

## **Boston Hill Advisors, LLC**

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### **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Boston Hill Advisors, LLC. If you have any questions about the contents of this brochure please contact us at 877-227-0847. 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 Boston Hill Advisors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Boston Hill Advisors, LLC is 141306.

Boston Hill Advisors, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Generally, Boston Hill Advisors, LLC will notify clients of material changes on an annual basis. However, where we determine that an interim notification is either meaningful or required, we will notify our clients promptly. In either case, we will notify our clients in a separate document.

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## Item 4 Advisory Business

Boston Hill Advisors, LLC is an SEC registered investment adviser based in North Andover, Massachusetts. Our firm is organized as a limited liability company under the laws of the Commonwealth of Massachusetts. We have been providing investment advisory services since 2006. Joseph J. Trainor and Michael F. Edwards are our principal owners.

As used in this brochure, the words "we", "our" and "us" refer to Boston Hill Advisors, LLC and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this brochure. As used in this brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

We provide an extensive range of investment advisory services by integrating wealth management with solutions that leverage our expertise in financial planning, investment management, educational seminars, and corporate benefits. We have a disciplined investment process that is results oriented, and we help formalize our client's vision for their retirement, family, business and/or charity in a holistic financial plan. Through our investment advisory services, we work with our clients in an effort to build a customized investment strategy to meet their individualized goals and objectives, and continuously monitor the integration of the plan with investment results.

### I. ASSET MANAGEMENT PROGRAMS

We offer asset management programs consisting of asset allocation strategies. Programs include investment strategies appropriate for your specific circumstances and objectives. We assist you in reviewing information about available programs, completing a client questionnaire to determine your risk tolerance and objectives and selecting an investment strategy. We maintain regular contact with you and review and monitor your portfolios on an ongoing basis to determine if there have been changes in your financial situation that may affect the appropriateness of your investment strategy and to determine whether adjustments to a portfolio are necessary to achieve the chosen investment strategy. You will receive monthly account statements and quarterly performance statements, as described in more detail below at the *Review of Accounts* section.

#### A. BHA Managed Accounts

Under our BHA Managed Accounts Program, we manage discretionary fee-only brokerage accounts for client relationships of \$250,000 or more. For such accounts, we act as the advisor on an internally managed asset allocation program using portfolios of no-load or load-waived mutual funds, ETFs and individual securities. We are responsible for security selection and asset allocation within these accounts based on your established risk tolerance. These accounts are held in custody at Charles Schwab & Co., Inc. or a custodian chosen by you and agreed to by our firm. You will enter into a separate custodial agreement with the designated custodian. Refer to the *Brokerage Practices* section below for additional disclosures on this topic.

Our maximum annual client fee for the BHA Managed Accounts program is 1.25% of assets under management. This fee is in addition to fees paid directly by you to the custodian of your account for custodial and trade execution services (as described more fully below at the *Fees and Compensation* section). Our fees are charged to your account on a quarterly or monthly basis in arrears and are deducted directly from your account through your custodian.

## **B. BHA Management Co-advisory Services**

We have entered into a co-advisory relationship with one financial institution to maintain legacy business. These programs are not offered to new clients of BHA and only a limited number of existing clients utilize this service. For convenience, these financial institutions are referred to herein as "Co-advisors," the relationship that we have with each such Co-advisor is referred to herein as the "Co-advisory Relationship," and the programs offered through each Co-advisor are sometimes referred to herein as the "Co-advisor Program(s)." Under these Co-advisory Relationships, and depending on the nature of the programs offered by the Co-advisor, the Co-advisor utilizes portfolios of no-load and load-waived mutual funds, ETFs and individual securities to create an asset allocation program for you. Your accounts are held by the custodian chosen by the Co-advisor. These custodians include, but are not limited to, Charles Schwab & Co., Inc. and National Financial Services, LLC ("NFS"). We have no authority to choose custodians or change custodial relationships for funds invested through any of the Co-advisor Programs.

For the management of the accounts under Co-advisory Relationships, based upon information we obtain from the client, the Co-advisor develops an "Investment Strategy Report" containing a model proposed asset allocation strategy. The Co-advisor provides ongoing asset management services on a discretionary basis that may include the addition or removal of investments in order to accomplish the asset allocation strategy. The Co-advisor also provides periodic rebalancing services so that the allocation of account assets among the selected investments remains consistent with the selected asset allocation strategy.

It is customary for Co-advisors to provide written information regarding the Co-advisor's Program(s) and services and reports for each client's accounts. While we take reasonable steps to obtain and review copies of any such materials that are provided by the Co-advisors for all programs and services in which we participate, we cannot assure the accuracy of any materials provided by the Co-advisors or other third parties. We provide copies of the Form ADV Part 2 (or other equivalent disclosure brochure) for any Co-adviser and we encourage careful review of the Co-advisor's Form ADV Part 2 (or other equivalent disclosure brochure) prior to participating in any Co-advisor Program.

### ***Additional Fees and Expenses***

Under the Co-advisor Programs described below, client funds may be invested in no-load or load-waived mutual funds and ETFs. Mutual funds and ETFs incur operating-related expenses, including but not limited to management fees, trading costs, distribution fees and other expenses, and trade at Net Asset Value, a measure of value that is net of the fund's operating expenses. These expenses are in addition to the advisory fees charged by us and the Co-advisor for each program described below and are levied and collected by the mutual fund company or ETF that is managing the funds. Some funds pay a portion of their administrative, management or certain other fees to the custodian in recognition of the fact that the custodian is incurring certain service costs for the benefit of the fund. These expenses are at the discretion of the relationship between the fund and the custodian. Some mutual funds and ETFs impose redemption charges on investments held for less than a minimum period established by the investment family. Redemption charges are incurred by you and are not included in the advisory fees charged by our firm or the Co-advisor as described in more detail below. Also, refer to the *Fees and Compensation* section below for additional disclosures on this topic.

## **1. Managers Investment Group LLC**

We have entered into Co-advisory Relationships with Managers Investment Group LLC ("MIG"). We do not offer this program to new clients. We have a very limited number of existing clients in the MIG programs.

### *Fees for use of MIG Co-advisory Programs*

For client's utilizing the MIG Co-advisor Programs, our maximum fee is 1.00% of assets under management. MIG charges an additional fee for its wrap account services. The maximum combined annual fee charged by MIG and our firm for a client's participation in a MIG Co-advisor Program is 1.5% of assets under management. Fees are due quarterly in arrears and are based on the account's average daily balance for the quarter just ended. We may, in our sole discretion, agree to a fee below the 1.25% maximum for our services.

## **II. RETIREMENT PLAN SERVICES**

We provide investment advisory services for tax qualified Simple Individual Retirement Account Plans and 401(k) Retirement Plans. For plans that offer employees a "menu" of investments for investing their retirement funds, we will assist the employer in selecting investment options that are suitable to the full range of investment objectives and risk tolerances of the employees participating in the plan. We will also assist employees in completing a questionnaire to determine their risk tolerance and investment objectives and, based on the results of the questionnaire, will assist them in choosing suitable investments from the available options within the Plan. In addition, we may provide (at no charge) assistance to a company in establishing a Simple IRA Plan. We may establish a withholding arrangement with a custodian for the company, and we can assist interested employees in setting up individual retirement accounts.

We charge an annual fee of 1.25% of assets under management in the retirement plan for our investment advisory services. This fee is charged to the individual employees and is deducted from the employee's account on a quarterly basis in arrears. In certain circumstances, the employer may choose to pay this fee on behalf of its employees. Employees may also incur additional costs from the mutual funds in which their accounts are invested. Refer to the *Fees and Compensation* section below for additional disclosures on this topic.

We do not provide retirement plan administration services and we do not maintain any relationships with or otherwise recommend the use of any third party administrators to provide administration services for employer sponsored 401(k) plans. We do not receive any compensation from any custodian, broker-dealer, third-party administrator, or other service provider in relation to our retirement plan investment advisory services. We recommend that employers utilize Charles Schwab for custodial and trade execution services, because of the breadth of securities that may be traded on the Charles Schwab platform and the customer service provided by Charles Schwab to the employer, the employees and to our firm. However, the employer is free to utilize the services of an alternative custodian should they so choose. Custodial fees and trade execution fees charged by the custodian vary depending on the type of securities offered as investment options under the plan and the number of trades executed within the retirement account. Employers may choose to utilize one of the risk-adjusted investment models offered by our firm under our BHA Managed Accounts Program (as described more fully above) however we do not receive any additional fees for use of such investment models.

## **III. GENERIC FINANCIAL SEMINARS**

We offer financial seminars both directly to the public and through educational institutions and employers. These seminars entail generic discussions of stocks, bonds, mutual funds, insurance and other financial planning and wealth management topics. Fees may or may not be charged for

attendance at the seminars. When fees are charged, they typically consist of a nominal fee to cover the cost of seminar materials, and generally range from \$0.00 to \$199.00 per person. These fees are not negotiable and are payable on the day of the first seminar. At the conclusion of the seminar, you may choose to receive an individual consultation with an Associated Person of our firm to discuss your financial needs. There is never a charge for an individual consultation and participants in both the seminars and individual consultations are not obligated to work with our firm or any of our Associated Persons for investment advisory services. If you subsequently purchase any securities products or investment advisory services through our firm, this may result in your paying our firm separate and additional fees. As part of the financial needs analysis in individual consultations, we generally include advice to you on matters not involving securities, such as life insurance, and we may participate in consultations with your other financial advisors, such as your CPA/accountant or attorney.

#### **IV. FINANCIAL PLANNING AND CONSULTING SERVICES**

##### **A. Financial Planning Services**

We provide financial planning services in the form of the preparation of individualized financial plans. Financial plans are based upon your individual circumstances and may address such goals as building wealth, financial education, retirement planning, estate planning, and business planning and insurance strategies. You may obtain a broad-based financial plan or a focused plan concentrating on certain specified goals. The plan may include general recommendations about investment strategies. Generally, the preparation of a financial plan is a one-time service, and any services that you may obtain from us following the preparation of the plan, including plan updates, constitute separate and distinct services that may be subject to additional fees.

Our fee for the preparation of a financial plan or the update of an existing plan may be a fixed fee or based upon an hourly rate of \$250 per hour. The fee arrangement (fixed or hourly) will be established prior to services being rendered. A fixed fee is determined through a formal assessment of the number of assets and liabilities to be analyzed, the complexity of your financial situation, and an estimate of the hours necessary to complete and refine the plan. The range for a fixed fee is typically \$500 to \$2,000. The maximum fixed fee is \$15,000. We may, at our sole discretion, waive all or a portion of our fee for such services. Our fees for financial planning services may be waived if your financial situation is not complex or if you indicate an intention to use us as your ongoing advisor for the investment of your assets (whether or not you ultimately decide to utilize our asset management services). Fixed fees are payable one-half in advance and the balance due upon completion. Hourly fees are payable monthly in arrears. If you terminate the relationship prior to the completion of services, you will receive a prorated refund of any unearned fees.

##### **Consulting Services**

We offer financial consulting services that focus on a particular investment and/or business issue. These services typically involve financial planning for businesses or address discrete financial-related business issues that may arise for an investment advisory client. These services are provided at an hourly rate of \$300 per hour. Fees are payable on a monthly basis in arrears. Fees for financial consulting services may be waived if your financial situation is not complex or if you indicate an intention to use us as your ongoing advisor for the investment of your assets (whether or not you ultimately decide to utilize us for asset management services).

##### **Termination of Services Information**

Either party may terminate the contract by providing a written notice to the other party. The management fee will be pro-rated for the quarter in which the cancellation notice was given and any unearned fees will be refunded to the client. At our discretion, you may be charged under the consultation services method (disclosed above) if the length of the relationship is less than 6 months.



### **Accuracy of Client Information**

In providing the contracted services, we are not required to verify any information we receive from you or from your other professionals (e.g. attorney, accountant, etc.) and we are expressly authorized to rely on the information you provide. You must promptly notify our firm if your financial situation, goals, objectives, or needs change for the purpose of reviewing, evaluating, and/or revising our previous recommendations and/or services.

### **Types of Investments**

We offer advice on mutual funds, exchange traded funds, and a variety of other types of investments since each client has different needs and different tolerances for risk. We may also advise you on any type of investment held in your portfolio at the inception of our advisory relationship, or on specific types of investments at your request.

### **Assets Under Management**

As of December 1, 2012, we manage \$275,235,035 in client assets on a discretionary basis, and \$9,580,589 in client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

Refer to the *Advisory Business* section above for information on our advisory fees, fee deduction arrangements, and refund policy according to each service we offer.

### **Additional Fees and Expenses**

Our Investment Advisory fees, as described above, are exclusive of, and in addition to, other fees that you may incur, including, but not limited to, the following types of fees: custody and transaction, Co-advisor Programs, legal, accounting, and funds' internal investment expenses.

The custodian holding your funds and securities may, on occasion and solely at their discretion, charge fees to you for other services you request in addition to the compensation they receive for custodial services (such as wire transfers or bill pay fees) provided to you. Also, it is the current practice of certain custodians to charge a "flat" transaction fee to the client on trades executed at other brokers. We do not share in any portion of these additional fees. Refer to the *Brokerage Practices* section below for additional disclosures on this topic.

The fees for the asset management programs we offer may result in higher costs than you may otherwise incur by contracting separately for investment management, trade execution, custodial and consulting services.

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, refer to the *Brokerage Practices* section below.



From time to time to time, mutual fund companies participate and support marketing events conducted in concert with BHA.

### **Compensation for the Sale Other Investment Products**

Persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents may have an incentive to recommend insurance products to you for the purpose of generating commissions. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

We also provide aggregation software for use by our clients. This software provides our clients with Internet-based access to their financial plan in conjunction with current views of their existing assets and liabilities. This enables you to obtain access to personal financial institution accounts that are available through Internet access. The vendor that has licensed this technology to our firm is E-Money Advisors, Inc. Fees for this technology are usually in the range of \$1,500 per year. This software only allows for viewing of asset and liability balances. The software does not allow for transactions to be executed for any accounts.

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Advisory Business* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities, municipalities and other governmental entities.

As described above we provide investment management services to individual clients or under co-advisory relationships with a number of third party asset managers. Minimum account size requirements apply to each of these programs and must be met in order to open an account. The following minimum account size requirements apply for each of the following programs.

<b>Program</b>	<b>Minimum Relationship Size</b>
BHA Managed Accounts	\$ 250,000
Managers	\$ 50,000

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

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- Fundamental Analysis - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.
- Technical Analysis - involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.
- Long Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- Short Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.
- Margin Transactions - a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.
- Option Writing - a securities transaction that involves selling an option. An option is the right, but not the obligation, to buy or sell a particular security at a specified price before the expiration date of the option. When an investor sells an option, he or she must deliver to the buyer a specified number of shares if the buyer exercises the option. The seller pays the buyer a premium (the market price of the option at a particular time) in exchange for writing the option.

In certain circumstances, we may recommend short-term trading (selling securities within one year of purchase) as an investment strategy. Short-term trading is not a fundamental part of our overall investment process, but we may use this strategy occasionally when we determine that it is suitable to implement strategies.

We perform our own analysis of securities for accounts that we managed under the Managed Accounts Program (see disclosures above at *Advisory Business*). The analysis is based upon third party research reports, the use of third party performance and statistical software packages, and technical analysis performed by our staff.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors.

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting

method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. You understand that our investment recommendations for your account are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Recommendation of Particular Types of Securities**

We primarily recommend mutual funds for our clients. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it. You should be advised of the following risks when investing in these types of securities:

Mutual funds are funds that are operated by an investment company that raises money from shareholders and invests it in stocks, bonds, and/or other types of securities. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. The mutual funds charge a separate management fee for their services. The returns on mutual funds can be reduced by the costs to manage the funds. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market. Funds that are sold through brokers are called load funds, and those sold to investors directly from the fund companies are called no-load funds. Mutual funds come in many varieties. Some invest aggressively for capital appreciation, while others are conservative and are designed to generate income for shareholders. Investors should carefully assess their tolerance for risk before they decide which fund is suitable for their account.

## **Item 9 Disciplinary Information**

Boston Hill Advisors, LLC has been registered and providing investment advisory services since 2006. Neither our firm nor any of our Associated Persons has any reportable disciplinary information.

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

We are affiliated with MuniCrest Investment Management Company, LLC ("MuniCrest"), an SEC registered investment adviser, through common control and ownership. MuniCrest is an operating subsidiary of our firm and manages municipal and fixed income portfolios on both a discretionary and non-discretionary basis for institutions and individual clients. We will recommend that you use the services of MuniCrest, if appropriate and suitable for your needs. Our advisory fees are separate and distinct from the fees paid to MuniCrest for their services. A conflict of interest exists because Associated Persons of our firm have a financial incentive to recommend the advisory services of MuniCrest. You are not obligated to engage MuniCrest for advisory services.

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

### **Description of Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of openness, integrity, honesty, good faith, and fair dealing. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm. Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

### **Participation or Interest in Client Transactions**

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this Brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor our Associated Persons shall have priority over your account in the purchase or sale of securities.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

## **Item 12 Brokerage Practices**

We will recommend that clients establish brokerage accounts with the Schwab Institutional a division of Charles Schwab & Co., Inc. ("Schwab Institutional" or "Schwab"), among others, to maintain custody of clients' assets and to effect trades for their accounts. We are not affiliated with Schwab Institutional, or any other firm that we may recommended to you for custodial services. Clients are advised that there may be transaction charges involved when purchasing or selling securities. Our firm does not share in any portion of the brokerage fees/transaction charges imposed by Schwab Institutional or other brokerage firms for custodial services. Additionally, the commission/transaction fees charged by these firms may be higher or lower than those charged by other broker-dealer/custodians.

The research products and services that we may receive from brokerage firms (e.g. Schwab, among others) may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisers who utilize Schwab, and are not considered to be

paid for with soft dollars. However, the commissions charged by a particular broker for a particular transaction, or set of transactions, may be greater than the amounts another broker who did not provide research services or products might charge.

While you are free to choose any broker-dealer or other service provider, we recommend that you establish an account with a brokerage firm with which we have an existing relationship. We believe that Schwab provides quality execution services at competitive prices. Price is not the sole factor we consider in evaluating best execution. In establishing the reasonableness of the fees charged by Schwab, we have compared Schwab with other brokerage service providers with respect a number of factors, including the fees charged by the broker for custodial and trade-execution services, the relative breadth of securities that can be traded on the broker's trading platform the frequency, nature and quality of reports that the broker provides to our clients regarding the performance of their portfolio, and the customer service provided by the broker to our firm and to our clients. The value of products, research or services other than custodial and trade execution services are not factors in establishing the reasonableness of the brokerage fees charged by Schwab

If you participate in any of the Co-advisor Programs described above your assets will be held by custodians that are chosen by the Co-advisor of each program. We do not have any authority to choose the custodian or change the custodial relationships for funds invested through any of the Co-advisor programs. Similarly, transactions for clients participating in third party asset manager program offered by our firm are effected through custodians chosen by these program sponsors, and we have no authority to choose custodians or change custodial relationships.

Associated persons of our firm may, from time to time, attend conferences offered by various vendors and/or wholesalers. These conferences may be available to our Associated Persons at a discounted rate or no cost.

#### **Research and Other Soft Dollar Benefits**

We do not participate in any soft dollar arrangements.

#### **Directed Brokerage**

In limited circumstances, some clients may instruct our firm in writing to use a particular broker(s) to execute some or all of the transactions in their accounts. If you choose to direct our firm to use a particular broker, you will be responsible for negotiating terms and arrangements for your account with the broker-dealer. We will not seek better execution services or prices from other broker-dealers. As a result, you may pay higher commissions, transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you. Subject to our duty to obtain best execution, we may decline your request to direct brokerage if, in our sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

#### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

#### **Block Trades**

We do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (commonly referred to as "block trading") because we primarily invest in mutual funds.

## Item 13 Review of Accounts

For BHA Managed Accounts and retirement plan accounts managed by our firm, market conditions and their impact on the asset allocations of the account are reviewed at least weekly. More frequent reviews are triggered when significant market fluctuations occur. For mutual fund investment, periodic reviews of peer universe rankings occur to ensure the mutual funds rank in the upper one-half of their peer universe.

For accounts managed by Co-advisors under Co-advisory Relationships described in the *Advisory Services* section above, our review process consists of a periodic review of the allocation and performance for each account to ensure that the Co-advisor remains consistent with the investment strategy proposed for your account. Performance is compared across program sponsors to ensure that the program sponsor is remaining consistent with peers as it relates to delivering performance within each risk strategy option provided across program sponsors. Our review is separate from any reviews performed by Co-advisors. Our advisory representatives will contact you at least annually to determine if there have been any changes in your financial circumstances or investment objectives. We are responsible for updating your information concerning financial resources, risk tolerance and investment objectives. Any changes are then recorded and, if necessary, appropriate modifications are recommended.

Advisory representatives of our firm are responsible for reviewing the accounts of clients that are assigned to the specific representative. Internal systems delineate the ownership of clients for review purposes. The number of clients assigned to each advisory representative advisor varies, but is limited to no more than 200 clients per advisory representative. The advisory representatives utilize the services of an assistant to help in generating reports and analyses to assist in these reviews.

We utilize Portfolio Center Client Account reporting software to make reviews more efficient. Additionally, we use the actual reporting interfaces provided by Co-advisors to review accounts and quarterly reports sent to our clients. Lastly, we employ the Profiles Professional financial planning software to record, analyze and update the financial circumstances for our clients.

For retirement plan accounts managed by our firm, the custodian for the account provides you with trade confirmation reports following the execution of each trade, monthly account statements containing balance information and a summary of transactions, contributions, withdrawals, and an annual account summary.

For accounts held through the Co-advisor Programs, the custodian for the account provides you with trade confirmation reports following the execution of each trade, monthly account statements containing balance information and a summary of transactions, contributions and withdrawals, and an annual account summary. The program sponsor also provides a quarterly account summary and performance report.

For BHA managed discretionary fee-only brokerage accounts, the custodian for the account provides you with trade confirmation reports following the execution of each trade, monthly account statements containing balance information and a summary of transactions, contributions and withdrawals, and an annual account summary.

## Item 14 Client Referrals and Other Compensation

We do not directly or indirectly compensate non-employee (outside) consultants, individuals, and/or entities (Solicitors) for client referrals.



Persons providing investment advice on behalf of our firm are also licensed insurance agents. Refer to the *Fees and Compensation* section above for additional disclosures on this topic.

Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive from various custodians in connection with utilizing their brokerage services.

As described under the *Advisory Business* section above, we will receive compensation from Brinker for clients that we refer to Brinker who then participate in one or more of the Brinker Capital programs. The specifics of these compensation arrangements are fully disclosed to clients in advance of their participation in any Brinker Capital program.

## **Item 15 Custody**

We do not take custody of your funds or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. We may have the authority to deduct our advisory fees from your account, but only if you previously consented to such deduction in writing.

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact our firm at the telephone number on the cover page of this brochure.

## **Item 16 Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a power of attorney, and/or trading authorization forms.

If you participate in our BHA Managed Accounts Program, you may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may, however, place restrictions upon the type of securities or the amount of particular securities or type of securities that we may purchase for your account. Such restrictions must be provided to us in writing, and we will then address any anticipated consequences of the restrictions. Refer to the *Advisory Business* section above for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm. Refer to the *Advisory Business* section above for more information on our non-discretionary management services.



## **Item 17 Voting Client Securities**

Without exception, we will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights.

## **Item 18 Financial Information**

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

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

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact Michael F. Edwards at 877-227-0847, if you have any questions regarding this policy.

**Anti-Money Laundering**

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. What that means for you: When you open an account, we will ask you for your name, address, date of birth and other information that will allow us to identify you. We may ask to see your driver's license or other identification documents. Similarly, we will ask for identifying information and/or documents for accounts opened on behalf of an entity, rather than on individual (e.g. trusts, corporations). If you cannot provide the information or documentation we require, we may be unable to open an account or effect a transaction for you.

**Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

**Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, we defer to the practices of the custodian in such an instance.