

# Buckman Advisory Group, LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Buckman Advisory Group, LLC. If you have any questions about the contents of this brochure, please contact us at (732) 530-0303 or by email at: [bag.cco@buckmanbuckman.com](mailto:bag.cco@buckmanbuckman.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Buckman Advisory Group, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Buckman Advisory Group, LLC's CRD number is: 131688*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of Buckman Advisory Group, LLC on February 21, 2015 are described below. This list summarizes changes to policies, practices or conflicts of interests only.

- Buckman Advisory Group, LLC now sponsors a Wrap Fee Program

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

Buckman Advisory Group, LLC is a Limited Liability Company organized in the state of New Jersey.

The firm was formed in September of 1988, and the principal owners are H.J. Buckman, Jr. , Thomas Buckman, and H.J. Buckman.

### B. Types of Advisory Services

Buckman Advisory Group, LLC (hereinafter “BAG”) offers the following services to advisory clients:

#### *Investment Supervisory Services*

BAG offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. BAG creates an Investment Policy Statement for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client’s specific situation. Investment Supervisory Services include, but are not limited to, the following:

- |                       |                                |
|-----------------------|--------------------------------|
| • Investment strategy | • Personal investment policy   |
| • Asset allocation    | • Asset selection              |
| • Risk tolerance      | • Regular portfolio monitoring |

BAG evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client. BAG offers the model baskets below to clients based on each client’s risk profile.

I – **Low Risk** Preservation of capital paramount in basic investment strategy. Closely tied to client suitability information.

II – **Conservative** Traditional investments with protective diversification. Closely tied to client suitability information.

III – **Conservative Growth** Similar to Conservative, to include selected securities with potential for increase in value long term. Closely tied to client suitability information.

IV – **Moderate** Similar to Conservative, but with a broader selection and range of investment options. Closely tied to client suitability information.

V – **Moderate Growth** Similar to Conservative Growth, but with a broader variety of securities with greater potential for growth. Closely tied to client suitability information.

VI – **Long Term Growth** Broad selection of investment strategies tailored to aggressive client target goals; may include Alternative Investments. Must be expressly selected by client; IAR must confirm suitability for this strategy selection.

VII – **Aggressive Growth** Very broad, high risk, high reward growth-oriented strategy, with wider selection of investments, including Alternative Investments. Must be expressly selected by client; IAR must confirm suitability for this strategy selection.

### ***Selection of Other Advisers***

BAG may direct clients to third party money managers. The total fee will not exceed any limit imposed by any regulatory agency. The fee charged by the third party advisers will be separate and distinct from the fees charged by BAG. Before selecting other advisors for clients, BAG will always ensure those other advisors are properly licensed or registered as investment advisor.

### ***Financial Planning***

Financial plans and financial planning may include, but are not limited to: investment planning, life insurance; tax concerns; retirement planning; college planning; and debt/credit planning. These services are based on fixed fees and the final fee structure is documented in the Financial Planning Agreement.

### ***Subscription Fees***

BAG provides a subscription service called Trade Update at no additional fee. These services will offer recommendations on purchasing and selling specific securities, sectors, asset classes, or other specific groupings of securities at a stated time.

### ***Services Limited to Specific Types of Investments***

BAG generally limits its investment advice and/or money management to mutual funds, equities, bonds, debt securities, ETFs, REITs. BAG may use other securities as well to help diversify a portfolio when applicable.

### **C. Client Tailored Services and Client Imposed Restrictions**

BAG offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

### **D. Wrap Fee Programs**

BAG participates, sponsors and manages wrap fee programs, which are investment programs where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. BAG manages the investments in the wrap fee program, but does not manage those wrap fee accounts any differently than non-wrap fee accounts. A portion of the fees paid to the wrap account program will be given to BAG as a management fee.

### **E. Amounts Under Management**

BAG has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$230,000,000.00	\$0.00	12/31/2014



## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Investment Supervisory Services Fees*

Total Assets Under Management	Annual Fee
First \$250,000	1.75%
Next \$750,000	1.50%
Over \$1,000,000	1.25%
Covered Call program	Annual fee plus 1.00%

These fees are negotiable depending upon the needs of the client and complexity of the situation and the final fee schedule is attached to the Investment Advisory Contract. BAG uses the last day of previous quarter for purposes of determining the market value of the assets upon which the advisory fee is based. Fees are paid quarterly in advance. Clients may terminate the contract without penalty, for full refund, within five business days of signing the contract. Thereafter, clients may terminate the contract with one day written notice.

Actively trade accounts are subject to a higher fee schedule of a maximum of 3%, 2.5% and 2% based on the above schedule of assets. After 80 trades per year in the account an additional \$35 per trade fee will be assessed on all trades.

Refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. The fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the quarter up to and including the day of termination. (\*The daily rate is calculated by dividing the quarterly AUM fee by the number of days in the termination quarter). Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract.

Advisory fees are withdrawn directly from the client's accounts with client written authorization.

#### *Selection of Other Advisers Fees*

BAG will direct clients to third party money managers; Envestnet Asset Management, Mercer Capital Advisors and SEI Asset Management. BAG may engage the services of other third party managers as appropriate. This relationship will be disclosed in each contract between BAG and each third party adviser. The total fees will not exceed any limit imposed by any regulatory agency. Specific fees

vary by product and are available upon request. Any such fees, if applicable, are fully disclosed in writing prior to execution of any customer advisory agreement. Fees charged by third party advisers are separate and distinct from the fees charged by BAG. The total fee charged to the client will not exceed the fee schedule as disclosed in Investment Supervisory Services. These fees are negotiable depending upon the needs of the client and complexity of the situation. Fees are paid quarterly in advance. Refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. Clients may terminate the contract without penalty, for full refund, within five business days of signing the contract. Thereafter, clients may terminate the contract with one day written notice.

### *Financial Planning Fees*

#### *Fixed Fees*

Depending upon the complexity of the situation and the needs of the client, the rate for creating client financial plans is between \$1500 and \$10,000. Hourly fees are between \$150 and \$300. Fees are paid in advance, but never more than six months in advance. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination. The fees are negotiable and the final fee schedule will be attached to the Financial Planning Agreement. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

## **B. Payment of Fees**

### *Payment of Investment Supervisory Fees*

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in advance.

Advisory fees may also be invoiced and billed directly to the client quarterly in advance. Clients may select the method in which they are billed.

### *Payment of Selection of Other Advisers Fees*

Selection of Other Advisers fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in advance.

Selection of Other Advisers fees may also be invoiced and billed directly to the client quarterly in advance. Clients may select the method in which they are billed.

## ***Payment of Financial Planning Fees***

Fixed Financial Planning fees are paid via check, credit card and account deduction in advance, but never more than six months in advance. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination.

### **C. Clients Are Responsible For Third Party Fees**

BAG will wrap third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). BAG will charge clients one fee, and pay all transaction fees using the fee collected from the client.

Clients who do not participate in the wrap fee program are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by BAG. Please see Item 12 of this brochure regarding broker/custodian.

### **D. Prepayment of Fees**

BAG collects fees in advance. Fees will be returned within fourteen days to the client via check or will be deposited back into client's account.

For all asset based fees paid in advance the fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the quarter up to and including the day of termination. (\*The daily rate is calculated by dividing the quarterly AUM fee by the number of days in the termination quarter).

Fixed financial planning fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination.

### **E. Outside Compensation For the Sale of Securities to Clients**

Representatives of BAG in their role as a registered representatives accept compensation for the sale of securities to BAG clients.

#### ***1. This is a Conflict of Interest***

The supervised persons will accept compensation for the sale of securities or other investment products, including asset based sales charges or services fees from the sale of mutual funds to its clients. This presents a conflict of interest and gives the supervised person an incentive to recommend products based on the compensation received rather than on the client's needs. When recommending the sale of securities or investment products for which the supervised persons receives compensation, they

will document the conflict of interest in the client file and inform the client of the conflict of interest.

***2. Clients Have the Option to Purchase Recommended Products From Other Brokers***

Clients always have the option to purchase BAG recommended products through other brokers or agents that are not affiliated with BAG.

***3. Commissions are the Primary Source of Income for this RIA***

Commissions are not BAG's primary source of compensation.

***4. Advisory Fees in Addition to Commissions or Markups***

Advisory fees that are charged to clients are not reduced to offset the commissions or markups on securities or investment products recommended to clients.

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

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

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

BAG generally provides investment advice and/or management supervisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans
- ❖ Trusts, Estates, or Charitable Organizations

### ***Minimum Account Size***

There is an account minimum of \$10,000, which may be waived by the investment advisor, based on the needs of the client and the complexity of the situation.

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

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

#### ***Methods of Analysis***

BAG's methods of analysis include fundamental analysis, technical analysis, and cyclical analysis.

*Fundamental analysis* involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

*Technical analysis* involves the analysis of past market data; primarily price and volume.

*Cyclical analysis* involved the analysis of business cycles to find favorable conditions for buying and/or selling a security.

#### ***Investment Strategies***

BAG uses long term trading, short term trading, and options writing (including covered options, uncovered options, or spreading strategies). BAG also uses, mutual fund wraps in asset allocation model; ETF assets in an asset allocation model; covered calls are sold in some accounts to accumulate additional income.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **B. Material Risks Involved**

#### ***Methods of Analysis***

*Fundamental analysis* concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

*Technical analysis* attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

*Cyclical analysis* assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns and 2) if too many investors begin to implement this strategy, it changes the very cycles these investors are trying to exploit.

## ***Investment Strategies***

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading, and options writing generally hold greater risk and clients should be aware that there is a material risk of loss using any of those strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

BAG generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. However, it will utilize options writing, which generally holds greater risk of capital loss and clients should be aware that there is a material risk of loss using any of those strategies. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

Every investor states their risk tolerance for each account, which could range from capital preservation, conservative growth, moderate growth, and aggressive growth. BAG then use either mutual fund wrap or ETF wrap model portfolios.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. They can be of bond “fixed income” nature (lower risk) or stock “equity” nature (mentioned above).

**Equity** investment generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

**Treasury Inflation Protected/Inflation Linked Bonds:** The Risk of default on these bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal.

**Debt securities** carry risks such as the possibility of default on the principal, fluctuation in interest rates, and counterparties being unable to meet obligations.

**Stocks & Exchange Traded Funds (ETF):** Investing in stocks & ETF's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy).

**REITs** have specific risks including valuation due to cash flows, dividends paid in stock rather than cash, and the payment of debt resulting in dilution of shares.

**Precious Metal ETFs** (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal): Investing in precious metal ETFs carries the risk of capital loss.

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various other types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Short term trading** risks include liquidity, economic stability and inflation.

**Options writing** involves a contract to purchase a security at a given price, not necessarily at market value, depending on the market. This strategy includes the risk that an option may expire out of the money resulting in minimal or no value and the possibility of leveraged loss of trading capital due to the leveraged nature of stock options. An uncovered option is a type of options contract that is not backed by an offsetting position that would help mitigate risk. The risk for a “naked” or uncovered put is not unlimited, whereas the potential loss for an uncovered call option is limitless. Spread option positions entail buying and selling multiple options on the same underlying security, but with different strike prices or expiration dates, which helps limit the risk of other option trading strategies. Option writing also involves risks including but not limited to economic risk, market risk, sector risk, idiosyncratic risk, political/regulatory risk, inflation (purchasing power) risk and interest rate risk.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

H. John Buckman on January 26, 2015 without admitting or denying findings by FINRA signed an Acceptance Waiver and Consent resulting in a suspension of 30 days and a fine of \$25,000. Details are available at the following link;

<http://brokercheck.finra.org/Report/Download/35037206>

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Investment Adviser Representatives are also Registered Representatives with Buckman, Buckman & Reid, Inc.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither BAG nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Investment Adviser Representatives are also Registered Representatives with Buckman, Buckman & Reid, Inc. Representatives may also be licensed insurance agents. From time to time, they will offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. BAG always acts in the best interest of the client, including with respect to the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of BAG in such individual's outside capacities.

### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

BAG will direct clients to third party money managers. This relationship will be disclosed in each contract between BAG and each third party advisor. The fees will not exceed any limit imposed by any regulatory agency. This creates a conflict of interest in that BAG has an incentive to direct clients to the third party money managers that provide BAG with a larger fee split. BAG will always act in the best interests of the client, including when determining which third party manager to recommend to clients. BAG will ensure that all recommended advisors or managers are licensed or notice filed in the states in which BAG is recommending them to clients.



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

### **A. Code of Ethics**

BAG has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

### **B. Recommendations Involving Material Financial Interests**

BAG does not recommend that clients buy or sell any security in which a related person to BAG or BAG has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of BAG may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of BAG to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. BAG will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of BAG may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of BAG to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. BAG will always transact client's transactions before its own when similar securities are being bought or sold.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

The custodians, RBC Correspondent Services and Envestnet Asset Management, were chosen based on their relatively low transaction fees and access to mutual funds and ETFs. BAG will never charge a premium or commission on transactions, beyond the actual cost imposed by the custodian.

#### **1. *Research and Other Soft-Dollar Benefits***

BAG receives no research, product, or services other than execution from a broker-dealer or third-party in connection with client securities transactions ("soft dollar benefits").

#### **2. *Brokerage for Client Referrals***

BAG receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

#### **3. *Clients Directing Which Broker/Dealer/Custodian to Use***

BAG will require clients to use a specific broker-dealer to execute transactions.

### **B. Aggregating (Block) Trading for Multiple Client Accounts**

BAG maintains the ability to block trade purchases across accounts. Block trading may benefit a large group of clients by providing BAG the ability to purchase larger blocks resulting in smaller transaction costs to the client. Declining to block trade can cause more expensive trades for clients.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed at least quarterly by H.J. Buckman, Jr., William Rotholz and Andrew Heath. The chief advisors are instructed to review clients' accounts with regard to clients' respective investment policies and risk tolerance levels. All accounts at BAG are assigned to these reviewers.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by H.J Buckman, Jr., William Rotholz and Andrew Heath. There is only one level of review and that is the total review conducted to create the financial plan.

#### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

#### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive monthly, quarterly, and annually from the custodian, a written report that details the client's account including assets held and asset value which will come from the custodian.

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

#### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

BAG does not receive any economic benefit, directly or indirectly from any third party for advice rendered to BAG clients.

#### **B. Compensation to Non – Advisory Personnel for Client Referrals**

BAG does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

### **Item 15: Custody**

BAG, with client written authority, has limited custody of client's assets through direct fee deduction of BAG's fees only. If the client chooses to be billed directly by RBC Correspondent Services and Envestnet Asset Management, BAG would have constructive custody over that account and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

## **Item 16: Investment Discretion**

For those client accounts where BAG will have investment discretion, the client has given BAG written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides BAG discretionary authority via a discretionary investment management clause in the Investment Advisory Contract and/or a limited power of attorney clause in the contract between the client and the custodian.

## **Item 17: Voting Client Securities (Proxy Voting)**

BAG will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

BAG does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither BAG nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

BAG has not been the subject of a bankruptcy petition in the last ten years.