

# Brighton Wealth Management, Inc.

## **Brochure Dated 11/6/2012**

Contact: Alan Battles, Chief Compliance Officer  
480 E. Winchester Street, Suite #130  
Salt Lake City, Utah 84107  
[www.brightonwealth.com](http://www.brightonwealth.com)

**This Brochure provides information about the qualifications and business practices of Brighton Wealth Management, Inc. If you have any questions about the contents of this Brochure, please contact us at (801) 261-1611 or [abattles@brightonwealth.com](mailto:abattles@brightonwealth.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 Brighton Wealth Management, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Brighton Wealth Management, Inc. as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## **Item 2           Material Changes**

There have been no material changes made to Brighton Wealth Management, Inc.'s disclosure statement since its last Annual Amendment filing on March 24, 2011.

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#### **Item 4            Advisory Business**

- A. Brighton Wealth Management, Inc. (“Brighton Wealth”) is a Utah corporation formed on June 30, 2008. Brighton Wealth became registered as an Investment Adviser Firm in September 2008, and is owned by Alan Battles.
- B. As discussed below, Brighton Wealth offers to its clients (individuals, business entities, trusts, estates and charitable organizations, etc.) investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

#### **INVESTMENT ADVISORY SERVICES**

The client can determine to engage Brighton Wealth to provide discretionary and/or non-discretionary investment advisory services on a *fee* basis. In that capacity, Brighton Wealth will make ongoing recommendations primarily involving: exchange-listed stocks, mutual funds, index funds, exchange-traded funds (“ETF”s), and bonds.

For discretionary accounts, the client will grant Brighton Wealth limited trading authority (discretionary authority) from the client’s brokerage account by executing the appropriate documents with the client’s broker-dealer/custodian. The discretionary authority will allow Brighton Wealth to execute securities transactions on the client’s behalf, determining which securities and the amount of securities to buy or sell. Clients will be notified of all transactions by trade confirmations from their broker-dealer/custodian and through communication with Brighton Wealth.

For non-discretionary accounts, Brighton Wealth will prepare securities recommendations as it does for discretionary accounts, but will provide these recommendations to the Client directly so that the Client may execute the transaction on his or her own behalf.

As part of its investment advisory services, Brighton Wealth offers the Spyglass Tactical Blend to its clients, which is a dynamic investment strategy with absolute return objectives. The strategy may utilize up to four managers in several asset classes. Each of these managers may use a variety of quantitative and technical indicators including trend-following and mean reversion intended to reduce volatility and provide a consistent investment performance. Each of the managers selected for the model are chosen based on their performance, their low correlation with each other, and the combined risk/reward characteristics they display. The model allocates funds across all managers. The strategy will invest in publicly-traded open-end mutual funds, including inverse and leveraged mutual funds, for portfolio transparency. The Spyglass Tactical Blend strategy is monitored daily by Brighton Wealth and managers are replaced when appropriate. The strategy has moderate risk characteristics and may be appropriate as a stand-alone strategy or as a compliment to a portfolio’s core holdings.

Brighton Wealth also offers the Utility Strategy as part of its investment advisory services, which is a strategy that attempts to identify the utilities that have, among other fundamental qualities, the highest projected one-year dividend growth rates. Compared to a fixed income portfolio, the Utility Strategy’s goal is rising dividend to hedge against inflation, and is comprised of utility stocks that can have capital gains. The Utility

Strategy identifies five utilities using a formula including a projected one-year dividend growth rate.

Brighton Wealth generally recommends that Charles Schwab and Co., Inc. (“*Schwab*”) serve as the broker-dealer/custodian, as described in Item 12 below.

#### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent specifically requested by a client, Brighton Wealth *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Prior to engaging Brighton Wealth to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Brighton Wealth setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Brighton Wealth commencing services.

If requested by the client, Brighton Wealth may recommend the services of other professionals for implementation purposes, including Alan Battles: in his individual capacity as a registered representative of Purshe Kaplan Sterling Investments, an SEC registered and FINRA member broker-dealer, (“*Purshe*”); or in his individual capacity as a representative of Beacon Insurance Group, LLC, a licensed insurance agency (“*Beacon*”). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Brighton Wealth. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client’s responsibility to promptly notify Brighton Wealth if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Brighton Wealth’s previous recommendations and/or services.

**Conflict of Interest:** The recommendation that a client purchase a commission product from *Purshe*, or an insurance product from *Beacon*, presents a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client’s need. No client is under any obligation to purchase any commission products from Brighton Wealth’s representatives. **Brighton Wealth’s Chief Compliance Officer, Alan Battles, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

## MISCELLANEOUS

**Non-Investment Consulting/Implementation Services.** To the extent requested by the client, Brighton Wealth *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither Brighton Wealth, nor any of its representatives, serves as an attorney or accountant and no portion of Brighton Wealth's services should be construed as same. To the extent requested by a client, Brighton Wealth may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, etc.), including certain representatives of Brighton Wealth in their separate registered/licensed capacities as discussed below. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Brighton Wealth. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify Brighton Wealth if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Brighton Wealth's previous recommendations and/or services.

**Conflict of Interest:** Alan Battles, in his individual capacity, is a licensed insurance agent of *Beacon*. The recommendation that a client purchase an insurance product from *Beacon*, presents a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Brighton Wealth's representatives. **Brighton Wealth's Chief Compliance Officer, Alan Battles, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Please Note: Non-Discretionary Service Limitations.** Clients that determine to engage Brighton Wealth on a non-discretionary investment advisory basis **must be willing to accept** that Brighton Wealth cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, Brighton Wealth will be unable to effect any account transactions (as it would for its discretionary clients) **without first obtaining the client's verbal consent.**

**Independent Managers.** Brighton Wealth may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the *Independent Manager[s]* shall have day-to-day responsibility for the active discretionary management of the allocated assets. Brighton Wealth shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which Brighton Wealth shall consider in recommending *Independent Manager[s]* include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

**Client Obligations.** In performing its services, Brighton Wealth shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it

remains his/her/its responsibility to promptly notify Brighton Wealth if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Brighton Wealth's previous recommendations and/or services.

**Disclosure Statement.** A copy of Brighton Wealth's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement or Financial Planning and Consulting Agreement*.

- C. Brighton Wealth shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, Brighton Wealth shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on Brighton Wealth's services.
- D. Brighton Wealth does not participate in a wrap fee program.
- E. As of February 7, 2012, Brighton Wealth had \$36,591,055 in assets under management on a discretionary basis and \$8,999,380 in assets under management on a non-discretionary basis

## **Item 5 Fees and Compensation**

- A. The client can determine to engage Brighton Wealth to provide discretionary and/or non-discretionary investment advisory services on a *fee* basis.

### **INVESTMENT ADVISORY SERVICES**

If a client determines to engage Brighton Wealth to provide discretionary and/or non-discretionary investment advisory services on a *fee* basis, Brighton Wealth's non-negotiable annual investment advisory fee\* shall be based upon a percentage (%) of the market value and type of assets placed under Brighton Wealth's management (between negotiable and 2.00%) as follows:

<u>Market Value of Portfolio</u>	<u>Annual Fee*</u>
Below \$500,000	1.50%
\$500,001 - \$1,000,000	1.25%
\$1,000,001 - \$3,000,000	1.00%
\$3,000,001 - \$5,000,000	0.90%
Greater than \$5,000,001	0.70%

\*Brighton Wealth charges a negotiable annual fee for its Spyglass Tactical Blend, which is based upon a percentage of the market value of assets placed under management (the "Spyglass Fee"). The Spyglass Fee is based generally upon the above-fee schedule, and adjusted for the management costs described in Items 4 and 8. The Spyglass Fee does not exceed 2.0% of assets placed under management.

Brighton Wealth generally requires a minimum asset level of \$100,000 per year, and/or a minimum investment advisory fee of \$1,500 per year to provide its investment advisory

services. However, Brighton Wealth may, in its sole discretion, reduce its minimum asset requirement and/or its minimum advisory fee requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). Brighton Wealth will not charge more than 2% in fees of assets placed under its management, which could be imposed by the minimum advisory fee.

Brighton Wealth deducts fees and/or bills clients for investment advisory services quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter. In the limited event that Brighton Wealth bills the client directly, payment is due upon receipt of the invoice. As indicated in Section B, below, Clients may elect to have Brighton Wealth's advisory fees deducted from their custodial account.

#### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent specifically requested by a client, Brighton Wealth *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Brighton Wealth's planning and consulting fees are negotiable, but are generally \$1,000 for simple plans, and \$150 on an hourly rate basis for more complex plans, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

Brighton Wealth requires an initial payment of half of the services to be rendered before commencing such services, with the remainder due completion of the services identified in Schedule "A" of Brighton Wealth's *Financial Planning and Consulting Agreement*. Brighton Wealth does not charge more than \$500, more than six months in advance for such services.

- B. Clients may elect to have Brighton Wealth's advisory fees deducted from their custodial account. Both Brighton Wealth's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of Brighton Wealth's investment advisory fee and to directly remit that management fee to Brighton Wealth in compliance with regulatory procedures. In the limited event that Brighton Wealth bills the client directly, payment is due upon receipt of Brighton Wealth's invoice. Brighton Wealth shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.
- C. When beneficial to the client, individual fixed-income and/or equity transactions may be effected through broker-dealers with whom Brighton Wealth and/or the client have entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through other SEC registered and FINRA member broker-dealers (in which event, the client generally will incur both the transaction fee charged by the executing broker-dealer and a "tradeaway" fee. Brighton Wealth generally does not recommend such a transaction unless it anticipates that the transaction will benefit the client's position notwithstanding that an additional "tradeaway" fee would be charged.

As discussed below, unless the client directs otherwise or an individual client's circumstances require, Brighton Wealth will generally recommend that Charles Schwab & Co., Inc. ("*Schwab*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* charge brokerage commissions

and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). Clients may also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

*Schwab* has provided a loan to Brighton Wealth to assist its business operations, and the loan is guaranteed by Alan R. Battles, Principal of Brighton Wealth. The terms of the loan require that management fees to Brighton Wealth be paid to an account at *Schwab* for deduction of interest and principal payments pursuant to the loan before Brighton Wealth may have access to that fee payment. The loan agreement contains various representations by Brighton Wealth, including that it will maintain \$75 million in assets under management, and various events of default, including that Brighton Wealth will comply with all laws, contracts, licenses and permits. In the event of an unheeded default under the terms of the loan agreement, *Schwab* may terminate and/or accelerate the loan.

**Conflict of Interest.** The recommendation that a client utilize *Schwab* as a broker-dealer/custodian presents a conflict of interest, as Brighton Wealth has the incentive to remain in compliance with its various representations under the loan agreement, including that it will maintain \$75 million in assets under management, rather than on a particular client's need. In addition, *Schwab* may charge higher transaction costs than those charged by other broker-dealer/custodians. No client is under any obligation to purchase any commission products from Brighton Wealth's representatives.

**Brighton Wealth's Chief Compliance Officer, Alan Battles, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest such arrangement may create.**

- D. The *Investment Advisory Agreement* between Brighton Wealth and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, Brighton Wealth shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.
- E. **Securities and Insurance Commission Transactions.** In the event that the client desires, the client can engage Alan Battles, in his individual capacity, as registered representatives of *Purshe* to implement investment recommendations on a commission basis or In the event the client chooses to purchase investment products through *Purshe*, *Purshe* will charge brokerage commissions to effect securities transactions, a portion of which commissions *Purshe* shall pay to Brighton Wealth's representatives, as applicable. The brokerage commissions charged by *Purshe* may be higher or lower than those charged by other broker-dealers. In addition, *Purshe*, as well as Brighton Wealth's representatives, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment.
1. **Conflict of Interest:** The recommendation that a client purchase a commission product from *Purshe* or *Beacon* presents a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client



is under any obligation to purchase any commission products from Brighton Wealth's representatives. **Brighton Wealth's Chief Compliance Officer, Alan Battles, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

2. **Please Note:** Clients may purchase investment and/or insurance products recommended by Brighton Wealth through other, non-affiliated broker dealers or agents.
3. Brighton Wealth does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment or insurance products Brighton Wealth recommends to its clients.
4. When Brighton Wealth's representatives sell an investment or insurance product on a commission basis, Brighton Wealth does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, Brighton Wealth's representatives do not also receive commission compensation for such advisory services (except for any ongoing 12b-1 trailing commission compensation that may be received as previously discussed). **However,** a client may engage Brighton Wealth to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from Brighton Wealth's representatives on a separate commission basis, which would present the ***conflict of interest*** disclosed immediately above in Item 5E1). In such a circumstance, neither the funds nor assets involved in such separate commission-based transactions are included in the calculation of Brighton Wealth's advisory fees.

**Brighton Wealth's Chief Compliance Officer, Alan Battles, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest such arrangement may create.**

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

Neither Brighton Wealth, nor any supervised person of Brighton Wealth, accepts performance-based fees.

## **Item 7            Types of Clients**

- A. Brighton Wealth's clients generally include individuals, business entities, trusts, estates and charitable organizations. As discussed in Item 5, Brighton Wealth generally requires a minimum asset level of \$100,000 per year, and/or a minimum investment advisory fee of \$1,500 per year to provide its investment advisory services. Brighton Wealth, in its sole discretion, may charge a lesser investment management fee and/or waive or reduce its minimum fee requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.

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

- A. Brighton Wealth may utilize the following methods of security analysis:
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
  - Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

Brighton Wealth may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)
- Short Sales (contracted sale of borrowed securities with an obligation to make the lender whole)
- Margin Transactions (use of borrowed assets to purchase financial instruments)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Brighton Wealth) will be profitable or equal any specific performance level(s). Investing in securities involves risk of loss that clients should be prepared to bear.

- B. Brighton Wealth's methods of analysis do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis Brighton Wealth must have access to current/new market information. Brighton Wealth has no control over the dissemination rate of market information; therefore, unbeknownst to Brighton Wealth, certain analyses may be compiled with outdated market information, severely limiting the value of Brighton Wealth's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Brighton Wealth's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, Brighton Wealth may also implement and/or recommend – short selling, use of margin, and/or options transactions. Each of these strategies has a high level of inherent risk. (See discussion below).

Short selling is an investment strategy with a high level of inherent risk. Short selling, involves the selling of assets that the investor does not own. The investor borrows the assets from a third party lender (i.e. Broker-Dealer) with the obligation of buying identical assets at a later date to return to the third party lender. Individuals who engage in this activity shall only profit from a decline in the price of the assets between the original date of sale and the date of repurchase. Conversely, the short seller will incur a loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets.

Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. **Please Note:** To the extent that a client authorizes the use of margin, and margin is thereafter employed by Brighton Wealth in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to Brighton Wealth may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential *conflict of interest* whereby the client's decision to employ margin *may* correspondingly increase the management fee payable to Brighton Wealth. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by Brighton Wealth shall be with the intent of offsetting/"hedging" a potential market risk in a client's portfolio. **Please Note:** Although the intent of the options-related transactions that may be implemented by Brighton Wealth is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct Brighton Wealth, in writing, not to employ any or all such strategies for his/her/their/its accounts.

- C. Currently, Brighton Wealth primarily allocates client investment assets among various individual equity (stocks), debt (bonds) and fixed income securities, mutual funds and/or exchange traded funds and *Independent Manager[s]* on a discretionary and non-discretionary basis in accordance with the client's designated investment objective(s).

**Independent Managers.** Brighton Wealth may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the *Independent Manager[s]* shall have day-to-day responsibility for the active discretionary management of the allocated assets. Brighton Wealth shall

continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which Brighton Wealth shall consider in recommending *Independent Manager[s]* include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

#### **Asset Allocation Strategy**

Brighton Wealth currently offers the Spyglass Tactical Blend strategy to its clients. The Spyglass Tactical Blend strategy is a dynamic investment strategy with absolute return objectives. The strategy may utilize up to four managers in several asset classes. Each of these managers may use a variety of quantitative and technical indicators including trend-following and mean reversion meant to reduce volatility and provide the participant with the opportunity to experience a more consistent investment performance. Each of the managers selected for the model are chosen based on their performance, their low correlation with each other, and the combined risk/reward characteristics they display. The model shall allocate funds across all managers. The strategy will invest in publicly-traded open-end mutual funds, including inverse and leveraged mutual funds, for portfolio transparency. The Spyglass Tactical Blend strategy is monitored daily by Brighton Wealth and managers are replaced when appropriate. The strategy has moderate risk characteristics and may be appropriate as a stand-alone strategy or as a compliment to a portfolio's core holdings. The maximum annual fee is 2% of assets under management, as discussed in Item 5 above.

Brighton Wealth also offers the Utility Strategy as part of its investment advisory services, which is a strategy that attempts to identify the utilities that have, among other fundamental qualities, the highest projected one-year dividend growth rates. Compared to a fixed income portfolio, the Utility Strategy's goal is rising dividend to hedge against inflation, and is comprised of utility stocks which can have capital gains. The Utility Strategy identifies five utilities using a formula including a projected one-year dividend growth rate.

Other account strategies may be developed from time to time. Brighton Wealth will also manage client assets outside these strategies to the extent clients direct Brighton Wealth to do so.

Brighton Wealth's asset allocation strategies have been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, such as Brighton Wealth's asset allocation programs, with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is applicable to Brighton Wealth's management of client assets:

1. Initial Interview – at the opening of the account, Brighton Wealth, through its designated representatives, shall obtain from the client information sufficient to determine the client's financial situation and investment objectives;
2. Individual Treatment - the account is managed on the basis of the client's financial situation and investment objectives;
3. Quarterly Notice – at least quarterly Brighton Wealth shall notify the client to advise Brighton Wealth whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;

4. Annual Contact – at least annually, Brighton Wealth shall contact the client to determine whether the client’s financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
5. Consultation Available – Brighton Wealth shall be reasonably available to consult with the client relative to the status of the account;
6. Quarterly Report – the client shall be provided with a quarterly report for the account for the preceding period;
7. Ability to Impose Restrictions – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct Brighton Wealth not to purchase certain mutual funds;
8. No Pooling – the client’s beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account;
9. Separate Account - a separate account is maintained for the client with the Custodian;
10. Ownership – each client retains indicia of ownership of the account (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

Brighton Wealth believes that its annual investment management fee is reasonable in relation to: (1) the advisory services provided under the *Investment Advisory Agreement*; and (2) the fees charged by other investment advisers offering similar services/programs. However, Brighton Wealth’s annual investment management fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to Brighton Wealth’s annual investment management fee, the client will also incur charges imposed directly at the mutual and exchange traded fund level (e.g., management fees and other fund expenses). **Please Note:** Brighton Wealth’s investment programs may involve above-average portfolio turnover which could negatively impact upon the net after-tax gain experienced by an individual client in a taxable account.

## **Item 9           Disciplinary Information**

Brighton Wealth has not been the subject of any disciplinary actions.

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

- A. **Registered Representative of Purshe.** As disclosed above in Item 5.E, Brighton Wealth’s Principal, Alan Battles is also a registered representatives of *Purshe*, an SEC registered and FINRA member broker-dealer.
- B. Neither Brighton Wealth, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C.
  1. **Broker Dealer.** As disclosed above in Item 5.E, Alan Battles is a registered representative of *Purshe*, a FINRA member broker-dealer. Clients can choose to engage certain of Brighton Wealth’s representatives, in their individual capacities, to effect securities brokerage transactions on a commission basis.

2. **Licensed Insurance Agency and Agents.** Alan Battles, in his individual capacity, is a licensed insurance agent with *Beacon*. Mr. Battles may recommend the purchase of certain insurance-related products, sold by Beacon.

**Conflict of Interest:** Based upon the above, the recommendation by Brighton Wealth's representatives that a client purchase a securities or insurance commission product presents a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Brighton Wealth's representatives. Clients are reminded that they may purchase insurance products and/or securities recommended by Brighton Wealth through other, non-affiliated insurance agents/agencies and/or broker-dealers. **Brighton Wealth's Chief Compliance Officer, Alan Battles, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

- D. Brighton Wealth does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. Brighton Wealth maintains an investment policy relative to personal securities transactions. This investment policy is part of Brighton Wealth's overall Code of Ethics, which serves to establish a standard of business conduct for all of Brighton Wealth's representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, Brighton Wealth also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Brighton Wealth or any person associated with Brighton Wealth.

- B. Neither Brighton Wealth nor any related person of Brighton Wealth recommends, buys, or sells for client accounts, securities in which Brighton Wealth or any related person of Brighton Wealth has a material financial interest. However, Alan Battles has a material financial interest in *Beacon*, which presents a ***conflict of interest*** because his ownership interest in *Beacon* may provide an incentive to recommend insurance products based on commissions to be received by *Beacon*, rather than on a particular client's need. No client is under any obligation to purchase any insurance products from Brighton Wealth's representatives. Clients are reminded that they may purchase insurance products and/or securities recommended by Brighton Wealth through other, non-affiliated insurance agents/agencies and/or broker-dealers. **Brighton Wealth's Chief Compliance Officer, Alan Battles, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
- C. Brighton Wealth and/or representatives of Brighton Wealth *may* buy or sell securities that are also recommended to clients. This practice may create a situation where Brighton Wealth and/or representatives of Brighton Wealth are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential

conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Brighton Wealth did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of Brighton Wealth’s clients) and other potentially abusive practices.

Brighton Wealth has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Brighton Wealth’s “Access Persons”. Brighton Wealth’s securities transaction policy requires that an Access Person of Brighton Wealth must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date Brighton Wealth selects; provided, however that at any time that Brighton Wealth has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. Brighton Wealth and/or representatives of Brighton Wealth *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Brighton Wealth and/or representatives of Brighton Wealth are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, Brighton Wealth has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Brighton Wealth’s Access Persons.

## **Item 12      Brokerage Practices**

- A. In the event that the client requests that Brighton Wealth recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Brighton Wealth to use a specific broker-dealer/custodian), Brighton Wealth generally recommends that investment management accounts be maintained at *Schwab*. Prior to engaging Brighton Wealth to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Brighton Wealth setting forth the terms and conditions under which Brighton Wealth shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Brighton Wealth considers in recommending *Schwab* (or any other broker-dealer/custodian to clients) include historical relationship with Brighton Wealth, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Brighton Wealth's clients shall comply with Brighton Wealth's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Brighton Wealth determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into

consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Brighton Wealth will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Brighton Wealth's investment management fee. Brighton Wealth's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Brighton Wealth may receive from *Schwab* (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist Brighton Wealth to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Brighton Wealth may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Brighton Wealth in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist Brighton Wealth in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Brighton Wealth to manage and further develop its business enterprise.

Brighton Wealth's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding commitment made by Brighton Wealth to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**Brighton Wealth's Chief Compliance Officer, Alan Battles, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

**Business Loan**

*Schwab* has provided a loan to Brighton Wealth to assist its business operations, and the loan is guaranteed by Alan R. Battles, Principal of Brighton Wealth. The terms of the loan require that management fees to Brighton Wealth be paid to an account at *Schwab* for deduction of interest and principal payments pursuant to the loan before Brighton Wealth may have access to that fee payment. The loan agreement contains various representations by Brighton Wealth, including that it will maintain \$75 million in assets under management, and various events of default, including that Brighton Wealth will comply with all laws, contracts, licenses and permits. In the event of an unheeded default under the terms of the loan agreement, *Schwab* may



terminate and/or accelerate the loan.

**Brighton Wealth's Chief Compliance Officer, Alan Battles, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest such arrangement may create.**

**YieldQuest**

Brighton Wealth currently utilizes YieldQuest Securities, LLC of Atlanta, GA ("*YieldQuest*") for fixed-income trades and consultative assistance when managing portfolios. *YieldQuest* provides Brighton Wealth with fixed-income strategies in addition to proprietary research on closed-end funds, ETFs, preferreds, and other sub-asset classes. Brighton Wealth believes that although its clients may pay more to execute closed-end and other exchange trades through *YieldQuest* rather than through *Schwab*, clients benefit through *YieldQuest's* fixed-income strategies. Additionally, Brighton Wealth believes that *YieldQuest's* services may potentially offer pricing advantages when trading individual bonds.

2. Brighton Wealth does not receive referrals from broker-dealers.
3. Brighton Wealth does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Brighton Wealth will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Brighton Wealth. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs Brighton Wealth to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Brighton Wealth.

**Brighton Wealth's Chief Compliance Officer, Alan Battles, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that Brighton Wealth provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless Brighton Wealth decides to purchase or sell the same securities for several clients at approximately the same time. Brighton Wealth may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Brighton Wealth's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders

placed for each client account on any given day. Brighton Wealth shall not receive any additional compensation or remuneration as a result of such aggregation.

### **Item 13          Review of Accounts**

- A. For those clients to whom Brighton Wealth provides investment supervisory services, account reviews are conducted on an ongoing basis by Alan Battles, Chief Compliance Officer. All investment supervisory clients are advised that it remains their responsibility to advise Brighton Wealth of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with Brighton Wealth on an annual basis.
- B. Brighton Wealth *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Brighton Wealth may also provide a written periodic report summarizing account activity and performance.

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

- A. As referenced in Item 12.A.1 above, Brighton Wealth may receive an indirect economic benefit from *Schwab*. Brighton Wealth, without cost (and/or at a discount), may receive support services and/or products from *Schwab*. In addition, as disclosed in Items 5, Schwab has provided a loan to Brighton Wealth to assist its business operations, and the loan is guaranteed by Alan R. Battles, Principal of Brighton Wealth. The terms of the loan require that management fees to Brighton Wealth be paid to an account at Schwab for deduction of interest and principal payments pursuant to the loan before Brighton Wealth may have access to that fee payment. The loan agreement contains various representations by Brighton Wealth, including that it will maintain \$75 million in assets under management, and various events of default, including that Brighton Wealth will comply with all laws, contracts, licenses and permits. In the event of an unheeded default under the terms of the loan agreement, Schwab may terminate and/or accelerate the loan.

**Brighton Wealth's Chief Compliance Officer, Alan Battles, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest such arrangement may create.**

Brighton Wealth's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding commitment made by Brighton Wealth to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**Brighton Wealth's Chief Compliance Officer, Alan Battles, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

- B. If a client is introduced to Brighton Wealth by either an unaffiliated or an affiliated solicitor, Brighton Wealth *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Brighton Wealth's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to Brighton Wealth by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of Brighton Wealth's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between Brighton Wealth and the solicitor, including the compensation to be received by the solicitor from Brighton Wealth.

## **Item 15           Custody**

Brighton Wealth shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Brighton Wealth may also provide a written periodic report summarizing account activity and performance.

**Please Note:** To the extent that Brighton Wealth provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Brighton Wealth with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of Brighton Wealth's advisory fee calculation.

## **Item 16           Investment Discretion**

The client can determine to engage Brighton Wealth to provide investment advisory services on a discretionary basis. Prior to Brighton Wealth assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming Brighton Wealth as the client's attorney and agent in fact, granting Brighton Wealth full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage Brighton Wealth on a discretionary basis may, at anytime, impose restrictions, **in writing**, on Brighton Wealth's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Brighton Wealth's use of margin, etc.).

## **Item 17          Voting Client Securities**

- A. Unless specifically requested by the client, Brighton Wealth does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Brighton Wealth to discuss any questions they may have with a particular solicitation.

## **Item 18          Financial Information**

- A. Brighton Wealth does not solicit fees of more than \$500, per client, six months or more in advance.
- B. Brighton Wealth is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Brighton Wealth has not been the subject of a bankruptcy petition.

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

- A. Alan Battles is an Officer of Brighton Wealth Management, Inc. For more information about Mr. Battles, please see the Brochure Supplements to Brighton Wealth's Brochure.
- B. Brighton Wealth is not engaged in any other business than as set forth in this Brochure.
- C. Neither Brighton Wealth, nor its representatives, accepts performance-based fees.
- D. Neither Brighton Wealth, nor its representatives, has been the subject of any disciplinary actions.
- E. Neither Brighton Wealth, nor its representatives, has any relationship or arrangement with any issuer of securities.

**ANY QUESTIONS: Brighton Wealth's Chief Compliance Officer, Alan Battles, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**