered shareholder of PBGH was deemed to be providing investment advisory services and as such PBGH had an unregistered investment advisor representative. The Commonwealth of Virginia brought an administrative action against PBGH (Docket/Case Number SEC-2002-00053). PBGH settled the administrative action with the Commonwealth of Virginia by the shareholder becoming a licensed investment adviser representative and paying a \$1,000 fine. PBGH has no other information applicable to this Item 9.

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

### Affiliated Accounting Firm

PBGH is a registered investment adviser. However, the Officers and investment adviser representatives of PBGH may also be officers and/or employees with the accounting firm, PBGH, LLP. PBGH, LLP may recommend PBGH to accounting clients in need of advisory services. PBGH may recommend PBGH, LLP to advisory clients in need of accounting services. Accounting services provided by PBGH, LLP are separate and distinct from the advisory services of PBGH, and are provided for separate and typical compensation. There are no referral fee arrangements between PBGH and PBGH, LLP for these recommendations. No PBGH client is obligated to use PBGH, LLP for any accounting services.

### Individual Licensed Insurance Agents

Associated persons of PBGH, in their individual capacities, are agents for various insurance companies to sell life and health insurance products. As such, these individuals will be able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of insurance recommendations. While these individuals endeavor at all times to put the interest of the clients first as part of PBGH's fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

Mr. Dan Bender expects to spend approximately 50% of his time with these related activities and Mr. Sean O'Connell, Mr. Greg Geisert, and Mr. John Vincie expect to spend approximately 90-95% of their time on the accounting practice. The other stockholders of PBGH will spend the majority of their time with PBGH, LLP providing tax, auditing and accounting services.

#### Outside Business Activity

Mr. Raymond E. Kingsfield, in his individual capacity, is a member, managing member and/or board member for several private real estate investment and development companies. These are personal/private companies that own and invest in real estate. These personal/private real estate businesses are not offered to the public or any PBGH advisory clients.

#### BAM Advisor Services, LLC

As described above in Item 4, PBGH may exercise discretionary authority provided by a client to select an independent third party investment manager for the management of portfolios of individual fixed income securities. PBGH selects BAM Advisors Services, LLC for such fixed income management. PBGH also contracts with BAM Advisor Services, LLC for certain back office services and assistance with portfolio modeling. PBGH has a fiduciary duty to select qualified and appropriate managers in the client's best interest, and believes that BAM Advisor Services, LLC effectively provides both the back office services that assist with its overall investment advisory practice and fixed income portfolio management services. The management of PBGH continuously makes this assessment. While PBGH has a contract with BAM Advisor Services, LLC governing a time period for back office services, PBGH has no such fixed commitment to the selection of BAM Advisor Services, LLC for fixed income management services and may select another investment manager for clients upon reasonable notice to BAM Advisor Services, LLC.

### **Item 11 – Code of Ethics**

PBGH has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. PBGH's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients and sets forth PBGH's practice of supervising the personal securities transactions of employees with access to client information. Individuals associated with PBGH may buy or sell securities for their personal accounts identical or different than those recommended to clients. It is the expressed policy of PBGH that no person employed by the firm shall prefer

his or her own interest to that of an advisory client or make personal investment decisions based on investment decisions of advisory clients.

To supervise compliance with its Code of Ethics, PBGH requires that anyone associated with this advisory practice with access to advisory recommendations provide annual securities holding reports and quarterly transaction reports to the firm's principal. PBGH also requires such access persons to receive approval from the Chief Compliance Officer prior to investing in any IPO's or private placements (limited offerings).

PBGH's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information and protecting the confidentiality of client information. PBGH requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to discipline.

PBGH will provide a complete copy of its Code of Ethics to any client or prospective upon request.

It is PBGH's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. PBGH will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an advisor, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated private fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment advisor in relation to a transaction in which the investment advisor, or any person controlled by or under common control with the investment advisor, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an advisor is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Item 12 – Brokerage Practices**

PBGH arranges for the execution of securities transactions with the assistance of BAM Advisor Services. Through BAM, PBGH participates in the Fidelity Institutional Wealth Services (FIWS) program offered to independent investment advisors, sponsored by Fidelity Brokerage Services, LLC ("Fidelity"), member FINRA/SIPC. Fidelity is an unaffiliated SEC-registered broker dealer and FINRA member broker dealer.

With respect to 529 plans, PBGH participates in the American Funds Financial Advisor Program offered to fee-only advisors. PBGH may also recommend after-tax annuities from Transamerica Financial Life Insurance Company, a Member of the AEGON Insurance Group.

The FIWS program will generally be recommended to advisory clients for the execution of mutual fund and equity securities transactions. PBGH regularly reviews this program to ensure that its recommendations are consistent with its fiduciary duty. This trading platform is essential to PBGH's service arrangements and capabilities, and PBGH may not accept clients who direct the use of other brokers. As part of this program, PBGH receives benefits that it would not receive if it did not offer investment advice (See the disclosure under Item 14 of this Brochure).

As PBGH will not request the discretionary authority to determine the broker dealer to be used or the commission rates to be paid in these situations, clients must direct PBGH as to the broker dealer to be used. In directing the use of a particular broker or dealer, it should be understood that PBGH will not have authority to negotiate commissions among various brokers or obtain volume discounts, and best execution may not be achieved. Not all investment advisors require clients to direct the use of specific brokers.

Other than through Fidelity, PBGH will not exercise authority to arrange client transactions in fixed income securities through other broker-dealers. Clients will provide this authority to a fixed income manager retained by PBGH on client's behalf by designating the portfolio manager with trading authority over client's brokerage account. Clients will be provided with the Disclosure Brochure (Form ADV Part 2) of portfolio manager.

FIWS does not generally charge clients a custody fee and are compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through the broker or that settle into the clients' accounts at the brokers. Trading client accounts through other brokers may result in fees (including mark-ups and mark-downs) being charged by the custodial broker and an additional broker. While PBGH will not arrange transactions through other brokers, the authority of the fixed income portfolio manager includes the ability to trade client fixed income assets through other brokers.

PBGH does not block affiliated trades with any client trades. PBGH also does not have any arrangements to compensate any broker dealer for client referrals.

PBGH does not maintain any client trade error gains. PBGH makes client whole with respect to any trade error losses incurred by client caused by PBGH.

PBGH generally does not aggregate any client transactions in mutual fund or other securities. Client accounts are individually reviewed and managed, and transaction costs are not saved by aggregating orders in almost all circumstances in which PBGH arranges transactions. BAM Advisor Services, LLC, in the management of fixed income portfolios, will aggregate certain transactions among client accounts that it manages, in which case an PBGH client's orders may be aggregated with an order for another client of BAM Advisor Services, LLC who is not an PBGH client. See BAM Advisor Services, LLC Form ADV Part 2.

#### **Employee Benefit Retirement Plan Services:**

PBGH does not arrange for the execution of securities transactions for plans utilizing Employee Benefit Retirement Plan Services. Transactions are executed directly through employee plan participation. PBGH may, however, arrange for execution of securities transactions for certain plans that use FIWS as custodian.

#### **Financial Planning Services:**

PBGH's financial planning practice, due to the nature of its business and client needs, does not include blocking trades, negotiating commissions with broker dealers or obtaining volume discounts, nor necessarily obtaining the best price. Clients will be required to select their own broker dealers and insurance companies for the implementation of financial planning recommendations. PBGH may recommend any one of several brokers. PBGH clients must independently evaluate these brokers before opening an account. The factors considered by PBGH when making this recommendation are the broker's ability to provide professional services, PBGH's experience with the broker, the broker's reputation, and the broker's financial strength, among other factors. PBGH's financial planning clients may use any broker or dealer of their choice.

### **Item 13 – Review of Accounts**

#### **Reviews:**

#### **Investment Management Services:**

Account assets are supervised continuously and formally reviewed quarterly by an Investment Advisor Representative of PBGH. The review process contains each of the following elements:

- a. assessing client goals and objectives;
- b. evaluating the employed strategy(ies);

- c. monitoring the portfolio(s); and
- d. addressing the need to rebalance.

Additional account reviews may be triggered by any of the following events:

- a. a specific client request;
- b. a change in client goals and objectives;
- c. an imbalance in a portfolio asset allocation; and
- d. market/economic conditions.

For fixed income portfolios, certain account review responsibilities are delegated to a third party investment manager as described above in Item 4.

#### **Employee Benefit Retirement Plan Services:**

Retirement plan assets are reviewed no more than quarterly, and according to the standards and situations described above for investment management accounts.

#### **Financial Planning Services:**

Financial Planning accounts will be reviewed as contracted for at the inception of the advisory relationship.

#### **Reports:**

All clients will receive quarterly performance reports, prepared by BAM and reviewed by PBGH, that summarize the client's account and asset allocation. Clients will also receive monthly statements from their account custodian, which will outline the client's current positions and current market value.

Financial Planning clients will receive reports as contracted for at the inception of the advisory relationship. Additional reports will not typically be provided unless otherwise contracted for.

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

As indicated under the disclosure for Item 12, PBGH utilizes the services of FIWS in conjunction with the BAM Advisor Services program. These services generally are available to independent investment advisors on an unsolicited basis at no charge to them.

These services benefit PBGH but may not benefit its clients' accounts. Many of the products and services assist PBGH in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of PBGH's fees from its clients' accounts, and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of PBGH's accounts. FIWS also make available to PBGH other services intended to help PBGH manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. PBGH does not, however, enter into any commitments with the brokers for transaction levels in exchange for any services or products from brokers. While as a fiduciary, PBGH endeavors to act in its clients' best interests, PBGH's requirement that clients maintain their assets in accounts at FIWS may be based in part on the benefit to PBGH of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the brokers, which may create a potential conflict of interest.

PBGH also receives software from DFA, which PBGH utilizes in forming asset allocation strategies and producing performance reports. DFA also provides continuing education for PBGH personnel. These services are designed to assist PBGH plan and design its services for business growth.

## **Item 15 – Custody**

Investment Management and Employee Benefit Plan Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. PBGH urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 – Investment Discretion**

PBGH requests that it be provided with written authority to determine which securities and the amounts of securities that are bought or sold. For fixed income securities, this authority will include the discretion to retain a third party money manager for fixed

income accounts. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.

When selecting securities and determining amounts, PBGH observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to PBGH in writing.

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

Proxy Voting: As a matter of firm policy and practice, PBGH does not accept the authority to and does not vote proxies on behalf of advisory client. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients will receive applicable proxies directly from the issuer of securities held in clients' investment portfolios. PBGH, however, may provide advice to clients regarding the clients' voting of proxies.

Class Actions, Bankruptcies and Other Legal Proceedings: Clients should note that PBGH will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held or previously were held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct PBGH to transmit copies of class action notices to the client or a third party. Upon such direction, PBGH will make commercially reasonable efforts to forward such notices in a timely manner.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about PBGH's financial condition. PBGH has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.