

## **Firm Brochure**

(Part 2A of Form ADV)



### **BKS Advisors, LLC**

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This brochure provides information about the qualifications and business practices of BKS Advisors, LLC (BKS). If you have any questions about the contents of this brochure, please contact us at 248-358-6500, or by email at [info@bksadvisors.com](mailto:info@bksadvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC), or by any state securities authority.

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

BKS Advisors, LLC is an SEC-registered investment adviser. This registration does not imply any level of skill or training.

March 31, 2014

## **Item 2:           Material Changes**

Summary of changes:

Kenneth Brandt decided to discontinue use of the Certified Financial Plan designation.

Our brochure was last updated March 31, 2013.

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## **Item 4:                    Advisory Business**

BKS Advisors, LLC is a Registered Investment Advisor. The firm maintains its office in Southfield, Michigan. The firm was founded in 1996 by Kenneth G. Brandt (Member) and Craig T. Simmons (Managing Member and Chief Compliance Officer). Jeffrey M. Brandt (Chief Market Strategist), Jeremy S. Brandt (Member) joined the firm in 2006 and Roger T. Denha (Investment Advisor Representative) joined the firm October, 2003. David M. Kovach (Investment Advisor Representative) joined the firm January, 2012. Kenneth G. Brandt has 1% ownership, Jeremy S. Brandt has 49% ownership and Craig T. Simmons has 50% ownership.

We offer investment advisory services to our clients. Our objective is to structure your account specifically to meet your reasonable investment objectives. We will discuss your needs and expectations from your portfolio and make future recommendations on how to best reach your investment objectives. To help you meet your financial goals, we will discuss your current income needs, current and future expectations, risk tolerance, your family situation, work expectations and other factors affecting your financial situation.

Your portfolio will be structured with an asset mix to meet your investment objectives within your risk parameters. Your asset mix can change to meet varying market conditions. We do not take custody of your assets. You may select a third party brokerage firm to provide custody of your account and execute trades as directed by our firm. You may impose restrictions on investing in certain securities or types of securities. Your accounts are managed on a discretionary basis in accordance with your objectives and market conditions. Specific securities that are bought and sold, as well as dollar values and diversification, are determined by us.

As of December 31, 2013, we manage \$238,408,945 in assets for 419 clients. \$219,971,235 is managed on a discretionary basis, and \$18,437,710 is managed on a non-discretionary basis.

## **Item 5:                    Fees and Compensation**

The annual management fee for investment supervisory and asset management services will be charged as a percentage of assets under management ranging from 0.0% to 2.5% depending on the nature, size and complexity of the client account. BKS will quote an exact percentage to each client prior to the client opening an account. Under certain circumstances, this

fee may be negotiable. BKS requires a minimum account size of \$300,000 for this service. Under certain circumstances, this account minimum may be negotiated.

Fees for client accounts will be debited in advance at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account at the end of the previous quarter. If any advisory relationship begins after the first day of a quarter or terminates before the last day of a quarter, fees are prorated accordingly. All fees will be deducted directly from the client account.

The relationship can be terminated at any time by either party. We do not charge a closure fee; however, you will be billed on a pro rata basis for the portion of the quarter for which services were rendered prior to termination and any unearned portion of prepaid fees will be refunded to the client.

Clients are encouraged to utilize a custodian with the lowest costs. The fee paid to BKS Advisors will be in addition to those charged for such things as trading and custodianship. Clients who choose to include ETF's, money market and mutual funds will pay direct management fees to BKS Advisors as well as an indirect management fees through the fund managers.

BKS Advisors does not accept compensation for the sale of securities or other investment products. Our only compensation is based on assets under management. You will also incur brokerage commissions, SEC fees, and possibly other charges that are paid directly to the custodian. See Item 12 (Brokerage Practices).

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

Neither BKS Advisors nor any of its supervised persons accepts performance-based fees. This policy enables us to avoid conflicts of interest that could result by favoring accounts where management fees have the potential to be substantially higher.

## **Item 7: Types of Clients**

We provide investment advice to individuals (including trusts, estates, 401(k) plans and IRAs of individuals), high net worth individuals, pension and profit sharing plans and charitable organizations. There is a minimum value of

\$300,000 required for portfolio management. In certain circumstances, all fees and account minimums may be negotiable.

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

BKS Advisors utilizes fundamental and technical analysis along with artificial intelligence software in its securities research. We rely on several sources for information for our investment research including financial publications, research materials prepared by others, corporate rating services, timing services, annual reports, prospectus filings, filings with the Securities and Exchange Commission and company press releases.

Your personal investment strategy is based upon the objectives you discuss with us. You may change these objectives at any time. Investment strategies may include asset allocation, long-term purchases, short-term purchases and balanced accounts including both equity securities and fixed income securities in your portfolio. It is important to remember to update us promptly when any of your information changes so that your goals and objectives can be modified accordingly.

We will invest your assets in the following types of assets, appropriate to your investment needs, risk tolerance and investment time horizon:

- ⇒ Certificates of Deposit
- ⇒ United States Government Securities
- ⇒ Money Market Funds
- ⇒ Corporate Debt Instruments (including Commercial Paper)
- ⇒ Municipal Securities
- ⇒ Equity Securities
- ⇒ Exchange Traded Funds (ETF's)
- ⇒ Preferred Stock
- ⇒ Foreign Issues – ADR's
- ⇒ Investment Company Securities
- ⇒ Warrants
- ⇒ Options contracts on Securities
- ⇒ REIT's

All investment programs carry a risk of loss and there is no guarantee that any investment strategy will meet its objective. Investment theory and historical data indicate that over long periods of time there is a relationship between the level of investment risk assumed and the level of return that can be expected. A comfort level with investment risk (clients risk tolerance) influences how aggressively or conservatively a portfolio can be invested. Risk needs to be balanced with the need for returns to achieve investment goals. Depending on the types of securities you invest in, you may face the following investment risks:

- ⇒ Interest Rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- ⇒ Market Risk: Also referred to as volatility risk. The price of a security may change in value in reaction to external market events and conditions. This type of risk is caused by factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger changes to the value of a portfolio.
- ⇒ Foreign Exchange Risk: Non-U.S. investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- ⇒ Credit or Default Risks: This risk is of particular concern to investors in debt obligations of an issuer. This is the risk that an issuer will be unable to pay the contractual interest or principal on its debt obligations.
- ⇒ Liquidity Risk: The risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss.
- ⇒ Diversification Risk: Investments that are concentrated in one or few industries or sectors may involve more risk than more diversified investments, including the potential for greater volatility.
- ⇒ High-Yield, Fixed-Income Securities Risk: Investments in high-yielding, non-investment grade bonds involve higher risk than

investment grade bonds. Adverse conditions may affect the issuer's ability to make timely interest and principal payments on these securities.

## **Item 9: Disciplinary Information**

Neither BKS Advisors nor any of its employees has had any civil or criminal actions brought against them.

Neither BKS Advisors nor any of its employees has had any administrative proceedings before the SEC, any other Federal Regulatory agency, any state regulatory agency or any foreign financial regulatory authority.

Neither BKS Advisors, nor any of its employees, has had any proceedings before a self-regulatory organization.

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

BKS Advisors, LLC is affiliated by common control and ownership with Brandt, Kelly & Simmons Securities, LLC (hereinafter "BK&S Securities"), a FINRA/SIPC MEMBER broker-dealer. BKS Securities also holds an active insurance agency license with the State of Michigan under its Office of Financial and Insurance Regulation ("OFIR").

Certain individuals associated with BKS may also be registered representatives and/or insurance agents of BK&S Securities. These individuals in their separate capacities as registered representatives and/or insurance agent of BK&S Securities will be able to effect securities and/or insurance transactions and will receive separate, yet customary compensation for effecting any such transactions.

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

### **Code of Ethics**

We adopted our Investment Adviser Compliance Policy Manual (the "Manual") in April, 2005. The Manual includes, among other things, our Code of



Ethics and Personal Trading Policy. A copy of the Manual, which is reviewed annually and revised as necessary is available to any client or prospective client upon request.

BKS Advisors Code of Ethics consists of the following key principles:

- ⇒ The interest of clients will be placed ahead of the firm's or any employee's own investment interests.
- ⇒ It is the express policy that no person employed by BKS advisors may purchase or sell any security prior to an initial transaction(s) being implemented for client account, and therefore, preventing such employees from benefiting from transactions placed on behalf of client accounts.
- ⇒ Employees may not take inappropriate advantage of their position with the firm
- ⇒ All employees are expected to act in the best interest of each client.
- ⇒ All employees are expected to comply with federal and state securities laws. Strict adherence to the Manual will assist the employee in complying with this important requirement.

### **Participation in Client Transactions; Personal Trading**

Participation in client transactions always involves real or perceived conflicts of interest. It is important that you understand these issues as it may affect your decision to buy or sell certain securities.

BKS or individuals associated with BKS may buy or sell securities identical to or different than, those recommended to clients for their personal accounts. In addition, any related person(s) may have an interest or position in a certain securities) which may also be recommended to a client. If the Firm is recommending that any of its clients purchase or sell any security, no member or employee of BKS may purchase/sell that security prior to the initial purchase/sell to the client.

## **Trade Errors**

From time to time, we may make an error in submitting a trade on your behalf. When this occurs, we will place a correcting trade with the broker-dealer which has custody of your account.

## **Item 12: Brokerage Practices**

You can select the brokerage firm to be designated as custodian and to execute transactions initiated by us. We do recommend specific broker-dealers particularly if we are able to negotiate a favorable commission schedule. Brokerage commission rates and fees will vary depending on the policies and practices of the specific firm selected by you.

We do not receive research or other products or services from a broker-dealer or third party in connection with client securities transactions (which are commonly referred to as “soft-dollar benefits”). The majority of our information comes from various subscription services which we pay for on a hard-dollar basis.

From time to time it may be possible to obtain favorable pricing by bundling client trades. If it is possible to execute a block trade that will net clients a lower price than would have been possible through individual trade execution, we will do so.

BKS Advisors, LLC participates in the institutional advisor program (the “Program”) offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA (“TD Ameritrade”), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the Program. (Please see the disclosure under Item 14. below).

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

The underlying securities within Portfolio Management accounts are continuously monitored, these accounts will be formally reviewed by Craig T. Simmons, Managing Partner, Jeremy Brandt, Partner and Kenneth Brandt, Partner, Roger Denha, Investment Adviser Representative and by David Kovach, Investment Adviser Representative. We also will review more frequently as needed by you as a result of your changing circumstances, company-specific news or changing economic and political conditions.

If necessary and requested by you, we will provide you a portfolio statement anytime during the month. The brokerage firm, as custodian, will also provide you with regular monthly statements and a confirmation each time a transaction is initiated for the account by us.

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

As disclosed under Item 12 above, BKS Advisors participates in TD Ameritrade's institutional customer program and BKS Advisors may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between BKS Advisor's participation in the program and the investment advice it gives to its Clients, although BKS Advisors receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving BKS Advisors participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to BKS Advisors by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by BKS Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit BKS Advisors but may not benefit its Client accounts. These products or services may assist BKS Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help BKS Advisors manage and further develop its business enterprise. The benefits received by BKS Advisors or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, BKS Advisors, endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by BKS Advisors or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

BKS Advisors may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, BKS Advisors 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 BKS Advisors and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect 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 BKS Advisors and has no responsibility for BKS Advisor's management of client portfolios or BKS Advisor's other advice or services. BKS Advisors pays TD Ameritrade an on-going 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 BKS Advisors ("Solicitation Fee"). BKS Advisor will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by BKS Advisors from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired BKS Advisors on the recommendation of such referred client. BKS Advisors will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its 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.

BKS Advisors 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, BKS Advisors may have an incentive to recommend to clients that the assets under management by BKS Advisors be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, BKS Advisors has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. BKS Advisors participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

## **Item 15: Custody**

BKS Advisors does not custody assets. Client fees may be debited directly from client accounts only after written authorization is obtained. Clients receive account statements from their custodian at least quarterly but typically monthly. These statements should be reviewed carefully. We send a report annually to clients. We urge you to review your custodian's statements with the report we send to you.

The following procedures are designed to help ensure that we do not inadvertently obtain custody over client assets:

- ⇒ We will obtain prior written authorization from you before deducting fees directly from your account;
- ⇒ We will not hold your securities in BKS Advisors' name or in bearer form;
- ⇒ Proceeds from the redemption of your securities may not be directed to us;
- ⇒ We may not have signatory power over your checking or custodial account;
- ⇒ An employee may not serve as trustee over your account, unless you are an immediate family member of the employee.
- ⇒ All wires from your custodial accounts to outside (i.e., non-client) accounts must be accompanied by your authorization.

All of your assets will be held by a qualified custodian, which may include a broker-dealer or bank as selected by you. We will not route original custodial statements to you on behalf of a custodian. The custodian will deliver client account statements directly to you. Custodial accounts are opened by you. We may assist you in preparing paperwork for a new custodial account, but you are required to authorize any new custodial account.

## **Item 16: Investment Discretion**

We accept discretionary authority to manage the assets in your account. We observe investment limitations and restrictions that are outlined in each account's client profile form. Each client signs a client profile acknowledging receipt of our Investment Management agreement that authorizes us to enter purchase and sale transactions directly with the custodian. It also covers other important parts of our relationship, including investment objectives, fees, billing practices, risks and limitations.

## **Item 17: Voting Client Securities**

We offer to our clients the option of voting proxies on their behalf. The client must authorize and direct the Custodian to forward promptly to BKS

Advisors copies of all proxies and shareholder communications relating to the securities held in the account.

Client agrees that we will not be responsible or liable for failing to vote any proxies if we do not receive proxy information in a timely manner. We will not render any advice or take any action on behalf of a client with respect to securities or other investments held in the account or the issuers thereof, which become the subject of any legal proceedings, including bankruptcies.

At any time if an account wishes to retain the right and obligation to vote any proxies relating to the securities held in there account they may do so by writing to the custodian to revoke our authorization.

We will keep the following proxy voting records for a minimum of 5 years:

- ⇒ Our proxy voting polices and procedures;
- ⇒ Records of proxy votes cast on your behalf

## **Item 18: Financial Information**

BKS Advisors fees for clients are computed based on the market value of the portfolio and billed quarterly in advance. The advisory agreement may be terminated at any time by either the client or BKS Advisors. Fees will be prorated to the date of termination and any unearned portion of prepaid quarterly fees will be refunded to the client.

BKS Advisors maintains a cash reserve in case of an emergency. There are no foreseen financial conditions that are likely to impair our ability to meet our contractual commitments to our clients.

BKS Advisors has not been the subject of a bankruptcy petition.