

# Beacon Capital Management, Inc. Client Brochure

*This brochure provides information about the qualifications and business practices of Beacon Capital Management, Inc. If you have any questions about the contents of this brochure, please do not hesitate to contact us at (937) 439-9093 or by email at: [cook@beaconinvesting.com](mailto:cook@beaconinvesting.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Beacon Capital Management, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Beacon Capital Management, Inc.'s CRD number is: 120641*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

Beacon Capital Management, Inc. has not yet filed an annual updating amendment using the ADV Form 2A. Therefore there are no material changes to report.

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

This firm has been in business since January 1, 2001, and the principal owner is James Christopher Cook.

### **B. Types of Advisory Services**

Beacon Capital Management, Inc. (hereinafter "BCM") offers the following services to advisory clients:

#### ***Investment Supervisory Services***

BCM offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. BCM creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- |                       |                                |
|-----------------------|--------------------------------|
| • Investment strategy | • Personal investment policy   |
| • Asset allocation    | • Asset selection              |
| • Risk tolerance      | • Regular portfolio monitoring |

BCM evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

#### ***Asset Allocation Service***

BCM manages investment advisory accounts not involving Investment Supervisory Services. BCM has designed a series of five model portfolios in its Beacon DFA program, with strategies ranging from conservative to aggressive. Each portfolio is designed to meet a particular investment goal which BCM has determined is suitable to the client's circumstances. Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, or growth and income).

BCM will assist in completing an Individual Account Application that clarifies specific circumstances and shows a target stock-to-bond ratio for your portfolio suited to your individual risk tolerance, goals, and management style. Once the appropriate portfolio has been determined, the portfolio will be continuously managed based on the portfolio's goal, rather than on each client's individual needs. However, each client will

have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

As BCM manages your account, your actual stock-to-bond ratio will deviate around your target stock-to-bond ratio. Although your target stock-to-bond ratio will be maintained, BCM may change your specific mutual funds or other investments based on economic research and asset class risk factors in order to help you meet your objectives. For these accounts, BCM will ensure that the following conditions are met and maintained:

- 1) BCM will manage each client's account on the basis of the client's financial situation and investment objectives and any reasonable investment restrictions the client may impose;
- 2) BCM will obtain sufficient client information to be able to provide individualized investment advice to the client. At least annually, BCM will contact the client to determine whether there have been any changes in the client's financial situation or investment objectives and whether the client wishes to impose investment restrictions or modify existing restrictions.

BCM is not responsible for accurate reporting if you fail to provide us accurate information. Client must promptly submit to BCM in writing any changes to the Client Profile, Individual Account Application, or any changes to any information you provide us regarding the management of your account;

- 3) On a quarterly basis BCM will notify the client in writing to notify BCM if there have been changes in the client's financial situation or investment objectives and whether the client wishes to impose investment restrictions or modify existing restrictions. These quarterly notifications will include the means through which contact shall be made to BCM;

- 4) BCM will be reasonably available to consult with the client;

- 5) Each client is able to impose reasonable investment restrictions on the management of the account;

- 6) Each client will receive a quarterly statement with a description of all account activity; and,

- 7) Each client will retain certain indicia of ownership of the securities and funds in the account, e.g., the ability to withdraw securities, vote securities, among others.

BCM offers the following services and clients are instructed to review each description to ensure they are comfortable with the style of management they select.

## 1. Beacon DFA Portfolios

The Beacon DFA Portfolio service utilizes a value-oriented asset allocation strategy. This strategy is based on the following core beliefs.

**Global Diversification** – holding a diversified portfolio of assets, including domestic and international companies, can reduce the risk of a portfolio and in some cases improve returns.

**Value-Oriented Approach** – value investors are systematically rewarded by the “market” with higher returns versus a growth-oriented strategy. This phenomenon has been found true in domestic and international markets.

**Unwavering Discipline** – chasing the “hot” style or fad does not deliver consistent returns over time. Consistently applying a value-oriented style through the ups and downs of the market provides better returns with less risk historically.

**Investment Manager Specialization** – managers that focus all of their time and resources toward a specific area, such as value-oriented stocks, will provide superior results compared to generalists.

**Risk Calibrated Portfolios** – every investor is entitled to a portfolio that is matched to his or her specific risk capacity. The proportion of stocks to bonds is the number one determinant of long-term returns and risk.

The Beacon DFA Portfolio service typically invests in 5-12 different mutual funds purchased at Net Asset Value (“NAV”). Although front-end sales loads are avoided with this service, your custodian may charge a transaction fee for specific funds.

The minimum account size for the Beacon DFA Portfolio service is \$50,000.

## 2. Value-Oriented Asset Allocation

The Value-Oriented Asset Allocation service utilizes a similar strategy as the Beacon DFA Portfolio service and is based on the same core beliefs. However, the Value-Oriented Asset Allocation service is designed specifically for those accounts that do not meet the \$50,000 minimum required of the Beacon DFA Portfolio service or those accounts that are looking to minimize transaction costs by the custodian. The Value-Oriented Asset Allocation service typically invests in two highly diversified mutual funds – one stock fund and one bond fund. Similar to the Beacon DFA Portfolio service these funds are purchased at NAV, however your custodian may charge a transaction fee for specific funds.

The minimum account size for the Value-Oriented Asset Allocation service is \$25,000.

### **3. Fund Allocation**

The Fund Allocation service is also an asset allocation strategy similar to the Beacon DFA Portfolio service and based on the same core beliefs with one exception – the Fund Allocation service is not style specific. In other words, the Fund Allocation service actively invests in both value and growth-oriented investment styles. The specific asset allocations for the Fund Allocation service are generally static; however changes may be made at any time based on economic research concerning the correlation between various asset classes.

There is no minimum account size for the Fund Allocation service.

#### ***Unsupervised Assets***

From time to time, advisory clients may have pre-existing investments that they do not want actively managed by BCM. These clients may request that BCM incorporate these holdings into a single account to facilitate future management and reporting. BCM will initially consolidate these unsupervised assets into a single account within the client's existing portfolio. These assets will not be actively managed by BCM although they will be incorporated into the client's quarterly summary reports prepared by BCM.

#### ***Pension Consulting Services***

BCM provides several advisory services separately or in combination. While the primary clients for these services will be pension, profit sharing and 401(k) plans, BCM will also offer these services, where appropriate, to individuals and trusts, estates and charitable organizations. Pension Consulting Services are comprised of four distinct services. Clients may choose to use any or all of these services.

#### **Investment Policy Statement Preparation (Hereinafter Referred To As "IPS")**

BCM will meet with the client (in person or over the telephone) to determine the client's investment needs and goals. BCM will then prepare a written IPS stating those needs and goals and encompassing a policy under which these goals are to be achieved. The IPS will also list the criteria for selection of investment vehicles and the procedures and timing interval for monitoring of investment performance.

#### **Selection of Investment Vehicles**

BCM will review various investments, consisting exclusively of mutual funds (both index and managed) to determine which of these investments are appropriate to implement the client's IPS. The number of investments to be recommended will be determined by the client, based on the Investment Policy Statement.



### **Monitoring of Investment Performance**

Client investments will be monitored continuously based on the procedures and timing intervals delineated in the Investment Policy Statement. Although BCM will not be involved in any way in the purchase or sale of these investments, BCM will supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

### **Employee Communications**

For pension, profit sharing and 401(k) plan clients wherein there are individual accounts with participants exercising control over assets in their own account ("self-directed plans"), BCM also provides quarterly educational support and investment workshops designed for the Plan participants. The nature of the topics to be covered will be determined by BCM and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide Plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

### ***Investment Advice through Consultation***

BCM offer investment research, economic analysis and portfolio design based on our model allocations. Allocations are based on risk tolerance and stock-to-bond ratios. These services are available to other persons or entities for a negotiable fee.

### ***Selection of Other Advisors***

BCM may direct clients to the third party money manager; Matson Money, Inc. (MM). BCM will be compensated via a fee share from MM to which it directs those clients. This relationship will be disclosed in each contract between BCM and MM. The fees shared will not exceed any limit imposed by any regulatory agency. Before selecting other advisors for clients, BCM will always ensure those other advisors are properly licensed or registered as investment advisor.

### ***Services Limited to Specific Types of Investments***

BCM limits its investment advice and/or money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, third party money managers, REITs, insurance products including annuities, and government securities. BCM may use other securities as well to help diversify a portfolio when applicable.

## **C. Client Tailored Services and Client Imposed Restrictions**

BCM offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent BCM from properly servicing the client account, or if the restrictions would require BCM to deviate from its standard suite of services, BCM reserves the right to end the relationship.

#### **D. Wrap Fee Programs**

BCM participates in wrap fee programs; which is an investment program where the investor pays one stated fee that includes management fees and transaction costs from the custodian. BCM does manage the investments in the wrap fee program. BCM does not manage those wrap fee accounts any differently than non-wrap fee accounts. A portion of the fees paid to the wrap account program will be given to BCM as a management fee.

#### **E. Amounts Under Management**

BCM has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$253,254,753.	\$2,500,000.	12/31/2010

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Investment Supervisory Services Fees*

Total Assets Under Management	Annual Fee
First \$500,000	1.80%
Next \$500,000	1.40%
Next \$1,000,000	1.30%
Next \$2,000,000	1.10%
Above \$4,000,000	Negotiable

There is a minimum annual fee of \$400. These fees are negotiable and the final fee schedule is attached in the Investment Advisory Contract. Fees are paid monthly or quarterly in advance or in arrears depending upon client situation, and clients may terminate their contracts with ten days' written notice. For fees charged in arrears, no refund policy is necessary. For fees charged in advance, refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization.

#### *Unsupervised Assets Fees*

For these assets, BCM will charge a minimal administrative fee of 0.10% annually. However, once these unsupervised assets are sold they will be reclassified as managed assets and fees will be charged in accordance with BCM's stated Portfolio Management fees.

#### *Pension Consulting Services Fees*

BCM offers the following fee options for clients receiving only Pension Consulting services and for clients receiving Pension Consulting services combined with Asset Allocation services.

- 1) For Pension Consulting Services that include on-going monitoring, the annual fee may range from 0.10% to 1.00% of plan assets under advisement, depending upon the services requested and the size of the plan.

2) For Pension Consulting Services that include Asset Allocation Services, the annual fee may range from 0.85% to 1.80% of plan assets under management, depending on the services requested and the size of the plan. BCM will quote an exact percentage to each client based on both the nature and total dollar value of that account. The billing terms and fees will be stipulated in the Investment Management Client Agreement.

### **ERISA Fee Disclosure**

BCM is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, BCM is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, BCM may only charge fees for investment advice about products for which BCM and/or its related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which BCM and/or its related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset BCM's advisory fees.

### ***Investment Advice through Consultation Fees***

Fees typically start at 55 basis points (0.55%) but may be higher or lower depending on levels of assets under management.

### ***Selection of Other Advisors Fees***

BCM may direct clients to the third party money manager; Matson Money, Inc. (MM). BCM will be compensated via a fee share from MM to which it directs those clients. This relationship will be disclosed in each contract between BCM and MM. The fees shared will not exceed any limit imposed by any regulatory agency. Before selecting other advisors for clients, BCM will always ensure those other advisors are properly licensed or registered as investment advisor. The fee schedule is as follows:

<b>AUM</b>	<b>This RIA's Split</b>	<b>Third Party's Split</b>
First \$500,000	1.40%	0.60%
Next \$500,000	0.70%	0.30%
Next \$3,000,000	0.53%	0.23%
Above \$4,000,000	0.35%	0.15%

Fees are paid quarterly in advance, and clients may terminate their contracts with ten days' written notice. Refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination.

## **B. Payment of Fees**

### ***Payment of Investment Supervisory Fees***

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid monthly or quarterly in advance or in arrears.

Advisory fees are also invoiced and billed directly to the client monthly or quarterly in advance or in arrears. Payments are due upon receipt of invoice. Clients may select the method in which they are billed.

## **C. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by BCM. Please see Item 12 of this brochure regarding broker/custodian.

## **D. Prepayment of Fees**

BCM collects fees in advance and in arrears. Fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination and the total days during the billing period. Fees will be returned within fourteen days to the client via check or return to credit card.

## **E. Outside Compensation For the Sale of Securities to Clients**

Martin Jaras in his role as a registered representative accepts compensation for the sale of securities to BCM clients.

### ***1. This is a Conflict of Interest***

BCM and its supervised persons will accept compensation for the sale of securities or other investment products, including asset based sales charges or services fees from the sale of mutual funds to its clients. This presents a conflict of interest and gives the supervised person and BCM an incentive to recommend products based on the compensation received rather than on the client's needs. When recommending the sale of securities or investment products for which BCM receives compensation, BCM will document the conflict of interest in the client file and inform the client of the conflict of interest.

## ***2. Clients Have the Option to Purchase Recommended Products From Other Brokers***

Clients always have the option to purchase BCM recommended products through other brokers or agents that are not affiliated with BCM.

## ***3. Advisory Fees in Addition to Commissions or Markups***

Advisory fees that are charged to clients are not reduced to offset the commissions or markups on securities or investment products recommended to clients.

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

BCM does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

# **Item 7: Types of Clients**

BCM generally provides management supervisory services to the following Types of Clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans
- ❖ Corporations or Business Entities

## ***Minimum Account Size***

BCM requires a minimum account of \$50,000 for Beacon DFA Portfolio Service, and a minimum account size of \$25,000 for participation in the Value-Oriented Asset Allocation program. These minimum account requirements may be negotiable at BCM 's discretion based on the client's individual circumstances. BCM may group certain related client accounts for the purposes of achieving the minimum account size. There is no minimum account requirement for the Fund Allocation service. There is no account or net worth minimums for Pension Consulting Services clients.

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

## **A. Methods of Analysis and Investment Strategies**

### ***Methods of Analysis***

BCM's methods of analysis include fundamental analysis and technical analysis.

*Fundamental analysis* involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

*Technical analysis* involves the analysis of past market data; primarily price and volume.

### ***Investment Strategies***

BCM uses Long Term and Short Term Trading strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **B. Material Risks Involved**

### ***Methods of Analysis***

*Fundamental analysis* concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

*Technical analysis* attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

### ***Investment Strategies***

Long Term Trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short Term Trading generally holds greater risk and clients should be aware that there is a chance of material risk of loss using any of those strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **C. Risks of Specific Securities Utilized**

BCM generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business or the integrity of our management.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Martin Jaras is licensed as registered representatives of The Tavenner Company, Inc. ("TCI"), a NASD registered broker dealer. From time to time, they will offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. BCM always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of BCM in their capacity as registered representatives.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither BCM nor its representatives are registered as a FCM, CPO, or CTA.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Associated persons of BCM are insurance agents or brokers for one or more insurance companies. From time to time, they will offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. BCM always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of BCM in their capacity as an insurance agent.

Martin Jaras, a BCM portfolio manager, is the President of Jaras Financial Services, Inc. ("JFS"). JFS specializes in pension plan consulting and administration, as well as general business consulting. The consulting services provided by Mr. Jaras through JFS are provided for separate, yet customary compensation, and are entirely separate and distinct from the advisory services provided by BCM. Furthermore, Mr. Jaras is a licensed, practicing certified public accountant and maintains a private accounting practice. Accounting and tax preparation services provided by Mr. Jaras are separate and distinct from the advisory services provided by BCM, and are provided for separate



and typical compensation. No BCM client is obligated to use Mr. Jaras for any accounting and/or tax preparation services, and no accounting/tax client of Mr. Jaras is obligated to utilize the advisory services of BCM.

Mr. Jaras is also the co-owner of a corporation d/b/a Handel Davies Sales Company ("HDSC"). HDSC is a wholesale distributor of specialty mats and cables in addition to pipe connectors used by electrical contractors.

#### **D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections**

BCM may direct clients to the third party money manager; Matson Money, Inc. (MM). BCM will be compensated via a fee share from MM to which it directs those clients. This relationship will be disclosed in each contract between BCM and MM. The fees shared will not exceed any limit imposed by any regulatory agency. Before selecting other advisors for clients, BCM will always ensure those other advisors are properly licensed or registered as investment advisor. This creates a conflict of interest in that BCM has an incentive to direct clients to the third party money managers that provide BCM with a larger fee split. BCM will always act in the best interests of the client, including when determining which third party manager to recommend to clients.

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

#### **A. Code of Ethics**

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

#### **B. Recommendations Involving Material Financial Interests**

BCM does not recommend that clients buy or sell any security in which a related person to BCM has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of BCM may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of BCM to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. BCM will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of BCM may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of BCM to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. BCM will always transact client's transactions before its own when similar securities are being bought or sold.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

For clients in need of brokerage or custodial services, and depending on client circumstances and needs, BCM may recommend the use of one of several broker dealers, provided BCM can meet its fiduciary obligation of best execution. BCM clients must evaluate these brokers before opening an account. The factors considered by BCM when making this recommendation are the broker's ability to provide professional services, BCM's experience with the broker, the broker's reputation, and the broker's quality of execution services and costs of such services, among other factors. Clients are not under any obligation to effect trades through any recommended broker.

BCM participates in the Schwab Institutional (SI) services program offered to independent investment advisers by Charles Schwab & Company, Inc. ('Schwab'), the TD Ameritrade services program sponsored by TD Ameritrade Institutional Services, a division of TD Ameritrade, Inc. ('TD Ameritrade'), as well as the Fidelity services program sponsored by Fidelity Brokerage Services, LLC and National Financial Services, LLC, a division of Fidelity Investments, LLC ('Fidelity'). Schwab, TD Ameritrade and Fidelity are NASD registered broker dealers. As part of these programs, BCM receives benefits that it would not receive if it did not offer investment advice.

Clients directing us to manage accounts with a specific broker/dealer and their affiliated custodian, including those recommended by us, have the sole responsibility for negotiating commission rates and other transaction costs with the broker/dealer and/or

custodian. Clients may be able to obtain lower transaction fee and/or charges with broker/dealers and custodians other than those selected by us. As previously disclosed, associated persons of BCM are separately registered as representatives of The Tavenner Company, Inc. ("TCI"), a broker dealer and NASD member firm.

Broker dealers are required to supervise the securities trading activities of its representatives. Clients may request that brokerage transactions be directed to a particular broker or dealer. However, if TCI believes that the use of the client's selected broker dealer would hinder the firm meeting its supervisory obligations, BCM will not be able to accept the account. Furthermore, if BCM believes that the use of that broker dealer would hinder BCM in meeting its fiduciary obligations, BCM will not be able to accept the account.

### ***1. Research and Other Soft-Dollar Benefits***

BCM and/or associated persons may, from time to time, receive incentive awards for the recommendation/introduction of insurance products. The receipt of this compensation may affect BCM's judgment in recommending products to its clients. Associated persons of BCM may, from time to time, receive 12b-1 distribution fees from investment companies in connection with the placement of client funds into investment companies. Schwab, TD Ameritrade, and Fidelity also make available to BCM other products and services that benefit BCM but may not benefit its clients' accounts.

Some of these other products and services assist BCM 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 BCM'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 BCM's accounts. Recommended brokers also make available to BCM other services intended to help BCM 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.

BCM 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, BCM endeavors to act in its clients' best interests, BCM's requirement that clients maintain their assets in accounts at Schwab, TD Ameritrade, or Fidelity may be based in part on the benefit to BCM 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.

## **2. Brokerage for Client Referrals**

BCM receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

## **3. Clients Directing Which Broker/Dealer/Custodian to Use**

BCM allows clients to direct brokerage. BCM may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost clients' money because without the ability to direct brokerage BCM may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices. Not all investment advisers allow their clients to direct brokerage.

### **B. Aggregating (Block) Trading for Multiple Client Accounts**

BCM maintains the ability to block trade purchases across accounts. Block trading may benefit a large group of clients by providing BCM the ability to purchase larger blocks resulting in smaller transaction costs to the client. Declining to block trade can cause more expensive trades for clients.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed at least daily by James Christopher Cook and Brandon Bianchi. They are the chief advisors and are instructed to review clients' accounts with regards to their investment policies and risk tolerance levels.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive at least quarterly a written report detailing the client's account which may come from the custodian.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

BCM does not receive any economic benefit, directly or indirectly from any third party for advice rendered to BCM clients.

### **B. Compensation to Non –Advisory Personnel for Client Referrals**

BCM enters into marketing arrangements with broker/dealers, registered investment advisers and independent financial professionals pursuant to which representatives of their firms (“Solicitors”) offer our services to the public. These Solicitors refer us the majority of our clients. Through these arrangements, BCM may pay a cash referral fee to the Solicitor and/or their firm based upon a percentage of our investment management fee. The amount of the referral fee may be up to 90% of the amount of the investment management fee received from you. In connection with these arrangements, BCM will comply with Rule 206(4)-3 under the Advisers Act.

The referral fee is paid pursuant to a written agreement, which is retained by both your Financial Advisor, as the Solicitor, and BCM. This information is disclosed to you prior to or at the time of entering into an investment management agreement with BCM. Solicitors, on their own and not related in any way to their solicitors’ agreements with BCM and not on BCM’s recommendation, also sell insurance, annuities, mutual funds, stocks, bonds, and/or limited partnerships to clients. These solicitors may receive separate and typical commissions on the sale of these products. BCM may pay a portion of the investment management fee to other affiliated or non-affiliated parties who assist with certain administrative tasks associated with the management of your account.

## **Item 15: Custody**

BCM does not take custody of client accounts at any time. Custody of client’s accounts is held primarily at the custodians; Schwab, TD Ameritrade, and Fidelity. If the client chooses to be billed directly by the Custodian, BCM would have constructive custody over that account and must have written authorization from the client to do so. Clients will receive all required account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

## **Item 16: Investment Discretion**

For those client accounts where BCM provides ongoing supervision, the client has given BCM written discretionary authority over the client’s accounts with respect to securities to be bought

or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides BCM discretionary authority via a limited power of attorney in the Investment Advisory Contract and in the contract between the client and the custodian.

### **Item 17: Voting Client Securities (Proxy Voting)**

BCM will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

### **Item 18: Financial Information**

#### **A. Balance Sheet**

BCM does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

#### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither BCM nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

#### **C. Bankruptcy Petitions in Previous Ten Years**

BCM has not been the subject of a bankruptcy petition in the last ten years.