

# **BROWNSON, REHMUS & FOXWORTH, INC.**

**CRD # 110608**

## **Form ADV -- Part 2A and 2B (“The Brochure”)**

**March 30, 2015**

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This brochure provides information about the qualifications and business practices of Brownson, Rehmus & Foxworth, Inc. If you have any questions about the contents of this brochure, please contact your adviser representative. 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 Brownson, Rehmus & Foxworth, Inc. is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or at its own website at [www.brfinc.com](http://www.brfinc.com).

Note: any reference to or use of the terms “registered investment adviser” or “registered” in this document, does not imply that Brownson, Rehmus & Foxworth, Inc. has achieved a certain level of skill or training.

## MATERIAL CHANGES

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### **Material Changes**

The purpose of this page is to inform you of any material changes since the previous version of this brochure. This page will be updated annually and when material changes occur.

Brownson, Rehmus & Foxworth, Inc. filed the initial version of this Part 2 of Form ADV in July of 2014 in connection with switching from state to federal adviser registration. Our business activities have not changed materially since that filing.

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## ADVISORY BUSINESS

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### Description of Advisory Firm

Brownson, Rehmus & Foxworth, Inc. ("BRF") is a privately-owned corporation founded in 1969 and continues to be controlled by our active Principals. Our boutique firm is structured to provide quality personalized financial and investment advice and excellent service to each and every client. BRF is a federally registered non-discretionary investment adviser.

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### Principal Owners

BRF is controlled and owned (in equal percentages) by the following 12 active Principals of the Firm.

1. Mary Claire Allvine
2. Rebecca Ellen Deaton
3. Katherine Tara Donaldson
4. Richard Alan Doppelt
5. John Michael Lafferty
6. Robert Bernard Loveman
7. Thomas Carl Myers
8. Robert John Patterson
9. Steven Robinson Rehmus
10. Susan Mary Shacklette
11. Peter Burgess Thielbar
12. Keith Matthew Cardoza (shares are non-voting)

BRF's founder, Frederick O. Brownson, is no longer an active employee/Principal of BRF but he continues to own a 10% non-voting, non-dilutable equity interest in Brownson, Rehmus & Foxworth, Inc. in the event of a sale or liquidation of the firm. Mr. Brownson's non-voting, non-dilutable interest terminates at his death.

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**Advisory Services Offered**

BRF provides personalized financial counseling and non-discretionary investment advisory services to high net worth individuals (i.e., investment assets in excess of \$5 million) and senior corporate executives on a fee-only basis. BRF may also provide these services to trusts, estates, private foundations, endowments, and qualified retirement plans.

Financial counsel and investment advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow analysis, insurance review, education funding, and retirement and estate counseling. Investment advice is an integral part of comprehensive financial counsel.

BRF provides investment recommendations, with the client making the final decision on investment selection. As a non-discretionary adviser, BRF does not have the authority to place trades for clients.

A written evaluation of each client's initial financial situation is provided to the client at the outset of the BRF-client relationship, often with an accompanying net worth statement. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken in connection with BRF's recommendations. More frequent reviews occur but are not necessarily communicated to the client unless changes are recommended.

BRF does not receive commissions, finder's fees or remuneration from the sales of products, including but not limited to annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. Furthermore, the firm is not affiliated with entities that sell financial products or securities.

Other professionals (e.g., lawyers, accountants, insurance agents) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they arise.

The initial meeting with a prospective client, which may be conducted by telephone, is free of charge and is considered an exploratory interview to determine the extent to which financial counseling and investment advice may be beneficial to the client.

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**Tailored Relationships**

BRF financial counsel and investment advice is customized and tailored to the unique goals, objectives and needs of each client.

Our planning process begins with an in-depth discovery of the client's goals, objectives, and attitudes. The goals and objectives for each client are documented in writing and approved by the client in the objectives and specifications documents that we prepare for each client engagement. The stated goals and objectives for

each client are reflected in the client's overall recommended financial and investment program and advice that we provide on an ongoing basis.

Clients may impose restrictions on investing in certain securities or types of investments as they see fit.

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**Financial Counseling Agreement**

Most clients engage BRF to provide a broad range of financial and investment counseling services. The vast majority of our clients are individuals with substantial net worth (i.e. typically in excess of \$5 million). Each client is required to execute a Financial Counseling Agreement which outlines the scope and terms of the engagement (including the annual fee to be paid to BRF).

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**Corporate Executive Financial Counseling Agreement**

In some cases, BRF is retained by a corporation to provide financial counseling services to key officers and executives, in the same manner as outlined above.

Fees are charged to the corporation on a sliding scale, typically based upon a variety of factors, including: the total cash compensation paid to the executive, the range of services provided, and the complexity of the executive's financial affairs.

Annual fees are generally in the range of \$15,000 to \$25,000 per corporate participant. A portion of the total fee covers advice to the corporation on the benefit programs, etc., or for communicating matters pertaining to the use of corporate benefit programs and the corporation often pays a fixed fee for these services.

Each executive that elects to participate will execute a Financial Counseling Agreement (as described above under "Financial Counseling Agreement").

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**Hourly Planning Engagements**

BRF may provide ad-hoc or project-based consultations on an hourly basis. Whether to do so is entirely at each BRF adviser/Principal's discretion. Hourly rates charged vary depending on the experience, knowledge, skill and compensation (salary, bonus, etc.) of the individual performing the services as well as the service(s) to be provided. Hourly rates generally range from \$150 to \$1,500 per hour.



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**Assets Under Management**

BRF advises on approximately \$10.12 billion of client investment assets for over 530 client families. However, BRF is a non-discretionary adviser that does not have the authority to decide which securities to purchase and sell for its clients and also does not have the authority to decide which investment advisers to retain on behalf of its clients.

## FEES AND COMPENSATION

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**Description**

BRF charges a base fee to each of its clients that is agreed with each client and the appropriate BRF Principal on an annual basis, although BRF and any client may agree to adjust the base fee on a more frequent basis.

A BRF Principal will determine the amount of the base fee to be charged to a particular client (subject to client approval) based on a number of factors unique to each client. Such factors may include, but are not limited to: the amount of the client's assets under BRF's advisement, anticipated future assets, types of assets, complexity of services to be provided, service intensity, degree of custom work, time requirements, number of entities, number of such client's family members served, ease of interaction, and travel requirements.

Depending on factors such as those listed above, the base fee that BRF charges its clients typically varies from 0.15% to 0.80% of assets under advisement. Such fee is generally lower for clients with higher amounts of assets under BRF's advisement and higher for clients with lower amounts of assets under BRF's advisement; however, the other factors listed above will also influence pricing.

BRF on a case-by-case basis may agree with a client on additional fees to be charged to such client by BRF separately from the base fee described above for projects different from what BRF performs in typical client engagements. In all cases, the services to be provided and the fee(s) for those services are fixed fees that are agreed upon in advance with the client.

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**Billing Method**

BRF's fees are generally invoiced quarterly or semi-annually in advance on a calendar year basis. Clients are not required to pay fees six months or more in advance.

Clients may elect to have BRF deduct its fee from their brokerage account, but they are not required to do so. In the event a client chooses to have their fee paid to BRF from their brokerage account, the following applies:

- the fee payment authorization will be limited to withdrawing the amount of BRF's contractually agreed upon fees;
- BRF will notify the client no fewer than 7 days prior to the proposed date of withdrawal, and provide the client the opportunity to object to the invoiced amount;
- the frequency of withdrawal will be specified in the authorization;
- the client's custodian will be advised by the client in writing that the client has authorized BRF to deduct its fee from the client's brokerage account;
- the client's custodian will provide the client a monthly statement indicating separate line items for all amounts disbursed from the client's account; and
- the client is able to terminate the written billing authorization at any time.

For new clients, the first invoice is a prorated calculation based on the number of days remaining in the period relative to the number of days in the entire year.

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#### **Other Fees and Expenses**

Fees paid by clients to BRF for non-discretionary investment advice are separate and distinct from the asset management fees and expenses charged by (or incurred within) mutual funds, exchange-traded funds, separate account money managers, limited partnerships and other pooled investment vehicles that BRF may recommend.

Fees paid to BRF do not include custodian or brokerage transaction fees. Clients purchase investments that BRF recommends through the broker-dealer or custodian of their choice. BRF is not affiliated with any custodian or brokerage firms. See ***Brokerage Practices*** for more information. Custodians and brokerage firms may charge transaction fees and/or other similar charges on purchases or sales of certain mutual funds and exchange-traded funds. These costs are generally small and incidental to the purchase or sale of a security. Neither BRF, nor any of its Principals or employees shares in any commissions or transaction fees charged by our client's custodian(s) or brokerage firms.

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#### **Other Benefits or Compensation Received by BRF or its Principals**

As discussed elsewhere in this document - see ***Code of Ethical Conduct, Participation or Interest in Client Transactions and Personal Trading*** - in the event

one or more of BRF's clients invest in a private investment vehicle recommended by BRF, the general partner or manager of such private investment vehicle may permit one or more BRF Principals to invest their personal capital in such private investment vehicle on or about the same time as such BRF client(s) in an amount that is less than the stated minimum investment amount that such BRF client(s) are required to make.

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#### **Termination of Financial Counseling Agreement**

Clients may terminate their Financial Counseling Agreement with BRF at any time, by notifying BRF in writing.

BRF may also terminate a Financial Counseling Agreement with any client, at any time, by notifying the client in writing.

BRF does not impose termination fees when an Agreement is terminated by either party. Fees paid in advance are refunded to clients on a daily prorated basis.

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

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#### **Sharing of Capital Gains**

Not applicable. BRF does not charge performance-based fees or other fees based on a share of capital gains or capital appreciation of client assets.

## **TYPES OF CLIENTS**

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#### **Description**

BRF generally provides financial counsel and non-discretionary investment advice to individuals and families with substantial investment assets, high income professionals, and groups of senior corporate executives (i.e., where we are retained by major corporations on behalf of their officers). BRF may also provide similar services to pension and profit sharing plans, and trusts, estates, private foundations and other charitable or tax-exempt organizations.

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#### **Account Minimums**

BRF Principals each establish relationship asset minimums or annual fee minimums at their sole discretion -- typically based on what they deem to be their preferred

minimum or ideal minimum size of client. Minimum annual fees range from \$15,000 to \$200,000.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Methods of Analysis**

The first step in our process of providing financial counseling and investment advisory services to clients begins with us gaining an in-depth understanding of the client's current financial situation, needs, goals, objectives, attitudes, constraints, past experiences with investments, tax-sensitivity, etc. in addition to their tolerance and capacity for risk. We then document our understanding of these items in a written report which is ultimately final when approved by the client. However, over the course of the BRF/client relationship, such report may be updated or changed by BRF with the client's approval as the client's situation changes.

Based on our in-depth understanding of our client's goals and objectives, we develop a detailed financial and investment program, complete with specific asset allocation and investment policy recommendations intended to help the client achieve their overall financial goals and objectives.

### **Investment Strategies**

Overall investment strategies recommended to each client emphasize long-term investment in a diversified portfolio of marketable and non-marketable investments intended to provide superior after-tax, inflation-adjusted, economic returns.

BRF generally recommends broad diversification via a long-term asset allocation strategy -- diversified both across asset classes and within asset classes, in an effort to improve the risk and return potential of client portfolios. More specifically, we may recommend multiple asset classes (both liquid and illiquid), market capitalizations, market styles, and geographic regions to provide diversification.

Client portfolios with similar investment objectives and asset allocation goals may own different securities and investments. The client's portfolio size, tax sensitivity, desire for simplicity, long-term wealth transfer objectives, time horizon and choice of custodian are all factors that influence BRF's investment recommendations.

Each portfolio maintains a long-term target asset allocation. At each periodic review/meeting, BRF reviews with the client the extent to which the actual allocation matches the target allocation. When we consider the variance excessive, the BRF adviser/Principal will provide recommendations to the client to bring the actual allocation within an acceptable range of the target. This process, known as

“rebalancing,” offers a systematic and disciplined way to trim investment classes that have been in favor and redeploy capital to assets classes that have been out of favor.

Investment advice given to clients more often than not includes recommending long-term purchases/holds. However, other investment strategies that may also be recommended include short-term purchases, margin transactions, and options (including buying puts or selling covered calls).

Marketable asset classes recommended by BRF primarily include no-load mutual funds and exchange-traded funds. Investment recommendations may also include: equities, warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, U. S. government securities, options contracts, futures contracts, interests in limited partnerships, and investment company securities (variable life insurance, variable annuities, and mutual funds shares).

Equity mutual fund recommendations are developed with the objective of selecting a well-diversified fund, or group of funds, with appropriate historical performance, and the level of volatility (risk) determined to be appropriate for each client. Recommendations of mutual funds are made based on data provided by various sources of third party research and analytics.

BRF may also advise clients who are corporate officers or employees on the merits of diversifying large holdings of shares of the corporation’s stock and on other forms of compensation which may be payable in the corporation’s stock.

BRF recommends third-party sponsored private investment vehicles that are not available to the broad public. To date, these private investment vehicles include diversified hedge funds, private investment real estate funds, diversified leveraged buyout fund of funds, distressed opportunities fund of funds, venture capital fund of funds, and tax-sensitive inflation hedges. Neither BRF nor any of its Principals or employees receives any compensation or fee-sharing from recommending any of these private investment vehicles or their investment managers.

Virtually every private investment vehicle is unique and requires a careful evaluation of the specifics from venture to venture. The most important source of information for BRF’s evaluation of a private investment vehicle will be the investment prospectus prepared by the management of such private investment vehicle.

Evaluation of privately negotiated investments and limited partnerships of all varieties are developed on the basis of an in-depth, fundamental evaluation of the business, management, markets, risks, liquidity, tax considerations and other factors affecting the economic and investment viability of each individual venture. BRF relies on consultants, appraisers, accountants, lawyers, etc. as necessary for specialized assistance.

BRF does not represent, imply or guarantee that the services or methods of analysis used by BRF to make investment recommendations can or will produce successful

results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or crashes. No guarantees can be offered that a client's goals or objectives will be achieved. Past performance is not an indication or guarantee of future results.

Clients are advised that the recommendations offered by BRF are not legal or tax advice. Clients are advised to promptly notify BRF with respect to any changes in their financial situation and/or financial goals and objectives. Failure to do so could result in our recommendations not meeting the objectives and/or needs of the client.

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**Risk of Loss**

All investments and investment programs have a variety of risks that are borne by the investor. As such, there can be no assurance that any such investment strategy will prove profitable or successful. Below is a summary of the material risks associated with the investment strategies that BRF typically recommends:

- **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:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas 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.
- **Reinvestment Risk:** This risk is that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil production companies depend on the lengthy process of finding, extracting, transporting and then selling oil before they can generate a profit. As a result, an oil production company carries a higher risk of profitability than an electric utility company, which generates its income from a steady stream of

customers who buy electricity no matter what the economic environment is like.

- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not. Only investors who are financially able to maintain their investment without a need for immediate liquidity should consider investing in illiquid investments.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Prior to entering into a relationship with BRF, the client should carefully consider:

1. Investing in securities involves risk of loss which clients should be prepared to bear;
2. Securities markets experience varying degrees of volatility, which can become extreme in periods of severe market declines;
3. Over time the client's assets may fluctuate and at any time may be worth more or less than the amount invested; and
4. Clients should only commit assets that they feel are available for investment on a long-term basis (typically 2 to 5 years or longer).

## DISCIPLINARY INFORMATION

### Legal and Disciplinary

BRF and its employees have not been involved in any legal or disciplinary events that would be material to a client's evaluation of BRF, its advisory business or the integrity of its management.

## OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### Financial Industry Activities

None.

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**Affiliations**

None.

## **CODE OF ETHICAL CONDUCT, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

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**Code of Ethical Conduct**

BRF has adopted a Code of Ethical Conduct, which sets forth high ethical standards of business conduct that we require of all employees, including compliance with all applicable federal and state securities laws. BRF's personnel are required to conduct themselves with integrity at all times and follow the principles and policies outlined in our Code of Ethical Conduct.

BRF believes that we owe clients the highest level of trust and fair dealing. Further, as part of our fiduciary duty, we place the interests of our clients ahead of our firm and personnel.

BRF's Code of Ethical Conduct attempts to address specific conflicts of interest that either we have identified or that could likely arise. In general, all Principals and employees of BRF must avoid investment activities and practices which may work to the detriment of clients, or activities which could impair employees' ability to act in an objective and unbiased manner for clients.

A copy of BRF's Code of Ethical Conduct is available to any client or prospective client upon request.

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**Participation or Interest in Client Transactions**

BRF does not purchase any securities or investments for its own account. Also, as a matter of practice, BRF does not recommend individual stocks to clients for either sale or purchase. In general, BRF recommends that clients invest in open-end mutual funds or broad index-based exchange-traded funds (ETFs) for their equity exposure.

Principals and employees of BRF may buy, sell, or hold positions in securities that we recommend to our clients. However, in the event of a conflict of interest, such as a limited number of investment slots, our clients will be given preference over BRF's Principals and employees.

Any such investments made by BRF's Principals and employees are made on the same terms as BRF's clients with the exception of Private Investment Vehicles. To the extent that one or more BRF client(s) actually invests in a Private Investment Vehicle recommended by BRF, the general partner or manager of such Private Investment Vehicle may permit BRF Principals to invest their personal capital in such



Private Investment Vehicle on or about the same time as such BRF client(s) in an amount that is less than the stated minimum investment amount that such BRF client(s) are required to make. Exceptions to the stated minimum investment typically only occur when the stated minimum investment is in excess of \$100,000.

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### **Personal Trading**

BRF has established the following personal trading restrictions in order to ensure its fiduciary responsibility to our clients:

- 1) No employee or Principal of BRF, family members or other related persons shall buy or sell securities for their personal portfolio(s) based upon material non-public information.
- 2) BRF requires its employees to preclear certain securities transactions with its Chief Compliance Officer (the "CCO"); including, but not limited to securities issued in an IPO, securities listed in a limited offering, and securities transactions in which the employee has a conflict of interest. Further, no employee or Principal of BRF shall transact in securities of companies listed on BRF's Restricted Securities List -- a listing of companies where our clients are key officers or a member of the board of directors -- without pre-clearance from the CCO. The CCO will determine, in consultation with the BRF Principal serving the insider client, whether we are in possession of any material non-public information.
- 3) All employees report their respective securities transactions on a quarterly basis and their securities holdings on an annual basis to the CCO through the firm's compliance reporting system. The CCO of BRF reviews all reported securities transactions and holdings to ensure compliance with the above policies.
- 4) Any individual not in observance of the above personal trading policies may be subject to appropriate disciplinary action, up to and including termination.

## **BROKERAGE PRACTICES**

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### **Selecting Brokerage Firms**

Clients may utilize the broker-dealer or custodian of their choice. BRF does not require clients to utilize any particular broker-dealer or custodian.

Clients will often request recommendations from Principals of BRF as to potential brokerage firms for purchasing or selling securities. Principals of BRF will generally recommend brokerage firms and/or brokers known to them for the client's consideration.

Brokerage firm recommendations are based upon such factors as the brokerage firm's general reputation and proven integrity, the quality of prior service provided to clients or others known to BRF, the brokerage firm's financial strength and conservatism, the estimated cost and convenience to the client, and/or the brokerage firm's special expertise in areas such as tax-free bonds, etc.

Most often, we will recommend one or more of the following nationally-recognized discount broker-dealers which also offer custody, record keeping and reporting services:

- Charles Schwab Institutional, a division of Charles Schwab & Co. ("Schwab")
- Fidelity Investments ("Fidelity")
- Vanguard Brokerage ("Vanguard")

We endeavor to recommend brokerage firms that we believe are in a position to offer our clients the best array of services appropriate for the client situation at a reasonable and competitive cost.

Schwab, Fidelity and Vanguard do not typically charge BRF clients separately for custody but rather are compensated by BRF clients through transaction-related fees for securities trades that are executed through or settle into client accounts. While such transaction fees may be higher or lower than those charged by other broker-dealers, in general the transaction fees charged by the institutional groups at Schwab, Fidelity and Vanguard (that cater to independent financial advisers) are discounted rates that are typically lower than the rates available to the general public. BRF does not share in any transaction fees or commissions charged by our clients' broker dealers or custodians.

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### **Soft Dollar Benefits**

BRF derives operational efficiencies and certain economic benefits (otherwise known as "soft dollar benefits") from our client's choice of these broker-dealers. Specifically, Schwab, Vanguard and Fidelity each make available products and services that may be used to service all or a substantial number of BRF's clients' accounts, including accounts not maintained at Schwab, Fidelity and Vanguard:

- access to client accounts, statements, confirmations and tax reports
- facilitate execution of client-authorized transactions
- recordkeeping and client reporting
- quotes, pricing and other market data

- access to back office support personnel exclusively for investment adviser clients
- access to "institutional" mutual funds that are otherwise generally available only to institutional investors, or would require a significantly higher minimum initial investment; and
- facilitate payment of BRF's fees from client accounts, subject to client authorization.

Schwab, Fidelity and Vanguard may give BRF discounts on portfolio accounting and performance reporting software, which may or may not benefit BRF's clients directly. In addition, Schwab, Fidelity and Vanguard each make available to BRF various other services intended to help BRF manage and further develop its business enterprise. These services have included:

- regulatory compliance, legal and business consulting, and
- publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing.

Further, Schwab, Fidelity and Vanguard may make available, arrange and/or pay for these types of services to be rendered by independent third parties to BRF. Schwab, Fidelity and Vanguard may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to BRF.

BRF, as a fiduciary, endeavors to act in its clients' best interests. That said, BRF's recommendation (or suggestion) that clients maintain their assets in accounts at Schwab, Fidelity or Vanguard may be based in part on the benefit to BRF of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, Fidelity or Vanguard, and thus our recommendation (or suggestion) may create a potential conflict of interest.

BRF is a non-discretionary adviser and not a "money manager", and thus does not direct trades or client transactions to specific brokers. Rather, clients choose their own brokerage firm and/or broker and are free to direct their investment transactions to the brokerage firm or broker of their choice.

## REVIEW OF ACCOUNTS

### Periodic Reviews

Principals of BRF perform periodic reviews of the financial situation of the clients for whom they work. Each Principal typically has between 40 and 65 client

relationships. The frequency and nature of the financial review varies from client to client, and is generally driven by client circumstances, changes in the client's financial situation, and the assets/investments currently held, or proposed. Accounts are reviewed in a sequence determined at the sole discretion of the Principal. All matters relevant to the client's individual financial situation, at the time of the review, are taken into consideration.

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### **Regular Reports**

Clients are regularly provided oral and/or written reviews of their overall financial situation, including their investments. All clients have at least one annual meeting and review, but most clients will have two to four reviews/meetings per year with the Principal advising them on their investments and financial affairs.

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### **Review Triggers**

Factors that may trigger a review, other than a periodic review, include: extraordinary events (e.g., severe market turbulence), changes in the tax laws or major investment developments. Significant changes in a client's financial situation and/or objectives also trigger a review.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

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### **Incoming Referrals**

BRF does not compensate solicitors or others referring third parties for referrals. BRF's primary source of new clients over the years has been referrals from existing clients and other service professionals (e.g., CPAs and estate planning attorneys).

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### **Referrals Out**

BRF will make referrals to other service providers (CPAs, estate attorneys, private bankers, mortgage brokers, insurance brokers, etc.) when the need arises for a client. However, BRF does not accept referral fees or other forms of fee-sharing or remuneration from these other professionals when a client (or prospective client) is referred to them.

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### Other Compensation

BRF receives an economic benefit from certain brokers in the form of the support products and services such brokers make available to BRF. These products and services, how they benefit us, and the related conflicts of interest are described above (see ***Brokerage Practices***, above). The availability to us of such products and services is not based on us giving particular investment advice, such as recommending the purchase of particular securities.

## CUSTODY

BRF does not maintain physical custody of client funds and/or securities. As described in *Brokerage Practices*, client assets are held at qualified custodians who provide account statements (at least quarterly) directly to clients at their address of record. However, BRF may be deemed to have custody of a client's assets to the extent such client authorizes BRF to instruct such client's custodian to deduct BRF's advisory fees directly from such client's account (see *Fees and Compensation*, above). Further, a small number of BRF Principals serve as either co-trustee or special trustee for trusts held by certain clients. None of the Principals who hold these positions has the unilateral right to make distributions for any trust.

Clients are frequently provided net worth statements (i.e., personal balance sheets and asset allocation summaries) generated by BRF. Net worth statements contain values for the client's various assets, including approximations of bank account balances provided by the client, as well as the value of land and other illiquid and hard-to-price assets (which do not appear on their brokerage statements) such as real estate and limited partnerships. The values used for real estate and limited partnership investments are either provided by the client, or the general partner of the limited partnership in question.

Clients are urged to compare the account statements received directly from their custodians to the net worth statements and performance report statements provided by BRF.

## INVESTMENT DISCRETION

Not applicable. BRF's services are provided on a non-discretionary basis.

## VOTING CLIENT SECURITIES

BRF does not vote proxy statements on behalf of clients. As a non-discretionary adviser, BRF does not have (nor will we accept) the authority to vote client securities. Clients will receive their proxy statements or other solicitations directly from their custodian or a transfer agent and are responsible for voting their own proxies.

## FINANCIAL INFORMATION

BRF does not require or accept prepayment of fees (of any amount) six months or more in advance. As a result, we are not required to include a financial statement with this brochure.

BRF has never filed for bankruptcy and is not aware of any financial condition that is expected to impair our ability to meet our contractual commitments to clients.

## DISASTER RECOVERY AND BUSINESS CONTINUITY PLAN

### **General**

BRF has a Disaster Recovery and Business Continuity Plan (the “DRBC Plan”) in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people. Pursuant to the DRBC Plan, BRF has established a team of three of its Principals who are responsible for maintaining and implementing the DRBC Plan: Robert B. Loveman, Steven R. Rehmus, and Peter B. Thielbar (collectively, the “DRBC Team”). The DRBC Team performs certain functions under the DRBC Plan – including, but not limited to: ensuring the documentation of data-backup procedures, designating back-up storage locations, establishing back-up communication systems, establishing the means for client notification in the event of an emergency, and conducting periodic testing for emergency responsiveness. BRF’s emergency and disaster recovery systems are tested and updated periodically.

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**Disasters**

The DRBC Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

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**Alternate Offices**

Alternate BRF offices would support ongoing operations in the event one of our four offices becomes unavailable. It is our intention to contact all clients within five days of a disaster if we need to move an office to an alternate location.

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**Loss of Key Personnel**

In the event of a serious disability or death of a BRF adviser/Principal, we would reassign that Principal's clients to another Principal within the firm.

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## INFORMATION SECURITY PROGRAM AND PRIVACY STATEMENT

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**Information Security**

BRF imposes safeguards to reduce the risk that client personal and confidential information may be breached.

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**Privacy Statement**

BRF's goal is to protect client privacy. In the course of providing service to clients, we may obtain nonpublic personal information from sources such as:

- Information reported by clients in applications, questionnaires and correspondence.
- Information we receive from other parties (that clients have authorized to share information with us) such as a client's accountant, attorney, broker, banker, custodian, insurance agent, or employer.

BRF does not share any nonpublic personal information with any nonaffiliated third parties, except in the following circumstances:

- As necessary to provide the service that a client has requested or authorized, or to maintain and service client accounts;
- As required by regulatory authorities or law enforcement officials who have jurisdiction over BRF or as otherwise required by applicable law;
- To the extent necessary to prevent fraud and unauthorized transactions in client accounts; and
- With a client's consent, we will disclose nonpublic personal information about a client to authorized parties (such as a client's accountant, attorney, broker, banker, custodian, insurance agent, or employer).

We maintain physical, electronic and procedural safeguards to protect a client's nonpublic information to the best of our ability.

We are required by law to deliver a written copy of our *Client Privacy Statement* to clients annually.



## BROCHURE SUPPLEMENT (PART 2B OF FORM ADV)

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### Introduction

This brochure supplement provides information about BRF's Supervised Persons that supplements BRF's brochure. Additional information about BRF's Supervised Persons is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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### Educational Background and Business Experience of Principals

The education and business background of the existing Principals of BRF are illustrative of the standards required of client service professionals employed by BRF.

In general, BRF aims to employ only individuals who have strong education and business backgrounds in financial and investment analysis and demonstrated sound judgment.

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### Professional Certifications

Some employees of BRF have earned certifications and credentials that are required to be explained in further detail.

**Certified Financial Planner (CFP®)**: Certified Financial Planners are licensed by the CFP Board to use the CFP® mark. CFP® certification requirements:

- Bachelor's degree from an accredited college or university.
- Completion of the financial planning education requirements set by the CFP Board ([www.cfp.net](http://www.cfp.net)).
- Successful completion of the CFP® Certification Exam.
- Three-year qualifying full-time work experience.
- Successfully pass the Candidate Fitness Standards and background check.

**Chartered Financial Analyst (CFA)**: Chartered Financial Analysts are licensed by the CFA Institute to use the CFA mark. CFA certification requirements:

- Hold a bachelor's degree from an accredited institution or have equivalent education or work experience.

- Successful completion of all three exam levels of the CFA Program.
- Have 48 months of acceptable professional work experience in the investment decision-making process.
- Fulfill society requirements, which vary by society. Unless you are upgrading from affiliate membership, all societies require two sponsor statements as part of each application; these are submitted online by your sponsors.
- Agree to adhere to and sign the Member's Agreement, a Professional Conduct Statement, and any additional documentation requested by CFA Institute.

**Certified Public Accountant (CPA):** Certified Public Accountants are licensed and regulated by their state boards of accountancy. While state laws and regulations vary, the education, experience and testing requirements for licensure as a CPA generally include:

- Minimum college education (typically 150 credit hours with at least a baccalaureate degree and a concentration in accounting).
- Minimum experience levels (most states require at least one year of experience providing services that involve the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA), and
- Successful passage of the Uniform CPA Examination.

In order to maintain a CPA license, states generally require the completion of 40 hours of continuing professional education (CPE) each year (or 80 hours over a two year period or 120 hours over a three year period).

Additionally, all American Institute of Certified Public Accountants (AICPA) members are required to follow a rigorous Code of Professional Conduct which requires that they act with integrity, objectivity, due care, competence, fully disclose any conflicts of interest (and obtain client consent if a conflict exists), maintain client confidentiality, disclose to the client any commission or referral fees, and serve the public interest when providing financial services.

The vast majority of state boards of accountancy have adopted the AICPA's Code of Professional Conduct within their state accountancy laws or have created their own.

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**MARY CLAIRE ALLVINE, CFP®**

**(CRD # 2854261)**

Education:

- Born 1968
- Princeton University, Princeton, NJ - AB
- University of Chicago Graduate School of Business, Chicago, IL - MBA

Business Experience:

- 11/96 - Present: Brownson, Rehmus & Foxworth, Inc. - Principal

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision: Supervised by the Firm's President Robert Loveman (312-346-2985) and BRF's Risk Management Committee. Subject to a peer review every 2-3 years.

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

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**KEITH MATTHEW CARDOZA, CFA**

**(CRD # 2180952)**

Education:

- Born 1970
- University of Chicago, Chicago, IL - BA Economics

Business Experience:

- 12/08 - Present: Brownson, Rehmus & Foxworth, Inc. - Chief Investment Officer
- 9/07 - 12/08: Merrick Ventures - Managing Director
- 9/05 - 9/07: Ocean Tomo - Managing Director
- 9/02 - 6/05: The Boeing Company – Director

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision: Supervised by the Firm's President Robert Loveman (312-346-2985) and BRF's Risk Management Committee. Subject to a peer review every 2-3 years.

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

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**REBECCA ELLEN DEATON, CFP®**

**(CRD # 3103102)**

Education:

- Born 1970
- Princeton University, Princeton, NJ - AB
- University of Chicago, Chicago, IL – MA

Business Experience:

- 8/96 - Present: Brownson, Rehms & Foxworth, Inc. – Principal

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision: Supervised by the Firm's President Robert Loveman (312-346-2985) and BRF's Risk Management Committee. Subject to a peer review every 2-3 years.

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

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**KATHERINE TARA DONALDSON, CFP®**

**(CRD # 4630334)**

Education:

- Born 1971
- Northwestern University, Evanston, IL - BM
- University of Michigan, Ann Arbor, MI – MM

Business Experience:

- 12/00 - Present: Brownson, Rehms & Foxworth, Inc. – Principal

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision: Supervised by the Firm's President Robert Loveman (312-346-2985) and BRF's Risk Management Committee. Subject to a peer review every 2-3 years.

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

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**RICHARD ALAN DOPPELT**

**(CRD # 4543337)**

Education:

- Born 1955
- University of California at Berkeley, Berkeley, CA - BS
- Harvard University, Cambridge, MA - JD
- Stanford University, Stanford, CA – MBA

Business Experience:

- 1/99 - Present: Brownson, Rehmus & Foxworth, Inc. - Principal and Secretary

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision: Supervised by the Firm's President Robert Loveman (312-346-2985) and BRF's Risk Management Committee. Subject to a peer review every 2-3 years.

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

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**JOHN MICHAEL LAFFERTY, CFA, CFP<sup>®</sup>, CPA**     **(CRD # 1039906)**

Education:

- Born 1957
- State University of New York at Buffalo, NY - BS, MBA

Business Experience:

- 2/04 - Present: Brownson, Rehmus & Foxworth, Inc. - Principal and Director
- 8/99 - 2/04: Silver Ventures - Managing Director

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision: Supervised by the Firm's President Robert Loveman (312-346-2985) and BRF's Risk Management Committee. Subject to a peer review every 2-3 years.

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

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**ROBERT BERNARD LOVEMAN, CFP<sup>®</sup>, CPA (CRD # 1495877)**

Education:

- Born 1947
- Princeton University, Princeton, NJ - AB
- University of Chicago Graduate School of Business, Chicago, IL - MBA

Business Experience:

- 12/92 - Present: Brownson, Rehms & Foxworth, Inc. - Principal, President, and Director

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision: Supervised by BRF's Risk Management Committee. Subject to a peer review every 2-3 years.

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

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**THOMAS CARL MYERS, CFA, CFP®, CPA****(CRD # 2811802)****Education:**

- Born 1964
- Miami University, Oxford, Ohio - BS
- Wharton School of Business at University of Pennsylvania, Philadelphia, PA – MBA

**Business Experience:**

- 2/04 - Present: Brownson, Rehms & Foxworth, Inc. – Principal and Treasurer

**Disciplinary Information:** None**Other Business Activities:** None**Additional Compensation:** None**Supervision:** Supervised by the Firm's President Robert Loveman (312-346-2985) and BRF's Risk Management Committee. Subject to a peer review every 2-3 years.**Arbitration Claims:** None**Self-Regulatory Organization or Administrative Proceeding:** None**Bankruptcy Petition:** None

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**ROBERT JOHN PATTERSON****(CRD # 2588522)****Education:**

- Born 1952
- Williams College, Williamstown, MA - BA
- Kellogg School at Northwestern University, Chicago, IL – MBA

**Business Experience:**

- 9/02 - Present: Brownson, Rehms & Foxworth, Inc. - Principal

**Disciplinary Information:** None**Other Business Activities:** None**Additional Compensation:** None**Supervision:** Supervised by the Firm's President Robert Loveman (312-346-2985) and BRF's Risk Management Committee. Subject to a peer review every 2-3 years.**Arbitration Claims:** None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

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**STEVEN ROBINSON REHMUS**

**(CRD # 4643017)**

Education:

- Born 1965
- Harvard University, Cambridge, MA - BA
- Stanford University, Stanford, CA – MBA

Business Experience:

- 03/02 - Present: Brownson, Rehmus & Foxworth, Inc. - Principal, Director

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision: Supervised by the Firm's President Robert Loveman (312-346-2985) and BRF's Risk Management Committee. Subject to a peer review every 2-3 years.

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

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**SUSAN MARY SHACKLETTE, CFP®**

**(CRD # 5474180)**

Education:

- Born 1968
- Carleton College, Northfield, MN - BA
- University of Michigan, Ann Arbor, MI – MBA

Business Experience:

- 07/07 - Present: Brownson, Rehmus & Foxworth, Inc. – Principal and Chief Compliance Officer

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision: Supervised by the Firm's President Robert Loveman (312-346-2985) and BRF's Risk Management Committee. Subject to a peer review every 2-3 years.



Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

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**PETER BURGESS THIELBAR**

**(CRD # 2520014)**

Education:

- Born 1947
- Washington University, St. Louis, MO - BA
- Washington University, St. Louis, MO – MBA

Business Experience:

- 9/86 - Present: Brownson, Rehmus & Foxworth, Inc. - Principal, Director

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision: Supervised by the Firm's President Robert Loveman (312-346-2985) and BRF's Risk Management Committee. Subject to a peer review every 2-3 years.

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None