

# Beacon Pointe Wealth Advisors, LLC

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## Form ADV, Part 2A Brochure

March 30, 2012

This brochure provides information about the qualifications and business practices of Beacon Pointe Wealth Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 866-272-1272. 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.

Any reference to or use of the terms “registered investment adviser” or “registered,” does not imply that Beacon Pointe Wealth Advisors, LLC or any person associated with Beacon Pointe Wealth Advisors, LLC has achieved a certain level of skill or training.

Additional information about Beacon Pointe Wealth Advisors, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 2 - MATERIAL CHANGES

Revised March 30, 2012

The purpose of this page is to inform you of material changes since the last annual update to this brochure. If you are receiving this brochure for the first time this section may not be relevant to you.

Beacon Pointe Wealth Advisors, LLC ("BPWA") reviews and updates our brochure at least annually to confirm that it remains current. Below is a summary of the material changes BPWA made since the last annual update to the brochure..

Material changes from BPWA's brochure dated March 31, 2011:

### ***Item 1 – Cover Page***

We moved from 500 Newport Center Drive, Suite 125, Newport Beach, CA 92660 to our new location at 24 Corporate Plaza, Suite 150, Newport Beach, CA 92660.

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

Our assets under management ("AUM") have changed. As a new advisory firm, we previously had no assets under management and did not include AUM in our brochure. As of 12/31/2011, the total amount of discretionary assets under our management was \$164,182,751.

In September of 2011, BPWA opened a branch office in San Jose, California. As a result, Eric Howie, a Managing Director of BPWA who oversees the activities of the San Jose office, attained a minority ownership interest in BPWA.

BPWA now offers investment-related seminars. The seminars are intended to be educational in nature and to provide seminar participants with information regarding certain investment-related topics. The information contained in the seminar materials is not intended as specific investment advice regarding the individualized needs of particular individuals or accounts. Generally, we offer educational seminars on a fixed fee basis. We will quote clients a fixed fee that is based on the estimate of time to complete the seminar multiplied by our hourly rate. This fee may be negotiable depending on the nature and complexity of the seminar.

### ***Item 5 – Fees and Compensation***

On October 7, 2011, we revised this section to clarify that our maximum fee is 1.65%.

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

On June 23, 2011, we updated this section to add or amend the following:

- Some of our personnel who are registered representatives with an unrelated broker-dealer can receive transaction-based compensation for recommending investment products to clients, which creates a conflict of interest; however, whenever they receive compensation or commissions on products, these products are not included in the assets under management on which we calculate BPWA's advisory fees.

- Shannon Eusey is no longer the dual Chief Compliance Officer (CCO) for BPWA and our affiliate Beacon Pointe Advisors. Matthew Cooper has taken over the role of CCO for BPWA, and is responsible for administering BPWA's compliance program. Any questions regarding our compliance program should now be address to Mr. Cooper.
- BPWA has a minority ownership stake in Pacific Pointe Advisors, LLC. We have a service agreement with this firm under which Beacon Pointe provides certain administrative and support services to them for a percentage of the advisory fees they collect from their clients.

### ***Item 12 – Brokerage Practices***

BPWA has been accepted into TD Ameritrade's AdvisorDirect referral program. We added this disclosure on June 23, 2011. Under the program, TD Ameritrade refers its brokerage customers and other investors to independent investment advisors for investment management or financial planning services. BPWA pays TD Ameritrade an ongoing fee for each successful client referral. Because TD Ameritrade most likely refers clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade, BPWA has an incentive to recommend TD Ameritrade to clients for custodial and brokerage services. In addition, BPWA has agreed not to solicit clients referred through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when fiduciary duties require doing so. BPWA's participation in AdvisorDirect does not diminish our duty to act in the best interests of our clients and seek best execution of trades for client accounts.

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

In cases where BPWA is responsible for filing class actions on behalf of clients, we have delegated this authority to our affiliate Beacon Pointe Advisors. Beacon Pointe Advisors has selected an unaffiliated third party vendor to provide class action litigation monitoring and securities claim filing services on behalf of clients.

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## ITEM 4 - ADVISORY BUSINESS

### Description of Advisory Firm

Beacon Pointe Wealth Advisors, LLC (“BPWA,” “we,” “our,” or “us”) is an independently owned limited liability company formed July 2009 and in September 2009 started operating as an investment adviser registered with the U.S. Securities and Exchange Commission. Shannon E. Eusey and Garth K. Flint indirectly through privately owned companies are the principal owners of BPWA. BPWA employees who have minority ownership of the firm include Matthew Cooper, Bruce Meyer, and Eric Howie.

### Advisory Services Offered

BPWA offers both investment and non-investment related consulting services and investment advisory services to a variety of clients through a sub-advisory agreement with Beacon Pointe Advisors, LLC (“Beacon Pointe”), a related investment adviser. Under the sub-advisory agreement, Beacon Pointe may provide all or some of the advisory services BPWA offers in this Brochure. When entering into an agreement for services with BPWA, the client will authorize BPWA to utilize sub-advisers for any or all of the services provided by BPWA. For information on how Beacon Pointe conducts its investment advisory business, please refer to Beacon Pointe’s Form ADV 2 Brochure.

BPWA’s service offerings include (1) consulting services on investment and non-investment related matters, and (2) participation in the Managed Account Program.

#### *Consulting Services*

BPWA offers the following consulting services on a non-discretionary basis. We offer one or more of these services to a client depending on the client’s needs at the time of the initial consultation.

#### *Financial Planning Services*

BPWA may provide our clients with a broad range of comprehensive financial analysis including non-investment related matters. This service includes gathering of information regarding the client’s current and historical status in the areas of net worth, income, expenses, taxes, investments, retirement plans and insurance, as well as future goals and objectives. We then develop a personalized plan, which includes specific recommendations in applicable areas.

Areas of focus may include retirement, education funding, survivor needs, or wealth transfers. Our financial planning services do not include preparation of any kind of income tax, gift, or estate tax returns nor preparation of any legal documents, including wills or trusts.

#### *Investment Policy Development*

BPWA works with clients to develop an investment policy and corresponding guidelines that are consistent with the client’s goals and objectives.

#### *Asset Allocation*

BPWA assists clients in making asset allocation decisions for their investment portfolios. The goal of asset allocation is to assist clients in finding the asset mix, which is most likely to achieve their investment objective within acceptable risk parameters. Clients receive a report illustrating historical

data of portfolio combinations compared against the client's existing mix, including, but not limited to, recommendations on a prospective asset allocation combination.

### *Manager and/or Mutual Fund Search*

BPWA may recommend multiple investment management firms or mutual funds to individual and/or institutional clients. We segregate and classify managers and/or mutual funds by investment style or class. BPWA will present the client with a report showing firm ownership, key employees, assets under management, investment process description, portfolio characteristics, portfolio returns, attribution analysis, and fees. Additional factors such as minimum and maximum account size, location of firm, stability of performance, dispersion among published returns, investment philosophy, accounts gained or lost, and other such factors may be considered when recommending investment managers and/or mutual funds. We describe our process for selecting managers under **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**, below.

### *Ongoing Monitoring of Managers*

BPWA will monitor, on an ongoing basis, each manager that we select to manage client's assets and provide periodic reports and/or recommendations to the client.

### *Performance Evaluation*

We offer performance measurement services to clients on a quarterly basis depending upon the client's preference. Performance reporting may vary depending upon client needs, but usually includes time-weighted returns for each portfolio shown against an appropriate benchmark, asset allocation of the client's total account, percentage of the client's assets allocated among various investment managers or securities, cash flow summary, and the standard deviation of returns versus an appropriate benchmark.

### *Custodial Search*

BPWA offers to provide clients with recommendations, comparisons, and analysis of various custodial facilities.

Under this service, BPWA will perform a custodial search – similar to a manager search – and present a group of custodial candidates to our client for review and selection. BPWA's professionals have extensive experience conducting custodial searches for our clients. Custodial searches typically include the following information:

- History (Ownership of Firm)
- Key Personnel
- System utilized
- Size of Firm
- Average Client Size
- Fees
- Master Trust Capabilities
- Accrual Account Methods
- Conversion Process
- Technology Plans (5 Years)
- On-line Capabilities

### *401(k) Bundled Provider Search*

BPWA offers to conduct searches for providers of bundled 401(k) services that includes plan administration, trustee, fund management and employee education.

At the client's direction, clients may elect to have their assets managed by either BPWA or an investment manager separate from BPWA.

### *Education Services*

We offer investment-related seminars. The seminars are intended to be educational in nature and to provide seminar participants with information regarding certain investment-related topics. The information contained in the seminar materials is not intended as specific investment advice regarding the individualized needs of particular individuals or accounts.

We describe the fees charged for our consulting services below under ***Item 5 - Fees and Compensation***.

### *Asset Management ("Managed Account Program")*

A client can engage BPWA to implement investment recommendations on a fee basis with BPWA actively managing client assets under our Managed Account Program ("Program"). Under the Program, BPWA will:

1. Recommend to clients certain unaffiliated third party investment managers ("Independent Managers") to manage a portion or all of the assets designated by the client in accordance with the terms and conditions of the Program
2. Provide ongoing monitoring and reviewing of each Independent Manager
3. In some cases, manage a portion of the client's assets by primarily allocating the assets among various classes of shares of no-load mutual funds

We offer these services under the Program on a discretionary basis, including the hiring and/or firing of Independent Managers, and in accordance with the client's investment objectives and any reasonable restrictions the client may wish to place on the account. BPWA reserves the right to not accept and/or terminate management of a client's account if we feel that the client-imposed restrictions would limit or prevent us from meeting or maintaining the client's investment strategy. Clients should notify us promptly in writing if there are any changes in their financial situation, investment objectives, or if they wish to impose or change any restriction(s) on their account.

Under the Program, BPWA primarily invests client accounts by utilizing Independent Managers to manage the various asset classes determined in the client's asset allocation. Generally, client portfolios are managed by the Independent Managers through separate accounts or through mutual funds, depending on the vehicles offered by the Independent Managers and account size or other considerations specific to each client. Clients may place reasonable restrictions on the management of their account with the Independent Managers. We describe our process for selecting managers and the material investment risks for our strategies under ***Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss***, below.

BPWA may offer investment advice on any investment held by the client at the start of the advisory relationship. BPWA may also occasionally offer advice regarding additional types of investments if they are appropriate to address the individual needs, goals, and objectives of the client or in response to client inquiry.

We discuss our discretionary authority below under ***Item 16 - Investment Discretion***.



We describe the fees charged for our asset management services (“Managed Account Program”) below under **Item 5 - Fees and Compensation**.

## **Assets Under Management**

BPWA manages client assets on continuous and regular basis. As of 12/31/2011, the total amount of discretionary assets under our management was \$164,182,751.

## **ITEM 5 - FEES AND COMPENSATION**

### **Fee Schedule**

BPWA is responsible for paying Beacon Pointe’s sub-advisory fees in accordance with the sub-advisory agreement entered into between BPWA and Beacon Pointe. BPWA clients will not be responsible for any payments to Beacon Pointe for Beacon Pointe’s sub-advisory fees. The fee range for each service may vary depending on the scope of services provided. In addition, there is generally a separate agreement executed for each general type of service.

#### *Consulting Services*

BPWA charges either an annual retainer fee, project fee, or hourly fee, depending on which types of consulting services are being provided.

For ongoing consulting services, BPWA charges an annual retainer fee. The fee schedule is based on a percent of the client’s assets under supervision. The following schedule generally applies to retainer fees:

<b>Assets Under Supervision</b>	<b>Annual Fee</b>
First \$10MM	0.25%
Next \$20MM	0.20%
Next \$60MM	0.15%
Next \$100MM	0.125%
Thereafter	0.10%

Generally, we will charge clients who have assets over \$250 million a fixed fee, which we base on the scope of work. All retainer fees are subject to negotiation and could vary depending on the client’s specific circumstances. BPWA generally requires an annual retainer fee of \$25,000 per year for consulting services.

The following schedule outlines BPWA’s project fees for consulting services. All fees are subject to negotiation and could vary depending on the client’s specific circumstances.

<b>Investment Policy Development</b>	\$10,000	minimum
	\$5,000	annual review
<b>Asset Allocation</b>	\$25,000	minimum (annual review)

<b>Manager Search/Fund Review:</b>		
1 <sup>st</sup> Manager	\$10,000	minimum
2 <sup>nd</sup> Manager	\$7,500	
Thereafter	\$5,000	
<b>Custodial Search</b>	\$7,500	minimum
<b>Performance Evaluation</b>	\$7,500	minimum (per quarter – 4 quarter minimum)
<b>One time historical performance evaluation</b>	\$25,000	

Hourly fees will typically range between \$350 and \$500 per hour, depending on the expertise of the persons providing the services and the nature and complexity of each client's circumstances. The hourly fee and payment terms are negotiable and at our discretion waived. The terms will be stated in the consulting services agreement. Generally, we offer educational seminars on a fixed fee basis. We will quote clients a fixed fee that is based on the estimate of time to complete the seminar multiplied by our hourly rate. This fee may be negotiable depending on the nature and complexity of the seminar.

#### Asset Management ("Managed Account Program")

BPWA charges advisory fees to clients who are in the Program. The advisory fees are negotiable and are charged based on a percentage of the market value of the portfolio under management.

Our current Program Fee is as follows:

Assets Under Management	Annual Fee
First \$10MM	1.00%
Thereafter	0.30%

Some accounts may be under different fee schedules; the maximum fee schedule is 1.65%. The advisory fees noted above do not include the investment management fees charged by Independent Managers.

### **Billing Method**

#### Consulting Services

Clients with consulting services under a retainer will generally be billed quarterly in advance based on one fourth of the annual fee. Project fees are payable upon submission of the final bill once the project is completed.

#### Asset Management ("Managed Account Program")

BPWA's advisory fees are generally payable quarterly in advance at the beginning of each calendar quarter. We charge one fourth of the annual fee each quarter based on the market value of the client's portfolio as of the last day of the prior calendar quarter.

If a client contributes capital to the account, including the initial capital, on a date other than the last day of a calendar quarter, we will charge the account a prorated portion of the fees for that calendar quarter for that contribution based on the number of days remaining in that calendar quarter. Similarly, if a client withdraws a portion of the assets from the account on any date other than the last day of a calendar quarter, we will prorate the fees previously paid for that calendar quarter based on the number of days elapsed in that quarter before the withdrawal and we will refund the unearned portion to the client's account. Fees for the initial quarter under management are pro-rated and charged in arrears with the next quarter's advance payment.

BPWA may aggregate related client accounts for purposes of calculating the advisory fees applicable to each client. BPWA also reserves the right to reduce or waive our fees for employee or family accounts and certain client accounts.

With client authorization, BPWA will automatically withdraw BPWA's advisory fee from the client's account held by an independent custodian. Typically, the custodian withdraws advisory fees from the client's account during the first month of each quarter based on BPWA's instruction. All clients will receive brokerage statements from the custodian no less frequently than quarterly. The custodian statement will show the deduction of the advisory fee. We may make rare exceptions to this policy and bill clients directly. In these rare cases, BPWA will send an invoice to the client who chooses not to have advisory fees withdrawn directly from their custodian account. The invoice is payable upon receipt and will include the fee calculation and amount due.

## **Other Fees and Expenses**

BPWA's fees do not include custodian fees or the fees charged by Independent Managers. Clients pay all brokerage commissions, stock transfer fees, and/or other similar charges incurred in connection with transactions in the accounts from the assets in the account, which are in addition to the fees the client pays to BPWA. See ***Item 12 - Brokerage Practices*** below for more information. Clients in the Managed Account Program also pay management fees of Independent Managers.

In addition, any mutual fund shares held in a client's account may be subject to deferred sales charges, 12b-1 fees, and other fund-related expenses. The fund's prospectus fully describes the fees and expenses. All fees paid to BPWA for advisory services are separate and distinct from the fees and expenses charged by mutual funds. Mutual funds pay advisory fees to their managers, which are indirectly charged to all holders of the mutual fund shares. Consequently, clients with mutual funds in their portfolios are effectively paying both BPWA and the mutual fund manager for the management of their assets.

## **Termination**

### **Consulting Services**

Either party may terminate the consulting agreement upon thirty (30) days written notice to the other party. The client may terminate the agreement by writing BPWA.

Upon notice of termination, BPWA will calculate fees due for services provided through the date of termination. Any fees that we have earned for the services provided will be due upon termination. If the

client paid fees in advance that were more than the amount due for services, BPWA will refund any unearned fees to the client. We will prorate the refund based on the effective date of termination.

#### Asset Management (“Managed Account Program”)

Either party may terminate the managed account program agreement upon thirty (30) days written notice to the other party. The client may terminate the agreement by writing BPWA at our office.

BPWA will refund any prepaid, unearned advisory fees based on the effective date of termination. Upon termination of the agreement, we will send the client a prorated refund of unearned advisory fees using the following formula:  $(Fees\ Paid) \times (Days\ Remaining\ in\ Quarter) / (Total\ Number\ of\ Days\ in\ Quarter)$ .

#### **Other Compensation**

BPWA does not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

### **ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

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

### **ITEM 7 - TYPES OF CLIENTS**

BPWA offers both investment and non-investment related consulting services and investment advisory services to institutional and individual clients. Institutional clients may include banks or thrift institutions, trusts, estates, charitable organizations, corporations, pension and profit sharing plans, and other business entities.

#### **Account Requirements**

Generally, BPWA requires clients to maintain a minimum account size of \$1 million. Significant funds withdrawal may result in a request for additional fund deposits to continue with management of accounts. We generally combine family accounts to meet the account size minimum. BPWA may reduce or waive the account minimum requirements at our discretion.

### **ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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

In beginning a new client relationship, BPWA seeks to fully understand the needs, circumstances, priorities, and goals of each client. For institutional clients, BPWA works with clients to articulate an investment policy that reflects the client’s current objectives and levels of risk tolerance, and incorporates any restrictions the client wishes to impose on the account.

With the client’s approved investment policy in place, BPWA will recommend that clients authorize the active discretionary management of their assets by certain investment managers. No such investment manager is a related person of BPWA. These services are offered under the Managed Account Program

through a sub-advisor arrangement with Beacon Pointe. Clients can learn more about the methods of analysis and investment strategies related to Beacon Pointe's process under **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss** in Beacon Pointe's Form ADV disclosure brochure.

## Investing Involves Risk

All BPWA clients should understand that investing in securities involves risk of loss, and clients should be prepared to bear that risk. Prior to entering into a Managed Account Program agreement with BPWA, the client should carefully consider all of the following:

- The clients should commit to management only those assets that the client believes will not be needed for current purposes and that can be invested on a long-term basis, usually a minimum of five to seven years
- That volatility from investing in the stock market can occur
- That over time the client's assets may fluctuate and at any time be worth more or less than the amount invested.

## Specific Security Risks

### General Risks of Owning Securities

The prices of securities held in client accounts and the income they generate may decline in response to certain events taking place around the world. These include events directly involving the issuers of the securities held as underlying assets of the mutual funds in a client's account, conditions affecting the general economy, and overall market changes. Other contributing factors include local, regional, or global political, social, or economic instability and governmental or governmental agency responses to economic conditions. Finally, currency, interest rate, and commodity price fluctuations may also affect security prices and income.

### Independent Manager Strategies and Risks

The Independent Managers Beacon Pointe recommends utilize their own investment process and methods of analysis. The strategies and securities these managers invest in may have different or additional risks than those described in this brochure. For example, while Beacon Pointe does not implement investment advice using margin transactions, some Independent Managers appointed by the client may utilize margin transactions in the discretionary management of client cash and securities. Use of margin can increase volatility and magnify any investment losses in a client's account. Clients can find more information about the strategies and related risks of the Independent Managers in **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss** in each manager's Form ADV disclosure brochure.

## Financial Planning Tools

The modeling tools used to create financial plans and asset allocations for clients rely on various assumptions, such as estimates of inflation, risk, economic conditions, and rates of return on security asset classes. All return assumptions use asset class returns, not returns of actual investments, and do not include fees or expenses that clients would pay if they invested in specific products.

Modeling software is only a tool used to help guide when developing an appropriate plan, and we cannot guarantee that clients will achieve the results shown in the plan. Results will vary based on the

information provided by the client regarding the client's assets, risk tolerance, and personal information. Changes to the program's underlying assumptions or differences in actual personal, economic, or market outcomes may result in materially different results for the client. Clients should carefully consider the assumptions and limitations of the software as disclosed on the analysis reports and should discuss the results of the plan with a qualified investment professional before making any changes in their investment or allocation program.

## **ITEM 9 - DISCIPLINARY INFORMATION**

BPWA and our personnel seek to maintain the highest level of business professionalism, integrity, and ethics. BPWA does not have any disciplinary information to disclose.

## **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **Related Investment Adviser**

#### **Beacon Pointe Advisors, LLC**

BPWA is a related person of Beacon Pointe Advisors, LLC ("Beacon Pointe"), an SEC registered investment adviser. Beacon Pointe Holdings, LLC is the majority shareholder of BPWA and Beacon Pointe. Beacon Pointe offers both investment and non-investment related consulting services and investment advisory services to institutional and individual clients. Beacon Pointe and BPWA share the same principal place of business and are under joint ownership and control.

BPWA has entered into an agreement with Beacon Pointe, through which Beacon Pointe provides various administrative, operational, and business services, including trading, marketing, client service, compliance, and accounting. BPWA has also entered into a sub-advisory agreement with Beacon Pointe, under which Beacon Pointe provides investment management services to our clients.

#### **Pacific Pointe Advisors LLC**

BPWA has a minority ownership stake in Pacific Pointe Advisors, LLC ("Pacific Pointe"), a California registered investment adviser. BPWA is a Class B member owning 10% of Pacific Pointe. Under a services agreement between BPWA and Pacific Pointe, Pacific Pointe receives certain research and operational support from Beacon Pointe, for which Pacific Pointe pays a portion of the advisory fees it receives from its clients.

### **Dual Registration as Insurance Agency**

Beacon Pointe, doing business as Beacon Pointe Insurance Services, LLC, is a licensed insurance agency in California (license# 0D60876). Certain of BPWA's personnel are also licensed insurance agents of Beacon Pointe Insurance Services. Beacon Pointe and their agents may sell insurance products to advisory clients and receive commissions on the sale of insurance products. The insurance commissions are separate from and in addition to any advisory fees that a client may pay to BPWA for investment advisory services. This has the potential to present a conflict of interest between BPWA and the client. Clients are under no obligation to act on BPWA's or our personnel's insurance recommendations or to effect the transactions through BPWA, Beacon Pointe or our personnel if they decide to follow the recommendations. In all cases, BPWA will fully disclose insurance commissions to the client.

## Agents of Unaffiliated Broker-Dealer

Certain of BPWA's personnel are also licensed as registered representatives with Purshe Kaplan Sterling Investments ("PKS"), a broker-dealer member of FINRA/SIPC. BPWA is not affiliated with PKS. In their individual capacity as registered representatives, these individuals receive trailing compensation from prior sales of securities and may also receive usual and customary commissions for sales of securities through PKS. Receipt of commissions for securities sales is a conflict of interest as it gives these registered representatives an incentive to recommend investment products based on the additional compensation received. BPWA's advisory clients are not charged both advisory fees and transaction related fees on investment products that these registered representatives recommend. When client portfolios hold securities for which related registered representatives receive commissions and/or trailing 12b-1 fees BPWA does not charge advisory fees on those securities.

## ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

### Code of Ethics

BPWA believes that we owe clients the highest level of trust and fair dealing. As part of our fiduciary duty, we place the interests of our clients ahead of the interests of the firm and our personnel. BPWA's personnel are required to conduct themselves with integrity at all times and follow the principles and policies detailed in our Code of Ethics.

BPWA's Code of Ethics attempts to address specific conflicts of interest that either we have identified or that could likely arise. BPWA's personnel are required to follow clear guidelines from the Code of Ethics, which require compliance with fiduciary duties, applicable securities laws, maintaining confidentiality of client nonpublic personal information, insider trading policies, and placing client's interests first. Additionally, individuals who make securities recommendations to clients, or who have access to nonpublic information regarding any clients' purchase or sale of securities, are subject to personal trading policies governed by the Code of Ethics (see below).

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

### Personal Trading Practices

BPWA and our personnel may purchase or sell securities for ourselves, regardless of whether the transaction would be appropriate for the client account. BPWA and our personnel may purchase or sell securities for ourselves that we also recommend to clients. This includes related securities (e.g., warrants, options, or futures). This presents a potential conflict of interest as we may have an incentive to take investment opportunities from clients for our own benefit, favor our personal trades over client transactions when allocating trades, or use the information about the transactions we intend to make for clients to our personal benefit by trading ahead of clients.

Our policies to address these conflicts include the following:

- Personal securities transactions will never adversely affect clients. BPWA will monitor trading activity of our personnel to confirm that the interests of clients come first, and that the trading activity complies with applicable securities laws. All securities transactions and holdings in any

account of our personnel, including accounts for which the individual is considered a beneficial owner, are subject to review by BPWA.

- Conflicts of interest also may arise when BPWA's personnel become aware of Limited Offerings or IPOs, including private placements or offerings of interests in limited partnerships or any thinly traded securities, whether public or private. Given the inherent potential for conflict, Limited Offerings and IPOs demand extreme care. BPWA's personnel are required to obtain pre-approval from the Chief Compliance Officer before trading in these types of securities.
- For the clients for which BPWA assigns a sub-adviser, BPWA's personnel does not have access to the transactions in client accounts until after the trades have been placed. Therefore, we cannot take advantage of client trades in accounts managed by sub-advisers.

## ITEM 12 - BROKERAGE PRACTICES

For client accounts in the Managed Account Program, we may recommend that clients maintain their assets through either Charles Schwab & Co., Inc. ("Schwab"), member FINRA/SIPC, or TD Ameritrade Institutional ("TDA Institutional"), a division of TD Ameritrade, Inc. ("TD Ameritrade"), member FINRA/SIPC/NFA. Both Schwab and TD Ameritrade are unaffiliated SEC-registered broker-dealers and FINRA (Financial Industry Regulatory Authority) member firms and are qualified custodians. They both offer services to independently registered investment advisors, which include custody of securities, trade execution, and clearance and settlement of transactions. We are independently owned and operated, and unaffiliated with either Schwab or TD Ameritrade.

### **Factors Considered in Selecting Broker-Dealers for Client Transactions**

We seek to recommend a custodian/broker who will hold client assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, their respective financial strength, reputation, execution, pricing, commissions for transactions, research, and service. Prior to engaging BPWA to provide asset management services under the Program, the client will be required to enter into a formal Managed Account Program agreement with BPWA setting forth the terms and conditions under which BPWA shall manage the client's assets. The client will also execute a brokerage/custodial/clearing agreement between the client and custodian.

Under certain circumstances for Managed Account Program clients, BPWA and/or Beacon Pointe may have discretionary authority to determine the securities to buy and/or sell and the amount of such securities. In those circumstances, such securities will primarily be limited to various classes of shares of no-load mutual funds. BPWA will generally execute such purchases or sales with Schwab or TD Ameritrade.

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

BPWA participates in the TDA Institutional and Schwab Advisor Services™ (formerly called Schwab Institutional®) programs. TD Ameritrade and Schwab both offer services to independent investment advisors that include custody of securities, trade execution, clearance, and settlement of transactions. BPWA receives some benefits from TD Ameritrade and Schwab through its participation in these programs. The additional economic benefits ("Additional Services") received by BPWA or our personnel



through participation in the program do not depend on the amount of brokerage transactions directed to Schwab or TD Ameritrade.

The Additional Services that we receive from Schwab and/ or TD Ameritrade may or may not be offered to any other independent investment advisors participating in the program. The Additional Services provided allow us to better monitor and service client accounts maintained at the respective broker-dealer/custodian. There is no direct link between our participation in these programs and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to Schwab and/or TD Ameritrade retail investors. Schwab and/ or TD Ameritrade provide the Additional Services to BPWA in their sole discretion and at their own expense, and BPWA does not pay any fees to Schwab and/ or TD Ameritrade for the Additional Services. With respect to TD Ameritrade, BPWA has entered into a separate agreement (“Additional Services Addendum”) with TD Ameritrade to govern the terms of the provision of the Additional Services. Among other things, the Additional Services that TD Ameritrade provides to BPWA includes Junxure CRM Software Services.

BPWA’s receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to BPWA, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, BPWA’s client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum or any other agreement with BPWA, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, BPWA may have an incentive to recommend to our clients that the assets under management by BPWA be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. BPWA’s receipt of Additional Services does not diminish our duty to act in the best interests of our clients, including seeking best execution of trades for client accounts.

BPWA participates in TDA Institutional and Schwab Advisor Services™ customer program and BPWA recommends TD Ameritrade or Schwab (collectively “Custodial Brokers”) to clients for custody and brokerage services. There is no direct link between BPWA’s participation in the programs and the investment advice we give to our clients, although BPWA receives economic benefits through our participation in the program that are typically not available to TD Ameritrade or Schwab retail investors.

The Custodial Broker’s brokerage services include the execution of securities transactions, custody, research related products and tools, access to a trading desk serving BPWA participants; and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. Specifically, BPWA is given access to mutual funds with no transaction fees and to certain institutional money managers.

The Custodial Brokers also make available various support services. Some of those services help us manage or administer our clients’ accounts; others help us manage and grow our business.

Custodial Brokers generally do not charge separately for custody services. However, the Custodial Brokers do receive compensation by charging commissions or other fees on trades that they execute or that settle into clients’ Custodial Brokers accounts. With respect to Schwab, these services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of BPWA’s clients’ assets are maintained in accounts at Schwab. This commitment benefits our clients because the overall commission rates clients pay are lower than they

would be otherwise. The services and benefits received from TD Ameritrade are not contingent upon BPWA committing to TD Ameritrade any specific amount of business (assets in custody or trading commissions).

In addition to commissions, Custodial Brokers charge a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a client’s brokerage account. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer. Because of this, in order to minimize trading costs, we have Custodial Brokers execute most trades for client accounts.

Custodial Brokers also make available to us other products and services that benefit us but may not directly benefit our clients or their accounts. These products and services assist us in managing and administering our clients’ accounts. They include investment research, both the Custodial Broker’s own research and that of third parties. We may use this research to service all or a substantial number of our clients’ accounts, including accounts not maintained at the Custodial Brokers. In addition to investment research, Custodial Brokers also make available software and other technology that:

1. Provide access to client account data (such as duplicate trade confirmations and account statements);
2. Access to an electronic communications network for client order entry and account information;
3. Facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
4. Provide pricing and other market data;
5. Provides ability to have advisory fees deducted directly from client accounts; and
6. Assist with back-office functions, recordkeeping, and client reporting.

These benefits provided by Custodial Brokers to BPWA may be provided without cost or at a discount. TD Ameritrade may also have paid for business consulting and professional services received by BPWA’s related persons. Some of the products and services made available by TD Ameritrade through the program may benefit BPWA but may not benefit our client accounts. These products or services may assist BPWA in managing and administering client accounts, including accounts not maintained at TD Ameritrade. The benefits received by BPWA or our personnel through participation in the TDA Institutional program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, BPWA endeavors at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by BPWA or our related persons in and of itself creates a potential conflict of interest and may indirectly influence BPWA’s choice of TD Ameritrade for custody and brokerage services.

The Custodial Brokers also offers other services intended to help us manage and further develop our business enterprise. These services may include:

1. Educational conferences and events;
2. Consulting services on various topics such as on technology, compliance, legal, and business needs;
3. Publications and conferences on practice management and business succession; and
4. Access to employee benefits providers, human capital consultants, and insurance providers.

Custodial Brokers may provide some of these services themselves. In other cases, Custodial Brokers may arrange for third-party vendors to provide the services to us. The Custodial Brokers may also discount or waive their fees for some of these services or pay all or a part of a third party vendor’s fees. The third party vendors may include compliance, marketing, research, technology, and practice management

products or other services provided to BPWA by third party vendors. The Custodial Brokers may also provide us with other benefits, such as occasional business entertainment of our personnel. By receiving additional services, BPWA will receive certain additional economic benefits, which may or may not be offered to any other independent advisor. In evaluating whether to recommend that clients custody their assets at a specific Custodial Broker, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely the nature, cost or quality of custody and brokerage services provided by Custodial Brokers, which may create a potential conflict of interest.

### Brokerage for Client Referrals

#### *TD Ameritrade AdvisorDirect*

BPWA may receive client referrals from TD Ameritrade, Inc. ("TD Ameritrade") through its participation in TD Ameritrade AdvisorDirect program. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, BPWA may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of, and unaffiliated with, BPWA and there is no employee or agency relationship between them. TD Ameritrade has established the referral program as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise BPWA and has no responsibility for BPWA's management of client portfolios or BPWA's other advice or services. BPWA pays TD Ameritrade an ongoing fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to BPWA ("Solicitation Fee"). BPWA will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by BPWA from any of a referred client's immediate family members, including a spouse, child or any other family member who resides with the referred client and hires BPWA on the recommendation of such referred client. BPWA will not charge clients referred through AdvisorDirect any fees or costs higher than our standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to our clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

BPWA's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, BPWA may have an incentive to recommend to clients that the assets under management by BPWA be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, BPWA has agreed not to solicit clients referred through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when fiduciary duties require doing so. BPWA's participation in AdvisorDirect does not diminish our duty to act in the best interests of our clients and seek best execution of trades for client accounts.

### Directed Brokerage

BPWA generally recommends that Schwab or TD Ameritrade serve as the broker-dealer/custodian for fee-based clients' accounts under the Managed Account Program. Under limited circumstances, BPWA may permit clients to appoint which broker-dealer to execute securities transactions for client accounts

in which BPWA has discretionary authority (“Directed Brokerage”). If the client elects to direct brokerage transactions to a particular broker-dealer, BPWA will not negotiate specific brokerage commission rates with the broker on the client’s behalf, and BPWA may not be able to obtain the best execution for that client. Further, a client that directs brokerage may pay higher commissions than otherwise charged by another broker or dealer.

When clients elect to have their assets managed by an investment manager other than BPWA or Beacon Pointe, clients may instruct the investment manager to direct trades through third party commission recapture programs.

BPWA does not recommend initial public offerings (“IPOs”) to clients. However, BPWA may when consistent with a client’s investment objectives and restrictions, and when specifically requested by a client, seek to purchase on behalf of the client the requested security in an IPO for the client’s account. We require that the client initiate such requests. BPWA will not seek to obtain shares for clients who do not initiate such a request.

### **Aggregation and Allocation of Transactions**

Typically, either Beacon Pointe or Independent Managers will effect transactions for each client. Clients should review Beacon Pointe or Independent Manager’s Form ADV 2 Brochure for information regarding order aggregation and allocation of transactions.

In certain circumstances, BPWA may effect transactions for clients. In doing, BPWA may recommend the purchase or sale of the same security for multiple clients at the same time. In those cases, BPWA may combine purchase and sale orders for all clients with the same order. If we do combine orders for clients we will generally allocate the proceeds arising out of those transactions (and related transactions expenses, if applicable) on an average price basis among the various participants in the transactions. We believe that by combining orders in this way it will be advantageous to all participants. However, the average price could be less advantageous to a particular client than if that client had been the only account effecting the transaction or had completed its transaction before the other participants.

We may also place orders for the same security for different clients at different times and in different relative amounts due to, among other things, differences in investment objectives, cash availability, size of order, and practicability of participating in “block” transactions. The level of participation by different clients in the same security may also be dependent upon other factors relating to the suitability of the security for the particular client. There are circumstances when some of a client’s transactions in the security may not be aggregated with other clients. We have adopted policies and procedures intended to ensure that our trading allocations are fair to all of our clients.

### **Trading Practices of Independent Managers**

Accounts managed within the Management Account Program will be managed by independent managers who may have different policies than those adopted by BPWA when managing client accounts. BPWA recommends that clients in the program review the independent managers’ ADV 2 Brochures.

## ITEM 13 - REVIEW OF ACCOUNTS

### Account Reviews

An investment team at Beacon Pointe, sub-adviser, reviews all Managed Account Program accounts on an ongoing basis. Either Matthew Cooper or Shannon Eusey, who are both Managers at BPWA, is involved in reviewing client accounts. BPWA asks that clients discuss their investment objectives with us. Clients are encouraged to meet with BPWA on at least an annual basis to review any changes to investment objectives, account performance, and financial planning issues.

### Account Reporting

All Managed Account Program clients receive monthly reports from their custodian(s) regarding their assets showing the portfolio inventory and transactions during that period. Typically, Beacon Pointe will provide written reports quarterly to clients showing investment results, including time-weighted returns and performance against the applicable benchmarks. Consulting clients where BPWA provides ongoing investment supervision generally receive quarterly reports that contain at least the same information as Managed Account Program reports.

### Financial Plan Reviews

Financial plans may be prepared by Beacon Pointe, a sub-adviser, or BPWA. A Managing Director and/or Vice-President at Beacon Pointe or BPWA will review financial plans on an as needed basis. For clients that we have prepared financial plans, we generally contact clients every few years to discuss any changes in the client's circumstances and necessary updates to the financial plan.

## ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

### Benefits We Receive from Custodial Brokers

We receive an economic benefit from Schwab and TD Ameritrade in the form of the support products and services they make available to us and other independent investment advisors whose clients maintain their accounts in their custody. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 – Brokerage Practices*). The availability of custodial brokers' products and services to use is not based on us giving particular investment advice, such as buying particular securities for our clients.

### Payment for Client Referrals

If an unaffiliated or an affiliated solicitor introduces a client to BPWA, we 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. If an unaffiliated solicitor introduces a client to BPWA, that solicitor will disclose the nature of the solicitor relationship with B BPWA at the time of the solicitation. In addition, the solicitor will provide each prospective client with a copy of this brochure, and a copy of the written disclosure statement from the solicitor to the client disclosing the terms and conditions of the arrangement between BPWA and the solicitor, including the compensation that BPWA pays the solicitor and whether or not the client is paying higher fees to BPWA as a result of the solicitation. Any affiliated solicitor of BPWA will disclose the nature of the relationship to

prospective clients at the time of the solicitation and will provide all prospective clients with a copy of this brochure.

For more information on client referrals and solicitation arrangements, see disclosure above under ***Brokerage for Client Referrals*** under Item **12 – Brokerage Practices** section.

## ITEM 15 - CUSTODY

BPWA has limited custody of some of our clients' funds or securities when the clients authorize us to deduct our management fees directly from the client's account. A qualified custodian (generally a broker-dealer, bank, trust company, or other financial institution) holds the clients' funds and securities. Clients will receive statements directly from the qualified custodian at least quarterly. The statements will reflect the client's funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of BPWA's fee. Clients should carefully review the account statements they receive from your qualified custodian. When clients receive statements from BPWA or Beacon Pointe as well as from their qualified custodian, clients should compare these two reports carefully. Clients with any questions about their statements should contact us at the address or phone number on the cover of this brochure. Clients who do not receive their statement from their qualified custodian at least quarterly should also notify us.

## ITEM 16 - INVESTMENT DISCRETION

For all clients under managed account advisory agreements, BPWA and/or Beacon Pointe has full discretion to select, change, and remove Independent Managers for the client's account. When BPWA manages accounts directly using mutual funds, we have discretion to decide the specific security to trade, the quantity, and the timing of transactions for client accounts. BPWA or Beacon Pointe will generally not contact clients before making changes to the Independent Managers or placing mutual fund trades in their account. Independent Managers investing client assets will also have full discretionary authority over the portion of the client's account they manage.

Clients will receive confirmations directly from the broker for any trades placed. Clients grant BPWA and/or Beacon Pointe discretionary authority in the contracts they sign with BPWA. Clients also give BPWA, Beacon Pointe or the Independent Managers trading authority over their accounts when they sign the custodian paperwork.

However, certain client-imposed conditions may limit BPWA's and/or Beacon Pointe's discretionary authority, such as where the client places restrictions on the account investments or directs BPWA to execute transactions through specific broker-dealers. See also **Item 4 - Tailored Services and Client Imposed Restrictions** and **Item – 12 Brokerage Practices**, above.

For clients under consulting arrangements, BPWA will recommend managers for portions of the client's account on a non-discretionary basis. It is up to the client to approve these recommendations.

## ITEM 17 - VOTING CLIENT SECURITIES

### Proxy Voting

Unless otherwise requested by a client, Beacon Pointe, as sub-adviser, will be responsible for voting proxies for mutual funds held in certain clients' accounts and the appointed Independent Managers are responsible for voting proxies for equity securities held in clients' accounts.

For information regarding proxies voted by either Beacon Pointe or the Independent Managers, clients should refer to Beacon Pointe and/or the Independent Manager's ADV 2 Brochure.

### Class Actions

A securities "class action" lawsuit is a civil suit brought by one or more individuals ("Plaintiffs") on behalf of themselves and others who have the same grievance against the issuer of a certain security. When a class action is filed, a written notice of filing and/or settlement is prepared (the "Notice"), which outlines the reasons for the lawsuit, the parameters for qualification as a member of the class and certain legal rights that need to be considered before becoming a member of the class (i.e. participating in the settlement). In addition, the Notice will contain instructions issued by the court or broker/dealers and/or other nominees (e.g. custodians) who receive the Notice and who hold the security on behalf of the owner/beneficiary, to either (1) provide the Claims Administrator (usually the attorney for the Plaintiffs) with the name and address of each such owner/beneficiary so the Claims Administrator can send the Notice directly to such owner/beneficiary, or (2) request additional copies of the Notice and send the Notice directly to the owner/beneficiary.

BPWA does not instruct or give advice to clients on whether or not to participate as a member of class action lawsuits and will not automatically file claims on the client's behalf. However, if a client notifies us that they wish to participate in a class action, we will provide the client with any transaction information pertaining to the client's account needed for the client to file a proof of claim in a class action. In cases where clients request BPWA to file class actions on their behalf, we have delegated this authority to our affiliate Beach Pointe. Beacon Pointe has selected an unaffiliated third party vendor to provide class action litigation monitoring and securities claim filing services on behalf of clients.

## ITEM 18 - FINANCIAL INFORMATION

Registered investment advisers are required in this item to provide clients with certain financial information or disclosures about the firm's financial condition. BPWA does not foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.