

**Item 1      Cover Page**

**Firm Brochure - Part 2A of Form ADV**

**BRIAUD FINANCIAL ADVISORS**

1611 Crescent Pointe Parkway  
College Station, Texas 77845

Telephone: 979-260-9771

Email: [rpine@briaud.com](mailto:rpine@briaud.com)

Web Address: [www.briaud.com](http://www.briaud.com)

**January 1, 2015**

This brochure provides information about the qualifications and business practices of Briaud Financial Advisors. If you have any questions about the contents of this brochure, please contact us at 979-260-9771. 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 Briaud Financial Advisors also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 105638.

## **Item 2      Material Changes**

Since the last annual updating amendment dated January 1, 2015, Briaud has had no material changes to its Brochure.

### Item 3      Table of Contents

Item 1	Cover Page.....	i
Item 2	Material Changes.....	ii
Item 3	Table of Contents .....	iii
Item 4	Advisory Business .....	1
Item 5	Fees and Compensation .....	4
Item 6	Performance-Based Fees and Side-By-Side Management .....	6
Item 7	Types of Clients .....	7
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss .....	8
Item 9	Disciplinary Information .....	10
Item 10	Other Financial Industry Activities and Affiliations .....	11
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	12
Item 12	Brokerage Practices .....	13
Item 13	Review of Accounts .....	16
Item 14	Client Referrals and Other Compensation .....	17
Item 15	Custody.....	18
Item 16	Investment Discretion .....	19
Item 17	Voting Client Securities .....	20
Item 18	Financial Information .....	21
	Privacy Notice .....	22
	Business Continuity Plan .....	24

## **Item 4      Advisory Business**

Briaud Financial Planning, Inc. is a SEC-registered investment adviser with its principal place of business located in Texas. Briaud Financial Planning, Inc. began conducting business in 1986. Briaud is a fee only practice, meaning the firm is not compensated in any way for selling any type of investment or insurance product.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 15% or more of this company).

- Janet I Briaud, President / Chief Investment Officer
- Natalie Briaud Pine, Financial Advisor
- Roger Stephen Pine, Financial Advisor / Chief Compliance Officer

Briaud Financial Advisors offers the following advisory services to our clients:

### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives, as well as tax considerations. Each client has a responsibility to inform Briaud of any changes to financial circumstances or investment objectives.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- Variable annuities

- Mutual fund shares
- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests, commodities, and other private equity strategies.

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

We provide investment services to BFA Alternatives Fund, a pooled investment vehicle. We provide two services to the BFA Alternatives fund:

- Investment management – Briaud is not compensated for this work.
- Administration – Briaud, which serves as the general partner, can charge a 1.5% maintenance fee, but that fee is waived for all clients of Briaud Financial Advisors.

## **FINANCIAL PLANNING**

We provide financial planning services. Financial planning is a personalized evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.

- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

Typically the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

#### **AMOUNT OF MANAGED ASSETS**

As of January 22, 2015, we were actively managing \$499,466,792 of clients' assets on a discretionary basis plus \$4,463,132 of clients' assets on a non-discretionary basis.

## Item 5      Fees and Compensation

### INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT FEES

The annualized fee for Investment Supervisory Services is charged as a percentage of assets under management, according to the following schedule:

The higher of:

- 1% of the first \$1 million under management, plus
- 0.75% of assets between \$1 million and \$2 million under management, plus
- 0.5% of all assets under management above \$2 million, or
- \$10,000 minimum annual fee

Fees are assessed quarterly in arrears. Briaud charges no advance or upfront fees. Each quarterly fee is calculated based on the fair market value of the assets under management on the last day of the quarter. With the client's permission, fees may be deducted directly from the client's accounts.

A minimum of **\$1,000,000** of assets under management is required for our services. This account size may be negotiable under certain circumstances. Briaud Financial Advisors may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

**Limited Negotiability of Advisory Fees:** Although Briaud Financial Advisors has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

## FINANCIAL PLANNING FEES

Financial planning services are not billed separately, rather these services are included as part of our normal retainer for investment services.

If no retainer agreement is reached, an hourly rate will be applied where specific financial planning or investment advice is requested. The hourly rate for these services is \$400.

## GENERAL INFORMATION

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. In calculating a client's final bill, we will pro rate the fee according to the number of days remaining in the billing period.

Should Briaud complete a full financial plan for a new client, and the client decides to terminate the relationship before the one (1) year anniversary of the financial plan delivery meeting, the client will be billed for one full year of fees.

***Mutual Fund Fees:*** All fees paid to Briaud Financial Advisors for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

***Grandfathering of Minimum Account Requirements:*** Pre-existing advisory clients are subject to Briaud Financial Advisors' minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

***Legacy Fee Schedules:*** Some clients with Briaud are on legacy fee schedules. These grandfathered fee schedules include fixed fee arrangements.

***ERISA Accounts:*** Briaud Financial Advisors is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Briaud Financial Advisors may only charge fees for investment advice, and does not accept commissions or 12b-1 fees under any circumstances.

***Advisory Fees in General:*** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.



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

Briaud Financial Advisors does not charge performance-based fees.

## **Item 7        Types of Clients**

Briaud Financial Advisors provides advisory services to the following types of clients:

- High net worth individuals
- Individuals (other than high net worth individuals)
- Trusts
- Pooled investment vehicles
- Corporations or other businesses not listed above

As previously disclosed in Item 5, our firm has established certain initial minimum account requirements, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

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

### **METHODS OF ANALYSIS**

We employ what is commonly known as a macro investment strategy. We study economic trends, demography, historical data, monetary policy, and world events to formulate a view on how the various investment asset classes will behave. We then adjust our model portfolios accordingly based on that macro view.

We then choose a combination of funds and individual securities to build a portfolio in line with our recommended asset allocation. We use a combination of fundamental and technical analysis when selecting funds or securities:

***Fundamental Analysis.*** We attempt to measure the intrinsic value of a security by looking at the elements that make up that security's return: cash flows, downside risk characteristics, and growth prospects.

Fundamental analysis does not attempt to anticipate short term market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the individual security.

***Technical Analysis.*** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis, when practiced in a vacuum, ignores the unique characteristics of individual securities. This presents a potential risk, in that a stock or bond's performance could suffer due to internal or external forces, regardless of the technical indicators.

***Investing in Funds.*** We use mutual funds and limited partnerships when investing in certain asset classes. When investing with a specific fund, we research the fund objectives, constraints, management, and cost structure. Our goal, in conducting this research, is to find the fund or funds that we believe have the best chance of operating in accordance with our macro view.

When investing with outside fund managers, there is always a risk that those managers will make poor investment decisions, or will deviate from their stated policies.

***Risks for All Forms of Analysis.*** Our securities analysis methods rely on the assumption that the issuers of securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### **INVESTMENT STRATEGIES**

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases.** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

**Option writing.** We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives the holder the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

**Risk of Loss.** Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

**Item 9        Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

Briaud Financial Planning, Inc. has a minority ownership interest, less than 1%, in a savings and loan holding company, National Advisors Holdings, Inc. ("NAH") that has formed a federally chartered trust company, "National Advisors Trust Company" ("NATC"). NAH and NATC are regulated by the Office of Thrift Supervision. This trust company was designed to offer a low cost alternative to traditional trust service providers, and is owned jointly by a number of independent wealth advisors nationally. Briaud is considered a Trust Representative Office of NATC, operating under the name of Briaud Trust Services.

Briaud Financial Planning, Inc. may refer clients to NATC for trust services. In this instance, the grantor may choose to name Briaud as the paid investment manager on the trust, with NATC acting as trustee. NATC is operationally independent from Briaud, and Briaud has no instances of control over NATC, however, as a shareholder, Briaud may benefit from any dividends paid or earnings retained by NATC.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Briaud Financial Advisors and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Briaud Financial Advisors' Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [bfp@briaud.com](mailto:bfp@briaud.com), or by calling us at 979-260-9771.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

## **Item 12      Brokerage Practices**

### ***Brokerage Selection***

Where the choice is available, Briaud generally recommends the use of Fidelity Investments and TIAA CREF for account custody and trade execution. If a client wishes to use, or is required to use, a custodian other than Fidelity, for example Charles Schwab, we will try to accommodate. Clients should understand that they may receive less favorable prices or services from the custodian under such an arrangement.

Factors that Briaud considers in recommending Fidelity or TIAA CREF (or any other broker-dealer/custodian to clients) include historical relationship with Briaud, financial strength, reputation, execution capabilities, pricing, research, and service.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables Briaud Financial Advisors to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers. The commission rates charged by Fidelity are exclusive of, and in addition to, Briaud's investment management fee.

### ***Soft Dollar Benefits***

Briaud Financial Advisors has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides our firm with their "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping, research, and related services that are intended to support intermediaries like Briaud Financial Advisors in conducting business and in serving the best interests of our clients but that may also benefit us. This practice is common among the major custodians, such as Fidelity, Charles Schwab, TD Ameritrade, and Pershing.

As a result of receiving such services for no additional cost, we may have an incentive to continue to use or expand the use of Fidelity's services. We examined this potential conflict of interest when we chose to enter into the relationship with Fidelity and have determined that the relationship is in the best interests of Briaud Financial Advisors' clients and satisfies our client obligations, including our duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, while Briaud Financial Advisors will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services



that may be obtained by us will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. Briaud Financial Advisors and Fidelity are not affiliated.

### ***Trade Execution***

Briaud Financial Advisors will group trades together where possible and when advantageous to clients. This grouping of trades may allow us to execute trades in a timelier, more equitable manner, at an average share price. Briaud Financial Advisors' block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Briaud Financial Advisors, or our firm's order allocation policy.
- 2) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable Briaud Financial Advisors to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. Adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order.
- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- 8) Briaud Financial Advisors' client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.

- 9) Funds and securities for aggregated orders are clearly identified on Briaud Financial Advisors' records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 10) No client or account will be favored over another.

## **Item 13      Review of Accounts**

### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT**

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by one or several of:

- Janet Briaud - Chief Investment Officer
- Peggy Sherman - Financial Advisor
- Natalie Pine - Financial Advisor
- Roger Pine - Financial Advisor

### **FINANCIAL PLANNING SERVICES**

**Reviews:** Clients' financial plans are reviewed informally as part of the quarterly investment review schedule. Financial advisors typically focus on one specific aspect of the financial plan during each quarter, for example, reviewing tax planning and retirement account contributions in the first three months of the year.

**Reports:** Financial Planning clients will receive a completed financial plan at the outset of the relationship, and summary statements are provided with each quarterly invoice for our services. As client circumstances or requests arise, additional analyses or reports are provided at no extra charge.

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

It is Briaud Financial Advisors' policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is Briaud Financial Advisors' policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

As discussed in Item 12 above, Briaud may receive indirect economic benefit from Fidelity. Briaud, without cost (and/or at a discount), may receive support services and/or products from Fidelity.

## **Item 15      Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts in cases where clients have given permission to do so.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

Briaud serves as the general partner to a private fund, which constitutes custody of that fund's assets. The fund, BFA Alternatives 1, Ltd., is audited in accordance with generally accepted accounting principles on an annual basis by an independent public accountant that is registered with, and is subject to regular inspection by, the Public Company Accounting Oversight Board. Audited financial statements are distributed to each investor in the fund within 120 days of the end of the fund's fiscal year.

Our firm does not have actual or constructive custody of any client accounts.

## **Item 16      Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

## **Item 17      Voting Client Securities**

We vote proxies for any client accounts where account or plan rules allow; however, you always have the right to vote proxies yourself. You can exercise this right by instructing us in writing to not vote proxies in your account.

We will vote proxies in the best interests of our clients and in accordance with our established policies and procedures. Our firm will retain all proxy voting books and records for the requisite period of time, including a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the advisor voted proxies. If our firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and retain an independent third-party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting our Chief Compliance Officer, Roger Pine by telephone, email, or in writing. Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.

With respect to ERISA accounts, we will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies. To direct us to vote a proxy in a particular manner, clients should contact Roger Pine by telephone, email, or in writing.

You can instruct us to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). These requests must be made in writing. You can also instruct us on how to cast your vote in a particular proxy contest by contacting us.

**Item 18      Financial Information**

Given that we do not require or solicit payments in advance of services rendered, we are not required to include a financial statement with this filing.

As an advisory firm that maintains discretionary authority over client accounts, we are required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. Briaud Financial Advisors has no such financial circumstances to report.

Briaud Financial Advisors has not been the subject of a bankruptcy petition at any time.



## **Privacy Notice**

We are committed to safeguarding the confidential information of our clients. We hold all personal data provided to us in the strictest of confidence. We require your specific permission before we will discuss your affairs with anyone external to the firm.

Our policies for safeguarding your personal information are as follows:

### ***Confidentiality and Security***

- We limit access to information to only those employees who have a business or professional reasons for knowing it, and only to nonaffiliated parties as permitted or required by law - for example, federal regulations permit us to share a limited amount of information with brokerage firms in order to transact business on your behalf, and federal and state regulators, in the course of inspecting us, may also have access to your data.
- We maintain a secure physical office and computer environment to ensure that your information is not placed at unreasonable risk.
- For unaffiliated third parties that require access to your personal information (such as a brokerage firm), we also require strict confidentiality in our agreements with them and expect them to keep this information private.
- We do not provide your personally identifiable information to mailing list vendors or solicitors for any purpose.
- We will maintain your files containing personally identifiable information about you during the time you are a client, and for as long thereafter as may be required by securities law, and consistent with the CFP Board Code of Ethics and Professional Responsibility. After the required period of record retention, all such information will be destroyed.
- We continue to adhere to these privacy policies and practices even after your relationship with Briaud ends or becomes inactive.

### ***Information We Collect***

We may collect the following types of information about you:

- Information about your identity, such as your name, address, and social security number;
- Information about your transactions with us;
- Information we receive from you on applications, such as your beneficiaries or income.

“Nonpublic Personal Information” is nonpublic information about you that we obtain in connection with providing financial services to you, such as that described in the examples above.

***Information We May Disclose***

We are permitted, and sometimes required, by law to disclose nonpublic personal information about you to other third parties in certain circumstances. For example, we may disclose nonpublic personal information about you to third parties to assist us in serving you (e.g. setting up a new account) and to government entities (e.g. regulatory agencies in the event of an inspection).

## **Business Continuity Plan**

Briaud Financial Advisors believes it is important to our clients and employees that we remain prepared to operate safely through disruptions. To maintain business continuity, we continually review our activities in order to develop appropriate and robust contingency plans. We believe our clients can feel confident that they can conduct business with us without significant interruption, even in extreme circumstances.

We have developed policies and procedures to guide us in the event of a severe business disruption, be it an emergency within our own office, or a broader emergency impacting our entire community. We also have great confidence in the steps taken by our primary custodians, Fidelity Investments, TIAA CREF, and Charles Schwab. In the event of an emergency, we believe they have taken adequate precautions to continue to serve us and our clients.

Our plans cover business disruptions of varying intensities, including:

### ***Disruption to Briaud's Processes and Data Systems***

We have built redundancies into most processes, which we believe would allow us to work through illnesses or other emergencies that might drastically reduce our staff capacity. We have also invested in systems that should protect our computers and servers from harmful viruses. In addition, we make regular backups of our electronic files. These backups are stored at a secure, remote location.

### ***Disruption to Our Office***

If our office is rendered unusable by an emergency, such as a fire or electrical outage, we will continue critical operations at a secondary location in College Station, Texas until our main office becomes usable again. Our computer systems and business processes should allow us to transition between locations in a short amount of time, but it is reasonable to expect a business disruption of one to two days. In the event of such a disruption, we will post updates and contact information on our firm website, [www.briaud.com](http://www.briaud.com).

### ***Disruption to Bryan / College Station***

In the event of an extended disruption to the Bryan / College Station region, we have made arrangements with a financial planning firm in Dallas, Texas, to use their facilities. In the event of such a disruption, we will post updates and contact information on our firm website, [www.briaud.com](http://www.briaud.com).

*Please do not hesitate to contact us if you have any questions or concerns about our business continuity plans. We update these plans on a regular basis, and will evaluate their efficacy as real and potential emergencies occur.*