



Bellatore Financial, Inc.  
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## *Firm Brochure ADV Part 2A*

*March 30, 2017*

This Brochure provides information about the qualifications and business practices of Bellatore Financial, Inc. ("Bellatore"). If you have any questions about the contents of this Brochure, please contact us at 1-877-285-3696. 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.

Bellatore is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Bellatore 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. The CRD number for Bellatore is 143543.

## Item 2 – Material Changes

This Item of our Brochure will discuss only specific material changes that are made to the Brochure since our last annual update and provide clients with a summary of such changes. The last annual update of our Brochure was March 30, 2016.

We do not have material changes for our current Brochure, however, please note that we have updated the Assets Under Management information of Item 4 in accordance with the filing of our Annual Updating Amendment on March 30, 2017.

(Brochure Date: 03/30/2017)

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The Cover Page of our current Brochure has been updated to reflect our change of address as of August 15, 2016. We have moved to Suite 310 in the same building.

(Brochure Date: 08/30/2016)

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(Date of most recent Annual Updating Amendment: 03/30/2017)

Currently, our Brochure may be requested by contacting Jonathan Scheid, President, CIO and CCO, at 1-877-285-3696 or [jscheid@bellatore.com](mailto:jscheid@bellatore.com). Our Brochure is also available on our web site [www.bellatore.com](http://www.bellatore.com), also free of charge.

Additional information about Bellatore is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Bellatore who are registered, or are required to be registered, as investment adviser representatives of Bellatore.

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## Item 4 – Advisory Business

Bellatore Financial, Inc. (“Bellatore” or the “Firm”) is located in San Jose, California and provides asset management services to select financial advisory businesses across the U.S. Bellatore is principally owned by Bellatore Holdings, Inc. (formerly known as Bella Fund Holdings, Inc.), which is primarily owned by Larry A. Harvey. A complete listing of Bellatore’s ownership can be found on the Firm’s ADV Part 1A. Bellatore has provided investment advisory services since 2007.

As of December 31, 2016, Bellatore managed \$78,869,682 on a discretionary basis and \$238,468,833 on a non-discretionary basis.

Bellatore was founded with a central purpose: to empower advisors through higher quality solutions. Bellatore provides turn-key asset management programs to independent registered investment advisors to help provide those advisors with more time for what truly matters—enhancing their businesses and servicing client relationships. Bellatore also provides customized outsourcing centered on business management, back office support, investment solutions and wealth planning.

Bellatore provides its advisory firm clients with consultative advice regarding the design of investment advisory products and services including positioning, strategy and efficacy of plans, programs and products.

Additionally, Bellatore provides investment management and model portfolio solutions to the clients of the advisory firms that partner with Bellatore.

### Bellatore's Management Authority

All portfolios are maintained as separate accounts in the client's name with a qualified independent custodian. The managed portfolio consists of all assets held in the client’s account. Bellatore exercises its power and authority under the terms of the relevant program agreement. Bellatore does not maintain custody or possession of client assets or funds. Bellatore provides ongoing investment supervision of the portfolios, and provides quarterly reporting to clients regarding their accounts.

### UNIFIED MANAGED ACCOUNT PROGRAM

The Unified Managed Account Program (“UMAP”) provides clients investment advisory services through an open-architecture structure that combines a variety of securities and strategies. Under the terms of the UMAP client agreement, Bellatore provides asset allocation

guidance and strategies, portfolio construction, trading, rebalancing, performance reporting, account monitoring and administration.

## CAPITAL ALLOCATION & MANAGEMENT PROGRAM

The Capital Allocation & Management Program (the “CAM Program”) is a discretionary investment management offering in which Bellatore constructs and manages portfolios that consist of mutual funds and/or exchange traded funds (“ETFs”), or a combination of mutual funds and ETFs. These portfolios are designated in varying degrees from conservative, to moderate, to aggressive. In consultation with their independent advisor, clients can choose from a group of portfolios that most closely match their investment objectives and risk tolerances. Bellatore manages the portfolios to respond to changing capital market conditions and periodically rebalances the portfolios as needed. Clients may change the portfolio type if their circumstances change.

The portfolio implementation options consist of: Tax Efficient Portfolios for taxable accounts; Tax Deferred Portfolios for qualified accounts, Exchange Traded Fund Portfolios for tax efficiency; Exchange Traded Funds for qualified accounts; and Hybrid Portfolios of mutual funds and exchange traded funds. The Hybrid portfolios may be used for taxable accounts but will not be managed for tax efficiency. For tax deferred portfolios, the Firm has Tax Advantage Portfolios of Variable Annuities from either Security Benefit Corporation or Jefferson National Life Insurance Company.

### CAM Program Sub-Advisory Services

Bellatore provides sub-advisory services on managed money platforms, and as such, provides investment advisory services to certain clients of these firms. Bellatore constructs and manages mutual funds and/or ETF portfolios, as well as hybrid portfolios consisting of combinations of such instruments, which have varying degrees of risk ranging from conservative to aggressive.

The investment and reinvestment of client's assets are in accordance with the specific investment styles, risk tolerances and the investment objectives and policies set forth in the appropriate client agreement, as updated periodically by the client.

## ALTIUS SELECT INVESTMENT PORTFOLIOS

The Altius Select Investment Portfolios Program (the “Altius Program”) provides investment advisory services designed to meet individual clients’ investment objectives through investments in mutual funds, based on information clients prepare with the assistance of their investment advisor. Clients participating in the Altius Program enter into an agreement with Bellatore and their advisor. The Altius Program client agreement grants Bellatore the authority to: change or modify the Portfolios, asset allocation percentages, and selection of

investments; effect transactions in client accounts without seeking approval or discussing investments decisions with clients first; periodically rebalance client assets; and, manage client assets for compliance with the portfolios' investment objectives.

The Altius Program consists of portfolios of mutual funds that correspond to specific investor profiles, ranging from conservative to aggressive, with suggested asset allocations developed by Bellatore's investment committee. Each portfolio is comprised of mutual funds that represent the various asset class allocations included in the corresponding investor profile. Bellatore selects and monitors the mutual funds included in the portfolios. With the assistance of their Advisor, clients may select the portfolio that may best fit their current investment objectives.

## **Item 5 – Fees and Compensation**

### UMAP Fees

UMAP account fees are billed and deducted in advance by Bellatore from client accounts each calendar quarter. The number of billing days in a quarter is based on the actual number of days in each quarter. When a new account is opened, or a deposit is made into an existing client account, fees are billed immediately for the remaining days in that calendar quarter. Thereafter, those accounts are included in the regular calendar quarter billing schedule and fee calculations. Quarterly fees are calculated based on the current market value of assets in the account as of the beginning of each calendar quarter. Accounts that are terminated by clients in the middle of a calendar quarter will receive a pro-rata rebate of the Firm's most recent quarterly fee, as specified in the UMAP client agreement.

Fees and services may be adjusted based on factors such as client type, asset class, pre-existing or family relationships, portfolio complexity, account size, or other special circumstances or requirements. Related household accounts may be aggregated for fee calculation purposes in certain circumstances.

### UMAP Fee Schedule

<b>Household Assets with Bellatore</b>	<b>UMAP Fee</b>
Up to \$250,000	0.75%
\$250,000 to \$500,000	0.70%
\$500,000 to \$1,000,000	0.50%
\$1,000,000 to \$2,000,000	0.40%
\$2,000,000 to \$5,000,000	0.35%
\$5,000,000 and above	0.25%

In addition to the foregoing Fee Schedule, certain UMAP clients may be charged a fixed fee that may vary from \$100,000 to \$500,000 depending on the relationship size, complexity and level of service required.

Each client signs a tri-party UMAP agreement and receives a copy of the Firm's Form ADV Part 2A. The agreement can be terminated by the independent advisor, Bellatore or the client upon thirty (30) days' prior written notice. Upon termination of the agreement, clients receive a prorated refund of fees for the quarter in which the effective date of termination occurs.

In addition to the advisory fees payable to the client's advisor, clients also incur charges payable to the custodian of the account, as well as to the broker-dealer that executes transactions in the account. Clients designate the custodian to be used for their account. The Firm currently has arrangements with Charles Schwab & Co., Pershing, LLC, Fidelity Registered Investment Advisor Group and TD Ameritrade which may change from time to time. The custodian's fee will be debited directly from the client's account by the custodian.

#### CAM Program Fees

CAM Program fees are billed and deducted in advance by Bellatore from client accounts each calendar quarter. The number of billing days in a quarter is based on the actual number of days in each quarter. When a new account is opened, or a deposit is made into an existing client account, fees are billed immediately for the remaining days in that calendar quarter. Thereafter, those accounts are included in the regular calendar quarter billing schedule and fee calculations. Quarterly fees are calculated based on the current market value of assets in the account as of the beginning of each calendar quarter. Accounts that are terminated by clients in the middle of a calendar quarter will receive a pro-rata rebate of the Firm's most recent quarterly fee, as specified in the CAM client agreement.

#### CAM Program Fee Schedule

Household Assets with Bellatore	CAM Program Fee
Up to \$250,000	0.75%
\$250,000 to \$500,000	0.70%
\$500,000 to \$1,000,000	0.50%
\$1,000,000 to \$2,000,000	0.40%
\$2,000,000 to \$5,000,000	0.35%
\$5,000,000 and above	0.25%

Fees and services may be adjusted based on factors such as client type, asset class, pre-existing or family relationships, portfolio complexity, account size, or other special circumstances or requirements. Related household accounts may be aggregated for fee calculation purposes in certain circumstances.

Firm charges not collected directly from client's account will be invoiced quarterly and due and payable upon receipt of invoice. Bellatore acknowledges that lower fees for comparable services may be available from other firms.

Each client signs a tri-party CAM Program Agreement and receives a copy of the Firm's Form ADV Part 2A. The agreement can be terminated by the independent advisor, Bellatore or the client upon thirty (30) days' prior written notice. Upon termination of the agreement, clients receive a prorated refund of fees for the quarter in which the effective date of termination occurs.

In addition to the advisory fees payable to the client's advisor, clients may also incur charges payable to the custodian of the account, as well as to the broker-dealer that executes transactions in the account. Clients designate the custodian to be used for their account. The Firm currently has arrangements with Charles Schwab & Co., Pershing, LLC, Fidelity Registered Investment Advisor Group and TD Ameritrade which may change from time to time. For variable annuity portfolios, the Firm has arrangements with Jefferson National Life Insurance Company and Security Benefit Corporation. The custodian's fee will be debited directly from the client's account by the custodian.

#### CAM Program Sub-Advisory Services Fees

For CAM sub-advisory services accounts, these managed money platforms normally maintain client records, submit reports to clients at least quarterly and withdraw fees for payment to Bellatore quarterly in advance. Bellatore's fee is based on a percentage of assets under management in each account and typically starts at 0.4% (forty basis points). Fees and services vary by managed money platform. Account terminations are governed by the managed money platform account agreement and normally include a pro-rata refund of prepaid fees. Bellatore is available to consult with the advisors and their clients regarding positions of the portfolios, risk return assumptions or performance.

#### Altius Program Fees

Altius Program fees are billed and deducted in advance by Bellatore from client accounts each calendar quarter. The number of billing days in a quarter is based on the actual number of days in each quarter. When a new account is opened, or a deposit is made into an existing client account, fees are billed immediately for the remaining days in that calendar quarter. Thereafter, those accounts are included in the regular calendar quarter billing schedule and



fee calculations. Quarterly fees are calculated based on the current market value of assets in the account as of the beginning of each calendar quarter. Accounts that are terminated by clients in the middle of a calendar quarter will receive a pro-rata rebate of the Firm's most recent quarterly fee, as specified in the Altius client agreement.

#### Altius Program Fee Schedule

Household Assets with Bellatore	Altius Program Fee
Up to \$250,000	0.45%
\$250,000 to \$500,000	0.40%
\$500,000 to \$1,000,000	0.35%
\$1,000,000 to \$2,000,000	0.30%
\$2,000,000 to \$5,000,000	0.25%
\$5,000,000 to \$10,000,000	0.20%
\$10,000,000 to \$20,000,000	0.15%
\$20,000,000 and above	0.10%

Fees and services may be adjusted based on factors such as client type, asset class, pre-existing or family relationships, portfolio complexity, account size, or other special circumstances or requirements. Related household accounts may be aggregated for fee calculation purposes in certain circumstances.

Firm charges not collected directly from client's account will be invoiced quarterly and due and payable upon receipt of invoice. Bellatore acknowledges that lower fees for comparable services may be available from other firms.

Each client signs a tri-party Altius Program Agreement and receives a copy of the Firm's Form ADV Part 2A. The agreement can be terminated by the independent advisor, Bellatore or the client upon thirty (30) days' prior written notice. Upon termination of the agreement, clients receive a prorated refund of fees for the quarter in which the effective date of termination occurs.

In addition to the advisory fees payable to the client's advisor, clients may also incur charges payable to the custodian of the account, as well as to the broker-dealer that executes transactions in the account. Clients designate the custodian to be used for their account. The Firm currently has arrangements with Charles Schwab & Co., Pershing, LLC, Fidelity Registered Investment Advisor Group and TD Ameritrade which may change from time to time.

### Additional Fees

Clients will bear their proportionate share of the fees and expenses of any mutual fund, or ETF, in which they invest. These fees and expenses may include investment advisory, administrative, distribution, transfer agent, custodial, legal, audit, and other customary fees and expenses, including redemption fees, related to investments in mutual funds or ETFs and are in addition to the fees charged by Bellatore. Clients are encouraged to read the prospectuses of any funds in which their assets are invested for a more complete explanation of these fees and expenses.

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

Bellatore does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

### **Item 7 – Types of Clients**

Bellatore provides asset management services to individuals, pension and profit sharing plans, estates, corporations, charitable organizations, business entities, and trusts. The Firm also provides registered investment advisors, or their investment advisor representatives, (collectively referred to as “Financial Advisors”) with business management services, consulting services and sub-advisory services.

### UMAP, CAM Program and Altius Program

To open an account, clients must complete and sign the appropriate account agreement, fee disclosure statement and account trading instructions. In most cases, clients are required to complete the appropriate custodian’s paperwork including a new account agreement and a Limited Power of Attorney (LPOA). Completed paperwork is sent to Bellatore for review of accuracy, compliance and completeness. After review, accounts are established and invested when properly funded.

All client account assets are held at a qualified custodian and clients select which custodian they would like to use. The client’s choice of Custodian is limited, however, to those that have a relationship with Bellatore. The custodian maintains custody of all of client assets and provides such other functions as crediting interest and dividends on client’s assets and crediting principal on called or matured securities in client’s account, together with other custodial functions customarily performed with respect to securities brokerage accounts.

Bellatore provides periodic reports that includes, among other things, a consolidated report identifying all assets in client's managed account and the asset allocation of the program account(s), as well as listing the investment performance of the account, and maintaining, or causing to be maintained, records of account assets, including all purchases, redemptions, sales and exchanges. Additionally, Bellatore may monitor client accounts for asset class drift and client contribution and distribution needs.

Clients may terminate their agreement upon thirty (30) days' prior written notice to their Financial Advisor and Bellatore.

Once notified of an account termination, the client's Financial Advisor and/or Bellatore will direct the custodian to deliver cash and securities held in the client's account as instructed in writing by client, unless the client requests that the account be liquidated. If the client's account is liquidated as a result of termination, proceeds will be payable to the client upon settlement of all transactions in the account. The client will be entitled to a pro rata refund of any pre-paid quarterly advisory or administrative fees, based upon the number of days remaining in the quarter after the date of termination.

#### Account Minimums

With the exception of UMAP, the CAM Program and Altius Program impose a minimum client account size. Additionally, Financial Advisors using Bellatore's services may impose a separate minimum client account size greater than our stated minimums. Please refer to your Financial Advisor's disclosure brochure for more information.

Clients investing in the CAM Program or Altius Program must typically meet the following minimum initial investment and account balance requirements:

<u>Program Option</u>	<u>Minimum Initial Investment and Minimum Account Balance</u>	<u>Minimum Subsequent Investment</u>
Altius Program	\$25,000	\$0
CAM Program (non-ETF models)	\$25,000	\$0
CAM Program (ETF models)	\$50,000	\$0

Bellatore may waive the minimum initial investment and/or minimum account balance. The criteria that are considered in waiving the minimum initial investment and/or minimum account balance include, but are not limited to: householding of accounts, advisor relationship, etc.

Bellatore reserves the right to terminate any client account that falls below the applicable minimum account requirements due to withdrawals or market action.

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

### Methods of Analysis, Sources of Information and Investment Strategies

Bellatore uses a comprehensive set of investment tools and services to deliver consistent investment results for Financial Advisors to use with their clients. Bellatore developed its investment process based on rigorous research and a disciplined, academically-based investment philosophy. The Firm's distinct investment philosophy forms the foundation for all of its investment programs, tools and services.

### Scientific Portfolio Theory

The Firm's methods of analysis and investment strategies are self-branded under the label of Scientific Portfolio Theory ("SPT"). SPT is comprised of three disciplines: understanding of investments, understanding of money management and understanding of investors.

The Firm's understanding of investments begins with the principles of Modern Portfolio Theory ("MPT"). From this research, Bellatore believes that risk and return are related. MPT also provides tools that help with the design of efficient portfolios. Efficient portfolios allocate investments across multiple, dissimilar asset classes as a way of attempting to reduce risk while increasing return. Additionally, Bellatore believes markets are generally efficient. This belief leads the Firm to spend less time actively searching for the next big investment and more time attempting to build an efficient portfolio for an investor from well-designed asset class strategies.

Bellatore's understanding of money management provides a number of key insights into what the Firm looks for in investment managers. Bellatore looks for experienced, institutional quality managers that are able to benefit from more efficient trading techniques and have access to institutional trading platforms. When implementing SPT, the Firm seeks managers that stay focused on the asset class mandate they were hired to manage, which results in lower style drift and more predictable investment performance. Bellatore recognizes that investment costs can weigh down investment returns, so the Firm seeks managers that provide low-cost, value-added trading and execution.

Bellatore's understanding of investors is the third component of SPT. The Firm believes that the better it understands investors and their behaviors, the better its advice and planning techniques will be. The field of Behavioral Economics and the more focused discipline of Behavioral Finance provide the theory and tools to help evaluate and explain investor behaviors and preferences. Behavioral Portfolio Theory is an example of one of these tools, and it forms the basis of Bellatore's goal-based investment planning techniques. Where most academic research assumes that investors are rational, optimizing individuals, Behavioral

Finance suggests that investors are normal. Investors have investment preferences that go beyond risk and return, and when Financial Advisors are aware of these preferences they are better equipped to make suitable investment recommendations and investment plans.

When all three of these understandings are built into the investment planning process, Bellatore believes that investors are better suited to weather market movements and achieve their investment goals.

Nonetheless, investing in securities involves risk of loss that clients should be prepared to bear.

### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Bellatore or the integrity of Bellatore's management. Bellatore has no information applicable to this Item.

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

Bellatore has agreements with various unaffiliated broker-dealers (referred to as "Selling Agreements") stating the terms under which those broker-dealers authorize their registered representatives to refer potential clients to Bellatore or offer the Bellatore programs identified in Item 4 above to their clients.

In most cases, these Selling Agreements provide for the payment of all fees pertaining to Bellatore's accounts directly to the cooperating broker-dealers. In addition, Bellatore may pay such broker-dealers up to ten basis points (0.10%) of its advisory fees to compensate those broker-dealers' for ongoing due diligence and compliance relating to Bellatore's asset management programs. Bellatore may also pay broker-dealers additional compensation to participate in selected marketing programs.

Bellatore occasionally sponsors educational seminars for selected Financial Advisors. Invitations are issued at Bellatore's discretion. Such special educational sessions provide an opportunity to introduce leading Financial Advisors to one another, to solicit ideas from the participants about sales and marketing opportunities, and to provide advanced technical and investment education.

These learning opportunities are sponsored and may be paid for by Bellatore at no additional cost to the attending Financial Advisor or his/her clients. Bellatore may pay for all or a part of

the travel and other expenses of each selected Financial Advisor associated with attendance at such educational seminars. Bellatore may provide other services intended to assist and develop Financial Advisors' businesses, including consulting, publications, and conferences on practice management, information technology, marketing and regulatory compliance. Those services may be provided directly or through a firm that has partnered with Bellatore to provide such services at cost, at a discounted price or at no cost to the Financial Advisor. Bellatore retains the discretion to negotiate prices for these services, and whether or not to charge the Financial Advisor. As such, a conflict of interest may arise if Financial Advisors partner with Bellatore based upon the receipt of these additional services rather than the services that the Financial Advisors provide to their clients.

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

Bellatore has adopted a Code of Ethics (the "Code") for its officers, directors and employees that includes:

- General principles of business conduct for all employees;
- Restrictions on investment transactions in which Bellatore's officers, directors and certain other persons have a beneficial interest to avoid any actual or potential conflict or abuse of their fiduciary position. The Code permits personnel subject to the Code to invest in securities, but contains several restrictions and procedures designed to eliminate conflicts of interest including, but not limited to: (a) quarterly reporting of personal securities transactions and annual reporting of securities holdings; (b) a prohibition against acquiring securities in a private placement, limited offering or initial public offering without first obtaining preclearance from the Chief Compliance Officer; (c) procedures whereby the Chief Compliance Officer monitors and reviews all reports required under the Code, including quarterly statements containing personal securities transactions.
- A policy statement on insider trading that provides generally that no officer, director or employee of Bellatore (a) may buy or sell a security either for themselves or others while in possession of material non-public information about the company, or (b) communicate material non-public information to others who have no official need to know. This policy statement provides guidance about what is material non-public information, lists common examples of situations in which Firm personnel could obtain that information, and describes Bellatore's procedures regarding securities maintained on any "restricted lists" established by the Firm.

- A policy governing gifts, payments and entertainment, that includes an approval process for specific categories of gifts and entertainment provided to Bellatore employees.
- A policy governing an employee's outside business activities, including outside employment, service as a director or in a similar capacity and fiduciary appointments.
- A policy governing the protection of confidential client information and employee responsibilities in securing client-related information. The policy also includes the Firm's Privacy Policy.
- A policy stating that it is the Firm's practice that employees report illegal activities or activities that violate the Code or the Firm's written policies and procedures.

The Code is based upon the principle that Bellatore and its employees owe a fiduciary duty to Bellatore's clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (a) serving their own personal interests ahead of clients, (b) taking inappropriate advantage of their position with the Firm and (c) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility. The Firm recognizes that its name and reputation continues to be a direct reflection of the conduct of each employee.

Compliance with the Code involves more than acting with honesty and good faith alone. It means that the employees of Bellatore have an affirmative duty of utmost good faith to act solely in the best interests of the Firm's clients.

A copy of Bellatore's Code of Ethics will be provided to clients upon request.

#### No Principal or Agency Cross Transactions

It is Bellatore's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Bellatore will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## Item 12 – Brokerage Practices

Financial Advisors and the Firm's clients must actively choose the custodian and broker-dealer for their account(s). The Firm currently has relationships with Charles Schwab & Co., Pershing, LLC, Fidelity Registered Investment Advisor Group and TD Ameritrade, all of which are independent brokerage firms that are unaffiliated with Bellatore.

Bellatore may confer with the Financial Advisor or the client on a particular choice of broker-dealer prior to entering into an agreement for Bellatore's services. Bellatore weighs various factors in determining whether a particular broker-dealer is appropriate for a client account, such as the ease with which Bellatore can conduct day-to-day administration of accounts with such broker-dealer; the ease with which clients can open accounts, obtain information and execute trades with such broker-dealer; and the reasonableness of commissions. In considering the reasonableness of commissions, Bellatore takes into account the commissions relative to other available broker-dealers that Bellatore has relationships with, and evaluates the services provided by the proposed broker-dealer.

In addition to the other custodians mentioned above, Bellatore may recommend/require that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc., member FINRA/SIPC/NFA ("Schwab"), or the TD Ameritrade Institutional program, which is a division of TD Ameritrade, Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), to maintain custody of clients' assets and to effect trades for their accounts. Although Bellatore may recommend/require that clients establish accounts at Schwab or TD Ameritrade, it is the client's decision to custody assets with either of those firms. Bellatore is independently owned and operated and not affiliated with Schwab or TD Ameritrade.

Both Schwab and TD Ameritrade provide Bellatore with access to custody of securities, trade execution, clearance and settlement of transactions, which may or may not be available to retail investors. Many of these services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a specified minimum of the advisor's client assets are maintained in accounts at these broker-dealer custodians. These services are not contingent upon Bellatore committing to any specific amount of business (assets in custody or trading commissions). These firms' brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. There is no direct link between Bellatore's use and participation in a custodian's program and the investment advice Bellatore gives to its clients, although Bellatore receives economic benefits through its participation in



various programs offered by these custodians that are not typically available to retail investors.

For Bellatore client accounts maintained in its custody, Schwab and TD Ameritrade generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Both Schwab Advisor Services and TD Ameritrade Institutional also make available to Bellatore other products and services that benefit Bellatore but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Bellatore's accounts, including accounts not maintained at Schwab or TD Ameritrade.

Both Schwab and TD Ameritrade's products and services that assist Bellatore in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of Bellatore's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Both Schwab Advisor Services and TD Ameritrade Institutional also offer other services intended to help Bellatore manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab and/or TD Ameritrade may make available, arrange and/or pay third-party vendors for the types of services rendered to Bellatore. Schwab Advisor Services or TD Ameritrade Institutional 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 Bellatore. Schwab Advisor Services and/or TD Ameritrade Institutional may also provide other benefits such as educational events or occasional business entertainment of Bellatore personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab or TD Ameritrade, Bellatore may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab or TD Ameritrade, which may create a potential conflict of interest.

## Item 13 – Review of Accounts

### UMAP

Bellatore provides Financial Advisors with tools to help determine client asset allocations and helps implement the Financial Advisor's recommended asset allocation program for their clients. After a discussion with the client, the Financial Advisor may submit a model portfolio to Bellatore that corresponds to the level of risk and investment objectives of the client. Bellatore will calculate rates of return and risk metrics used to plan for a client's personal goals. Bellatore periodically monitors, reviews and repositions assets, if necessary, to bring a client's current asset allocation closer to the target allocations, unless the client, through his or her Financial Advisor, has requested otherwise.

Rebalances may also occur when the Financial Advisor and/or client gives instructions to change the client's target allocations or make additions to or withdrawals from the client's account(s).

Bellatore's Investment Committee helps determine the inventory of funds to use and general guidelines for the percentages for each level of client risk. Through regular discussions with Bellatore's investment personnel, the Investment Committee members discuss current market conditions, create and debate research efforts and review the firm's investment philosophy and investment processes.

Bellatore encourages Financial Advisors to contact their clients on a regular basis and to notify Bellatore of any changes to a client's instructions or investment objectives. In addition, Bellatore makes written inquiries at least every twelve (12) months regarding changes in any client's financial situation, needs or investment objectives. Financial Advisors are encouraged to meet with their clients more frequently in order to determine if a client's investment goals and objectives have changed.

The custodian of each account provides statements to the client at least quarterly and Bellatore provides supplemental quarterly reports for accounts.

### CAM Program and Altius Program

The Bellatore investment team is responsible for managing the CAM Program and Altius Program model portfolios and for monitoring the various investment products and portfolio managers included in the program. The team uses both quantitative and qualitative criteria to evaluate investment products and portfolio managers on an ongoing basis. Quantitative criteria include investment style, relative risk, expenses, and performance. Qualitative criteria include an evaluation of the organization, its investment management team, and its investment process.

The Firm's Investment Committee is responsible for overseeing the decisions of the investment team. The Investment Committee meets on a regular basis to review the team's selection of investments and portfolio managers and to approve any proposed changes in product offerings or investment strategies. When selecting investments for the portfolios, the Investment Committee focuses on selecting funds with seven business days or less of a short-term trading restriction. This focus significantly reduces the probability of incurring a short-term trading fee without compromising the quality of the mutual funds.

At least quarterly, clients receive written statements of account transactions from the client's custodian. Clients also receive quarterly statements from Bellatore indicating, among other things, the valuation of their program assets.

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

Bellatore may compensate third parties for client referrals, and may maintain "solicitation agreements." Typically, Bellatore may have an arrangement with a broker-dealer firm to compensate the firm for ongoing compliance and oversight, advisor education of our services, participation in advisor educational events and access to advisors associated with the broker-dealer firm. Additionally, Bellatore may engage certain third-party consultants to provide client introductions to the firm for a recurring fee. As required under Rule 206(4)-3 under the Advisers Act, such third-party solicitors obtain disclosure statements from prospective clients and Bellatore ensures that it complies with the rule's provisions.

Bellatore considers a number of factors in selecting brokers and custodians at which to locate (or recommend location of) its client accounts, including, but not limited to, execution capability, experience and financial stability, reputation and the quality of services provided. When using the services of TD Ameritrade Institutional ("TD Ameritrade") as the broker and custodian for certain of its current and future client accounts, Bellatore takes into consideration its arrangement with TD Ameritrade as to obtaining price discounts for TD Ameritrade's automatic portfolio rebalancing service for advisors known as "iRebal" and also

provides discounts for third-party portfolio accounting and trade processing solutions that Bellatore uses, such as Orion Advisor Services.

The standard iRebal annual license fee applicable to Bellatore is \$20,000. That fee is subject to specified reductions (and even complete waiver) if specified amounts of client taxable assets are either already on the TD Ameritrade platform or are committed to be placed on it. Specified taxable client assets either maintained on or committed to the TD Ameritrade platform will bring fee reductions of up to \$20,000 per year for each of as many as three years or more.

The non-taxable assets excluded from the maintenance and commitment levels described above are those that constitute “plan assets” of plans subject to Title 1 of the Employee Retirement Income Security Act of 1974, amended, or of plans as defined in Section 4975 of the Internal Revenue Code (which include IRAs).

If Bellatore does not maintain the relevant level of taxable assets on the TD Ameritrade platform, Bellatore may be required to make a penalty fee payment to TD Ameritrade calculated on the basis of the shortfall.

Although Bellatore believes that the products and services offered by TD Ameritrade are competitive in the market place for similar services offered by other broker-dealers or custodians, the arrangement with TD Ameritrade as to the iRebal service may affect Bellatore’s independent judgment in selecting or maintaining TD Ameritrade as the broker or custodian for client accounts.

For third-party providers like Orion Advisor Services, TD Ameritrade may pay up to one year’s worth of Bellatore’s account service fees charged by Orion Advisor Services. TD Ameritrade pays the fees directly to Orion Advisor Services and not to Bellatore. Orion Advisor Services and TD Ameritrade are unaffiliated firms.

Additionally, Bellatore has special arrangements in place with some of the third party custodians with which it has relationships to receive benefits from those custodians. Please see our answer to Item 12 above regarding the benefits Bellatore may receive in exchange for having client assets held at certain custodians, such as Schwab or TD Ameritrade.

## **Item 15 – Custody**

Bellatore does not have custody of client assets and uses unaffiliated third-party custodians. Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains client’s investment assets. Bellatore urges you to carefully review such statements and compare such official custodial records to the account

statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Item 16 – Investment Discretion**

With the exception of UMAP accounts, Bellatore usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Bellatore observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to Bellatore in writing.

### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, Bellatore does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Bellatore may provide advice to clients regarding the clients' voting of proxies.

### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Bellatore's financial condition. Bellatore has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.