

**Item 1: Cover Page for Part 2A Appendix 1 of Form ADV:  
Wrap Fee Program Brochure  
February 2013**



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This wrap fee program brochure provides information about the qualifications and business practices of Bridgeworth, LLC. Questions about the contents of this brochure can be addressed by contacting us by telephone at (205) 208-8700 or email at [stanley@bridgeworthfinancial.com](mailto:stanley@bridgeworthfinancial.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 Bridgeworth, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

Please note use of the term "registered investment adviser" and description of Bridgeworth, LLC and/or our associates as "registered" does not imply a certain level of skill or training. We encourage clients and prospective clients to review this Brochure and Brochure Supplements for our firm's associates for more information on the qualifications of our firm and its employees.

**Item 2: Material Changes to Part 2A Appendix 1 (Wrap Fee  
Program Brochure) of Our Form ADV:**

**Bridgeworth, LLC** is required to advise you of any material changes to our Wrap Fee Program Brochure ("Wrap Brochure") from our last annual update, identify those changes on the cover page of our Wrap Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Wrap Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Wrap Brochure, and we must provide the date of the last annual update of our Wrap Brochure.

Please note that we do not have to provide this information to a client or prospective client who has not received a previous version of our brochure. At this time, the only material changes that need to be reported are 1) the name of our firm was changed to Bridgeworth, LLC and 2) Jeffrey McCormack has become a one-seventh owner of our firm.

### **Item 3: Table of Contents**

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#### **Item 4: Services, Fees & Compensation**

- A. Description of our services, including the types of portfolio management services, provided under each program. We must indicate the wrap fee charged for each program, or, if fees vary according to a schedule, provide such schedule. Further, we are required to indicate whether fees are negotiable and identify the portion of the total fee, or range of fees, paid to portfolio managers.

We offer wrap fee programs as described in this Wrap Fee Program Brochure. Our wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc.

(i) Our Investment Management Wrap Fee Program:

We emphasize continuous and regular account supervision. As part of our Investment Management Wrap Fee service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds ("ETFs"), options, mutual funds and other public and private securities or investments. The client's individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, we review the portfolio at least quarterly and if necessary, rebalance the portfolio based upon the client's individual needs, stated goals, and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

Our Investment Management Wrap Fee Program Fee Schedule:

| <u>Assets under management</u> | <u>Annual Percentage of assets charge*:</u> |
|--------------------------------|---|
| \$0-\$250,000                  | Up to 1.75%                                 |
| \$250,000- \$500,000           | Up to 1.50%                                 |
| \$500,000- \$1,000,000         | Up to 1.50%                                 |
| \$1,000,000-\$2,000,000        | Up to 1.40%                                 |
| \$2,000,000-\$3,000,000        | Up to 1.35%                                 |
| Over \$3,000,000               | Negotiated**                                |

\*Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of the account on the last day of the previous quarter.

\*\*All investment management fees are at the discretion of the advisor. Investment management fees on accounts above \$3,000,000 are placed on an individual basis and depend on investment allocation, number of accounts, and investment strategy.

- B. Explanation that a wrap fee program may cost the client more or less than purchasing such services separately and description of the factors that bear upon the relative cost of the program, such as the cost of the services if provided separately and the trading activity in client's account(s).

A wrap fee program allows our clients to pay a specified fee for investment advisory services and the execution of transactions. The advisory services may include investment management and/or advice concerning selection of other advisers, and the fee is not based directly upon transactions in client account(s). The advisory fee is bundled with our costs for executing transactions in the account(s). This results in a higher advisory fee. We do not charge our clients higher advisory fees based on their trading activity, but clients should be aware that we may have an incentive to limit our trading activities in client account(s) because we are charged for executed trades. By participating in a wrap fee program, clients may end up paying more or less than through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to client by the executing broker.

- C. Description of any fees that a client may pay in addition to a wrap fee, and description of the circumstances under which a client may pay these fees, including, if applicable, mutual fund expenses and mark-ups, mark-downs, or spreads paid to market makers.

Clients may pay custodial fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. These fees are not included within the wrap-fee charged by our firm.

- D. If someone recommending a wrap fee program to a client, receives compensation as a result of client's participation in the program, we must disclose this fact. Further, we are required to explain, if applicable, that the amount of the compensation may be more than what the person would receive if the client participated in our other wrap fee program or paid separately for investment advice, brokerage and other services. Finally, we must explain that someone recommending a wrap fee program may have a financial incentive to recommend the wrap fee program over other programs or services.

Our investment advisory representatives receive a portion of the advisory fee directly as a percentage of the overall fee paid by the client. Because our investment advisory representatives are paid a percentage of the client's overall advisory fee, this may create an incentive to recommend the client participate in a wrap fee program rather than a non-wrap fee program (where the client would pay for trade execution costs) or brokerage account where commissions are charged. This is because, in some cases, we may stand to earn more compensation from advisory fees paid to us through a wrap fee program arrangement if the client's account is not actively traded.

## **Item 5: Account Requirements & Types of Clients**

We impose the following requirement(s) to open or maintain an account:

- Minimum total account size of \$250,000;
- Minimum of \$50,000 with each portfolio manager;

Types of clients we typically manage wrap fee accounts on behalf of, include:

- Individual households;
- High Net-Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit Sharing Plans;
- Corporations, limited liability companies and/or other business types.

## **Item 6: Portfolio Manager Selection & Evaluation**

- A. Description of how our firm selects and reviews portfolio managers, our basis for recommending or selecting portfolio managers for particular clients, and our criteria for replacing or recommending the replacement of portfolio managers for the program and for particular clients.

Our firm does not utilize outside portfolio managers. All accounts are managed by our in-house professionals.

- B. Disclosure of whether our firm or any related persons act as a portfolio manager for a wrap fee program described in the wrap fee program brochure. We must explain the conflicts of interest that we face because of this arrangement and describe how we address these conflicts of interest. Further, we must disclose whether related person portfolio managers are subject to the same selection and review as the other portfolio managers that participate in the wrap fee program. If they are not, we must describe how we select and review related person portfolio managers.

Our firm and its related persons act as portfolio manager(s) for the wrap fee program(s) previously described in this Wrap Fee Program Brochure. This may create a conflict of interest in that other investment advisory firms may charge the same or lower fees than our firm for similar services. Our related person portfolio managers are not subject to the same selection and review as outside portfolio managers that participate in the wrap fee program. This is because we have chosen not to utilize outside portfolio managers.

- C. If our firm, or any of our supervised persons covered under or investment adviser registration, act as a portfolio manager for a wrap fee program described in the wrap fee program brochure, we must respond to Items 4.B, 4.C, 4.D (Advisory Business), 6 (Performance-Based Fees and Side-By-Side Management), 8.A (Methods of Analysis, Investment Strategies and Risk of Loss) and 17 (Voting Client Securities) of Part 2A of Form ADV (Firm Brochure).

Our firm and supervised persons do act as portfolio manager(s) for a wrap fee program described in this Wrap Fee Program Brochure.

(i) Advisory Business:

See Item 4 of this Wrap Fee Program Brochure for information about our wrap fee advisory programs.

(ii) Individual Tailoring of Advice to Clients:

We offer individualized investment advice to clients utilizing the following services offered by our firm: Wrap Investment Management.

(iii) Ability of Clients to Impose Restrictions on Investing in Certain Securities or Types of Securities:

Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account. Since it is our policy to prohibit our investment advisory representatives from soliciting or making discretionary purchases of securities which are \$2.00 or less in value, clients must provide their advisor with written trade authorization. Restrictions would be limited to our Investment Management services. We do not manage assets through our other services.

(iv) Participation in wrap fee programs.

Our wrap fee and non-wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. We do not manage wrap fee accounts in a different fashion than non-wrap fee accounts.

(v) Performance-based fees and side-by-side management.

We do not charge performance fees to our clients.

**Methods of analysis, investment strategies and risk of loss.**

Our investment philosophy is built on the basic beliefs that investors should be adequately compensated for the risks they take, should be positioned to have a high probability of reaching their goals, and avoid potentially disastrous risks. Our investment analysis and portfolio construction process seeks to balance the investor's risk tolerance and current resources capacity with their quest for reasonable investment returns.

Our investment strategies and analysis are developed and conducted by our Investment Committee. We utilize quantitative analysis which may include analysis of management expertise, industry cycles, strength of research and development as well as fundamental analysis and research which includes reviewing financial analysts' reports to gain insight on the future performance of a security to guide our investment allocation decisions. We first consider the development of long-term capital market assumptions. We then work with the client to develop strategic asset allocations designed to address risk and reward over a given time period.

Other considerations are used to provide guidance on shorter-term decisions in investment management. These considerations include the timing of rebalancing, investing cash, making distributions, and tactical over or under-weights in the previously developed strategic allocation. These methods include technical analysis (charting current trends and trend reversals), quantitative analysis (reviewing market and economic trends), and global macro analysis of overall economic and political views of various countries.

We consider multiple time horizons, including long, medium, and short term, when determining strategies. Depending on the client's needs, we may employ various risk-management strategies.

We avoid market timing, but may increase cash holdings or tilt allocation slightly when necessary. This is based on the client's risk tolerance and our expectations of market behavior.

**Please note:** Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and client account(s) could enjoy a gain, it is also possible that the stock market may decrease and client account(s) could suffer a loss. It is important that clients understand the risks associated with investing in the stock market, are appropriately diversified in client investments, and ask us any questions they may have.

#### **Voting client securities.**

If we have, or will accept, proxy authority to vote client securities, we must briefly describe our voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6.

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to the client and ask the party who sent them to mail them directly to the client in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

#### **Item 7: Client Information Provided to Portfolio Manager(s)**

Our firm communicates with our portfolio manager(s) on a regular basis as needed (daily, weekly, monthly, etc) to ensure client's most current investment goals and objectives are understood by the portfolio manager(s). In most cases, we will communicate such information as part of our regular investment management duties. Nevertheless, we will also communicate information to the portfolio manager(s) when asked by the client, when market or economic conditions make it prudent to do so, etc.

#### **Item 8: Client Contact with Portfolio Manager(s)**

Clients are always free to directly contact their portfolio manager(s) with any questions or concerns they have about their portfolios or other matters.



## **Item 9: Additional Information**

- A. We are required to respond to: 1. Item 9 (Disciplinary Information); and 2. Item 10 (Other Financial Industry Activities and Affiliations) of Part 2A of Form ADV.
1. We have determined that our firm and management have no disciplinary information to disclose.
  2. We have no other financial industry activities and affiliations to disclose.
- B. We are required to respond to: 1. Items 11 (Code of Ethics or Interest in Client Transactions and Personal Trading); 2. Item 13 (review of Accounts); 3. Item 14 (Client Referrals and Other Compensation); and 4. Item 18 (Financial Information) of Part 2A of Form ADV, as applicable to our wrap fee clients.

### **1. Code of Ethics, Participation or Interest in Client Transactions & Personal Trading.**

Brief description of our Code of Ethics adopted pursuant to SEC rule 204A-1 and offer to provide a copy of our Code of Ethics to any client or prospective client upon request.

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is

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<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

Likewise our related persons of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities within 48 hours prior to buying or selling for our clients. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

## **2. Review of Accounts.**

- a) Review of client accounts, along with a description of the frequency and nature of our review, and the titles of our employees who conduct the review

We review accounts on at least a quarterly basis for our clients subscribing to the following services: Wrap Investment Management. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Our Financial Advisors and qualified staff will conduct reviews.

- b) Review of client accounts on other than a periodic basis, along with a description of the factors that trigger a review.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

- c) Description of the content and indication of the frequency of written or verbal regular reports we provide to clients regarding their accounts.

We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we meet with clients who subscribe to the following service(s): Wrap Investment Management.

### **3. Client Referrals & Other Compensation.**

- a) If someone who is not a client provides an economic benefit to our firm for providing investment advice or other advisory services to our clients, we must generally describe the arrangement. For purposes of this Item, economic benefits include any sales awards or other prizes.

#### **Investment or Brokerage Discretion**

We provide discretionary portfolio management services where the investment advice provided is custom tailored to meet the needs and investment objectives of each client. Accordingly, we are authorized to perform various functions, at the client's expense, without further approval from the client. Such functions include the determination of securities to be purchased/sold and the amount of securities to be purchased/sold. We do not have discretionary authority over the broker or dealer to be used.

#### **Suggestion of Brokers to Clients**

We shall recommend LPL Financial. LPL Financial is the broker-dealer and investment adviser with which our representatives are also associated. As a result of the individual association of our representatives with LPL Financial, we are generally required to utilize the brokerage/custodial services of LPL Financial for investment advisory accounts. If mutually agreed upon, clients may use the custodian of their choice. Our general policies relative to the execution of client securities brokerage transactions are as follows:

#### **Execution of Brokerage Transactions (when applicable)**

If requested, we will arrange for the execution of securities brokerage transactions for the account through broker-dealers that we reasonably believe will provide "best execution". In seeking "best execution", the determinative factor is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution. We also take into consideration the full range of a broker-dealer's services including execution capability, commission rates, and responsiveness. Although we will seek competitive commission rates, it may not necessarily obtain the lowest possible commission rates for account transactions.

Over-the-Counter (OTC) securities transactions for our clients are generally effected based on two (2) separate broker-dealers: (1) a "dealer" or "principal" acting as market-maker; and (2) the executing broker-dealer that acts in an agency capacity for the client's account. Dealers executing principal transactions typically include a mark-up/down, which is included in the offer or bid price of the securities purchased or sold. In addition to the dealer mark-up/down, the client may also incur the transaction fee imposed by the executing broker-dealer. We do not receive any portion of the dealer mark-up/down or the executing broker-dealer transaction fee.

Transactions for each client account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may, but are not obligated to, combine or "batch" such orders to obtain "best execution", to negotiate more favorable commission rates, to allocate fairly among the 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 our clients in proportion to the purchase and sale orders placed for each client account on any given day. To the extent that we determine to aggregate client orders for the purchase or sale of securities, including securities in which our principals) and/or associated persons) may invest, we shall generally do so in accordance with the parameters set forth in SEC No-Action Letter, SMC Capital, Inc. We shall not receive any additional compensation or remuneration as a result of the aggregation.

When referring clients to dealers, we will only refer clients to dealers registered in states where the clients reside.

We may receive from LPL Financial or a mutual fund company, without cost and/or at a discount support services and/or products, to assist us to better monitor and service client accounts maintained at such institutions. Included within the support services we may receive 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 us to assist us in our investment advisory business operations.

Our clients do not pay more for investment transactions effected and/or assets maintained at LPL Financial as result of this arrangement. There is no commitment made by us to LPL Financial or any other institution as a result of the above arrangement.

- b) If our firm or a related person directly or indirectly compensates any person who is not our employee for client referrals, we are required to describe the arrangement and the compensation.

We do not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940.

#### **4. Financial Information.**

We do not require nor do we solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore we have not included a balance sheet for our most recent fiscal year. We have never been the subject of a bankruptcy petition.