



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

**BDO Wealth Advisors, LLC**

*Principal Office:*

501 Riverside Avenue, Suite 800

Jacksonville, FL 32202-4939

*Phone:* 904.396.4015

*Email:* ROkamura@bdowealth.com

*Please see following page for other offices for which  
this brochure applies.*

**December 11, 2018**

This brochure provides information about the qualifications and business practices of BDO Wealth Advisors, LLC ("BDOWA"). If you have any questions about the contents of this brochure, please contact us at 904.396.4015 or [rtran@bdowealth.com](mailto:rtran@bdowealth.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about BDOWA also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 222525.



Other offices for which this brochure applies:

515 E. Las Olas Boulevard, 5<sup>th</sup> Floor  
Fort Lauderdale, FL 33301

*Phone:* 954.919.5737 / *Toll Free:* 855.782.5737

*Email:* [kwiding@bdowealth.com](mailto:kwiding@bdowealth.com)

One International Place  
Boston, MA 02110

*Phone:* 617.422.0700 (phone)

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100 Park Ave. #9  
New York, NY 10017

212-885-8000

[MLynch@bdowealth.com](mailto:MLynch@bdowealth.com)



## **Item 2     Material Changes**

This Firm Brochure, dated December 11, 2018, provides you with a summary of BDOWA advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item is used to provide our clients with a summary of new and/or updated information; we will inform of the revision(s) based on the nature of the information as follows.

1. Annual Update: We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of June 30. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide you with our revised Brochure that will include a summary of those changes in this Item.
2. Material Changes: Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates – any information that is critical to a client's full understanding of who we are, how to find us, and how we do business.

The following summarizes new or revised disclosures based on information previously provided in our Firm Brochure dated 09/28/2018:

As services and fees differ among our branch offices, we have created separate Firm Brochures. This brochure describes the business conducted from all offices (the "National Offices" other than our St. Louis office. There is a separate brochure for our St. Louis office. Accordingly, we urge our clients and prospective clients to read carefully this brochure in its entirety to obtain an understanding of the services, fees and certain business practices of BDOWA's National Offices. We will be pleased to provide a copy of the BDOWA- St. Louis brochure upon client request.

Added to Item 4 (and referenced in Item 10)

### **SECURITIES RESTRICTED BY BDO USA, LLP ("BDO USA")**

BDOWA is a wholly-owned subsidiary of BDO USA LLP, the USA Member Firm of BDO International, a global accounting network. BDO USA provides independent auditing services to publicly-traded companies. If BDOWA were to provide investment advice regarding a security for which BDO USA provides independent accounting services, this could potentially throw into question BDO USA's being considered an "independent" auditor.

This presents a conflict of interest in that, in order to prevent any threat to BDO USA's status as an independent auditor, BDOWA is unable to provide investment advice on certain securities. This disadvantages the client in that:

- (a) there are certain securities that BDO may not evaluate for the client or include in the client's



portfolio; and

- (b) if BDO USA accepts as an audit client a firm whose securities are held in client portfolios, or have been recommended by BDOWA, BDOWA must immediately stop providing advice about those securities. This situation may leave the client holding a security without BDO's guidance as to whether the security should be held or sold.

BDO USA maintains an Independence Data Base that includes a Restricted Entity list (the "Restricted Entity List").

BDOWA may not provide investment advice on any security on BDO USA's Restricted Entity List. If a client wants to include a security on BDO USA's Restricted Entity List in an account managed by BDOWA, or wants BDOWA to advise the client on that security, BDOWA will explain to the client that, due to conflicts of interest, we cannot provide advice on that security. The security will not be included in a managed account, no advice on the security will be provided, and no fees will be charged based on that security.

If BDO USA adds a publicly-traded firm to the Restricted Entity List, and securities issued by that firm are held in accounts advised by BDOWA, BDOWA will take the following steps:

For managed accounts:

- The restricted security will be placed in an account over which BDOWA has no trading authority (an "unmanaged account").
- The client will be notified that the restricted security is in an unmanaged account, and that BDOWA cannot provide advice on the restricted security. BDOWA will not recommend the purchase or sale of any restricted security, and will inform the client that the client must decide what to do with the restricted security going forward.
- BDOWA will exclude the restricted security from calculation of its advisory fee.

For financial planning or consulting accounts:

- BDOWA will inform the client that it can no longer provide advice on the restricted security. The restricted security will not be included in calculating the client's advisory fee (if applicable).

This policy does not apply in the following situations:

- Mutual funds and ETFs: As BDOWA cannot control the investment practices of these investment vehicles, and as these investment vehicles typically own a diverse portfolio, investments in mutual funds and ETFs that hold the restricted securities may be held by BDOWA's related persons and in client accounts.
- Third-party separate account managers ("SAMs"): SAMs recommended by BDOWA may purchase or sell securities on a discretionary basis and without contacting BDOWA beforehand. It is therefore possible that they may purchase or sell restricted securities in the accounts of BDOWA's clients without BDOWA's knowledge. BDOWA will inform the SAMs of the securities on BDO USA's Restricted Entity List and will instruct the SAM's to



ignore any requests from any person associated with BDOWA to buy or sell any security on the Restricted Entity List in any BDOWA client's account.



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## **Item 4 Advisory Business**

BDOWA is a SEC-registered investment adviser with offices located in St. Louis, Missouri, Jacksonville and Fort Lauderdale, Florida, Boston, Massachusetts, and New York, NY.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- BDO USA, LLP, sole Member/Owner

No individual partner of BDO USA, LLP owns more than 25% of the partnership interests thereof.

Services to similarly-situated clients may differ based on the BDOWA office providing the service and/or the particular investment style or strategy used by a BDOWA investment adviser representative. This brochure describes the business conducted from all offices (the "National Offices" other than our St. Louis office. There is a separate brochure for our St. Louis office. Accordingly, we urge our clients and prospective clients to read carefully this brochure in its entirety to obtain an understanding of the services, fees and certain business practices of BDOWA's National Offices. We will be pleased to provide a copy of the BDOWA- St. Louis brochure upon client request.

Services provided by the St. Louis office include:

- Discretionary and Non-Discretionary Portfolio Management
- Selection and Monitoring of Separate Account Managers/Independent Money Managers
- Pension Consulting Services

All Part 2A brochures are available on request or may be accessed on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). This disclosure document provides this information for all offices other than the St. Louis office of BDOWA.

### **DISCRETIONARY INVESTMENT MANAGEMENT SERVICES**

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

While we principally manage these advisory accounts on a discretionary basis, we retain the unrestricted authority to accept select accounts on a non-discretionary basis as a concession to certain advisory clients, friends and family relationships. Account supervision is guided by the client's stated investment objectives (i.e., aggressive growth, enhanced growth, growth, growth and income, enhanced income, income with growth or income), as well as tax considerations.

BDOWA typically creates and manages a diversified portfolio, allocating the client's assets among



various investments taking into consideration the investment objective selected by the client.

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

- Exchange-listed securities
- Warrants
- Mutual fund shares
- Municipal securities
- Certificates of deposit
- Variable life insurance
- Structured Notes
- Securities traded over-the-counter
- Commercial paper
- Exchange-Traded funds
- U. S. governmental securities
- Options contracts on securities
- Variable annuities
- Corporate debt securities

(other than commercial paper)

Although recommendations for new investments will typically be limited to these items, we may render investment advice on other types of investments held by a client at the start of the advisory relationship. Furthermore, clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors, or markets.

Exchange-traded funds and/or no-load mutual funds are selected on the basis of any or all of the following criteria: the fund's performance history, the industry sector in which the fund invests, the track record of the fund's manager, the fund's investment objectives, the fund's management style and philosophy, and the fund's management fee structure. Portfolio weighting between funds and market sectors are determined on a per account basis pursuant to each client's individual needs and circumstances. Clients retain individual ownership of all securities.

Because some types of investments involve certain additional degrees of risk, they will only be implemented when consistent with the client's stated investment objectives.

In addition to managing the client's investment portfolio, on occasion BDOWA may provide certain financial planning services to clients on various financial areas including income and estate tax planning, college financial planning, retirement planning, insurance analysis and personal cash flow analysis, among other things. This office, however, will not charge a separate fee for this service.

## CONSULTING SERVICES

**Portfolio Overview Service.** BDOWA offers a Portfolio Overview Service providing perspective on the full portfolio assets held by a client, encompassing all investment assets including brokerage, banking, private banking, insurance/annuity, 401(k), stock options, and alternative assets (online access to transactions and balances required). Consolidated reporting covers multiple investment vehicles, including both marketable and non-marketable securities in both retirement and non-retirement accounts, regardless of custodian, broker, or bank. Portfolio Overview includes accounting, reconciliation, and reporting of all accounts and assets available through online sources, asset allocation evaluation for the entire portfolio of holdings, independent verification of performance by manager, overall comparative performance measurement,





customized portfolio benchmarking, combined tax reporting, and an annual review. Investment Management Services are NOT included in Portfolio Overview Services.

Clients can also receive financial advice on a more focused basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. We also provide specific consultation and administrative services regarding investment and financial concerns of the client. Additionally, we may provide advice on non-securities matters. Generally, this is in connection with the rendering of estate planning, insurance, and/or annuity advice.

Consulting recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

## **PENSION CONSULTING SERVICES**

Pension Consulting Services are comprised of four distinct services. Clients may choose to use any or all of these services. The primary clients for these services are pension, profit sharing and 401(k) plans.

### **Investment Policy Statement (IPS) Preparation:**

We will meet with the client (in person or over the telephone) to determine an appropriate investment strategy that reflects the plan sponsor's stated investment objectives for management of the overall plan. Our firm then prepares a written IPS detailing those needs and goals, including an encompassing policy under which these goals are to be achieved. The IPS also lists the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring of investment performance.

### **Selection of Investment Vehicles:**

We assist plan sponsors in constructing appropriate asset allocation models. We will then review various mutual funds (both index and managed) to determine which investments are appropriate to implement the client's IPS. The number of investments to be recommended will be determined by the client, based on the IPS.

### **Monitoring of Investment Performance:**

We monitor client investments continually, based on the procedures and timing intervals delineated in the Investment Policy Statement. Although our firm is not involved in any way in the purchase or sale of these investments, we supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

### **Employee Communications:**

For pension, profit sharing and 401(k) plan clients with individual plan participants exercising control over assets in their own account ("self-directed plans"), we may also provide quarterly educational support and investment workshops designed for the plan participants. The nature of the topics to be covered will be determined by us and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

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This presents a conflict of interest in that, in order to prevent any threat to BDO USA's status as an independent auditor, BDOWA is unable to provide investment advice on certain securities. This disadvantages the client in that:

- (c) there are certain securities that BDO may not evaluate for the client or include in the client's portfolio; and
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### **WRAP FEE PROGRAM**

We do not sponsor or act as a portfolio manager in a wrap fee program.

### **ASSETS UNDER MANAGEMENT**

As of 09/18/2018, BDOWA was actively managing \$ 673,918,427 of clients' assets on a discretionary basis and \$159,481,447 on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **PORTFOLIO MANAGEMENT SERVICES FEES**

The annualized fee for discretionary investment management services are charged as a percentage of managed assets, according to the following schedule:

A minimum of \$500,000 of assets under management is required for our portfolio management services.

Up to \$1,000,000 1% per annum

Plus, next \$4,000,000 .70% per annum

Over \$5,000,000 .50% per annum

This account size may be negotiable under certain circumstances. BDOWA may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

Clients are invoiced, in advance, at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value) of the client's account, including accrued interest, at the end of the previous quarter. Fees will be debited from the client's



account in accordance with the client authorization in the Client Services Agreement or paid by check directly from the client. BDOWA will send to Client a quarterly statement showing the amount of the advisory fee due, the Account value on which the fee is based and how the fee was calculated. The Custodian will send Client a quarterly statement showing all amounts paid from the Account, including all advisory fees paid by Custodian to BDOWA.

Fee adjustments are not made for contributions and withdrawals to accounts within a calendar quarter, however, in the event a client terminates his or her Investment Management Agreement with BDOWA, the advisory fee for the calendar quarter in which the termination occurs will be pro-rated based on the number of days that the Account was open during the quarter, and client will be refunded the difference.

We encourage you to reconcile our invoices and statements with the statement(s) you receive from the qualified custodian. If you find any inconsistent information between our invoice and the statement(s) you receive from the qualified custodian, please call our offices at 904.396.4015.

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

Furthermore, minimum account requirements and fees charged to pre-existing clients that have transitioned their accounts to BDOWA from the predecessor registered investment adviser (e.g., SCWA, GSKWA or LBA WM) may differ from the aforementioned fee schedule(s).

We reserve the right to reduce or waive the advisory fee for certain accounts, such as accounts of employees and their family members. Such arrangements are generally not available to our advisory clients.

## **CONSULTING SERVICES FEES**

***Portfolio Overview.*** The annual fee for Portfolio Overview will be charged on a quarterly basis, as a percentage of assets under advisement calculated at the annual rate of 0.25% or 25 bps, with an initial setup fee of \$1,000 per account. The negotiable minimum annual fee for this service is \$10,000.

BDOWA's consulting fees are determined based on the nature of the services being provided (e.g., the number, size and composition of the client's accounts) and the overall complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

General consulting fees not detailed above will be calculated and charged on an hourly basis, ranging from \$100 to \$350 per hour (for administrative staff time and for professional time, respectively) depending upon the client's circumstances and the nature of the engagement. Although the length of time it will take to fulfill the consulting commitment will depend on each client's personal situation and the nature of the services as contracted for, we will provide an estimate for the total hours at the start of the advisory relationship.

The fee will be due and payable upon completion of the consulting engagement. We may request



a retainer upon completion of our initial fact-finding session with the client; however, advance payment will never exceed \$1,200 for services that will not be provided within six months.

***Consulting Services Fee Offset.*** BDOWA reserves the discretion to reduce or waive the hourly fee and/or the minimum fixed fee if a consulting services client chooses to engage us for our Investment Management Services.

## **PENSION CONSULTING FEES**

Our fees for Pension Consulting Services will range from 0.20% to 0.50%, based on the scope and complexity of the qualified plan and the services requested. A specific fee will be negotiated with each client prior to beginning the advisory relationship.

A minimum annual fee of \$5,000 is required for this service.

Clients are invoiced in advance at the beginning of each calendar quarter.

## **GENERAL INFORMATION**

In performing our services, BDOWA shall not be required to verify any financial information received from the client or from the client's other professionals, and is expressly authorized to rely on the information provided. Moreover, clients are advised that it remains their responsibility to promptly notify their respective BDOWA account manager if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating and revising our previous recommendations and/or services.

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason, upon written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

***Mutual Fund/ETF Fees:*** All fees paid to BDOWA for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or exchange-traded funds (ETFs) to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. Our recommendations are typically limited to no-load or load-waived mutual funds. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review the fees charged by the funds and our fees to fully understand the total amount of fees to be paid.

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

***Advisory Fees in General:*** Clients should note that similar advisory services may (or may not) be



available from other registered (or unregistered) investment advisers for similar or lower fees.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

**Note:** BDOWA does not receive fees from any mutual fund, custodian or broker dealer in connection with our advisory services (i.e., 12b-1 fees or commissions).

**ERISA Accounts:** BDOWA is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, BDOWA may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset BDOWA's advisory fees.

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

BDOWA does not charge performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

BDOWA provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans
- Charitable organizations
- Corporations or other businesses not listed above

As previously disclosed in Item 5, our firm has established certain initial minimum account requirements, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the previous disclosures in Items 4 and 5.

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

### **METHODS OF ANALYSIS**

The methods of analysis and investment strategies may vary among investment adviser representatives. Please ask your investment adviser representatives the methods of analysis and strategies to be used in determining advice for your account.





We use any or all of the following methods of analysis in formulating our investment advice and/or managing client assets:

**Asset Allocation.** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of equities, fixed income, and cash suitable to the client's investment goals and risk tolerance. The methodology we use is based on Modern Portfolio Theory. In Modern Portfolio Theory, certain mathematical principles are applied to the historical or forecasted performance of asset classes, and combinations of classes to identify asset allocations that attempt to maximize the client's rate of return within the constraints imposed by the client's circumstances. We then recommend individual stocks and bonds, mutual funds, exchange traded securities (equities or ETFs) and/or independent money managers deemed to correlate with certain asset classes to the client for investment.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Mutual Fund and/or ETF Analysis.** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest successfully over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

Funds (mutual funds or ETFs) we recommend to clients are reviewed against a number of quantitative criteria, including manager tenure and track records, amounts invested or assets under management and other measurement statistics. In addition, mutual fund managers must meet qualitative criteria, including consistency of investment style, employee turnover, efficiency and capacity. Mutual funds are reviewed against these quantitative and qualitative criteria to determine whether a fund will be recommended.

Recommended funds (mutual funds or ETFs) are also reviewed each quarter to determine whether they continue to meet the quantitative and qualitative maintenance criteria. Any approved funds that fail to meet maintenance criteria may be placed on watch or removed from the recommended list. Advisory clients investing through removed funds will be informed of the removal and provided with new recommendations.

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time



to sell).

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

**Technical Analysis.** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Charting.** In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

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

## INVESTMENT STRATEGIES

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

**Tactical Asset Allocation.** Our investment philosophy and tactical decision making processes have been formulated and continue to be refined pursuant to years of financial industry experience, empirical research and proven methodologies. We manage clients' money by adjusting allocations to asset classes based off of macro and microeconomic forecasts. We are not "buy and hold" managers nor are we "market timers".

**Strategic Asset Allocation.** A cornerstone of our philosophy is to rebalance clients' portfolios back to their long term asset allocation after major market moves up or down.

**Disciplined Rebalancing.** Portfolio rebalancing is judiciously implemented to maintain proper alignment of investments; we seek to ensure the degree of risk such holdings represent is consistent with each particular client's stated risk tolerance and investment objectives.

We believe equities (owning companies) are the optimal asset class for growing wealth over the long term. We also believe that fixed income is the best way to hedge risk and improve cash flow. We analyze and select investments that best represent the asset classes and global strategies we are implementing utilizing individual stocks, Exchange Traded Funds (ETFs), index funds and/or actively managed funds. We pride ourselves in having complete independence allowing us to freely choose how and where to invest your money.

**Long-term purchases (buy-and-hold) -** Securities are purchased with the idea of holding them in the client's account for one year or longer. Typically this strategy is employed because we want exposure to a particular asset class over time, regardless of the current projection for the asset class. A risk in a long-term purchase strategy is that by holding the security for this





length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, a security may decline sharply in value before a decision to sell is made.

**Short-term purchases** - Securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short term price fluctuations. We may, at times, use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Short-term trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk.

**Margin Transactions.** We do not typically engage in margin transactions as a strategy. However, in some cases margin transactions may occur based on cash withdrawals and/or securities trading in your account or to purchase securities in advance of a bond maturity.

A risk in margin trading is that, in volatile markets, securities prices can fall very quickly. If the value of the securities in your account minus what you owe the broker falls below a certain level, the broker will issue a "margin call," and you will be required to sell your position in the security purchased on margin or add more cash to the account. In some circumstances, you may lose more money than you originally invested.

**Option writing.** On a more limited basis, we may use options as an investment strategy when consistent with a client's investment objectives and risk threshold. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

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

We will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

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

A risk of covered calls is that the option buyer does not have to exercise the option, so that if we want to sell the security prior to the end of the option agreement, we have to buy the option back from the option buyer, for a possible loss.

Generally, options trading/writing and margin transactions are not a fundamental part of overall investment strategy, but may be used at the request of the client (for short-term cash needs) or to transition an existing portfolio to our recommended portfolio.



**Risk of Loss.** Clients should understand that all of BDOWA's investment strategies and the investments purchased, sold and/or traded pursuant to such strategies involve risk of loss, including the potential loss of the entire investment in their account, which clients should be prepared to bear. The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of a client's investments will fluctuate due to market conditions and other factors. The investment decisions made and the actions taken for any investment strategies as well as for any client account will be subject to various markets, liquidity, currency, economic, political and other risks. The value of investments and the income derived from investments can go down as well as up. Past performance is not indicative of future results and future returns are not guaranteed. There is a risk that a client could lose all or a portion of his or her money. We ask that you work with us to help us understand your tolerance for risk.

## **Item 9 Disciplinary Information**

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

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

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

BDOWA is part of a group of affiliated companies owned, in whole or in part, directly or indirectly, by BDO USA, LLP ("BDO USA"), a national tax, assurance, business advisory and consulting firm. As such, BDOWA is an affiliate of other BDO USA subsidiaries that may from time to time conduct business, or hold licenses to conduct business, in areas such as insurance, real estate brokerage and investment banking. Some of such affiliate entities exist solely for internal, operational purposes, and are not market-facing. All such affiliate entities are legally separate and distinct from BDOWA and, with the exception of arrangements to share certain infrastructure and/or back-office functions with BDO USA, are also operationally separate and distinct from the firm; accordingly, they are not material to the business of BDOWA.

Please also see Item 4 of this brochure for information about trading limitations on securities on BDO USA LLP's Restricted List.

Certain management personnel of BDOWA are also active in BDO USA where they are individually licensed and practicing Certified Public Accountants providing accounting services for separate and typical compensation.

It is possible that client assets with respect to which BDOWA directly or indirectly provides asset management, financial planning or other services may include securities of public or private companies for which BDO USA serves as an auditor, or to which BDO USA, or an affiliate, provides accounting, tax or other services.

BDO USA can recommend BDOWA to accounting or consulting clients in need of investment advisory or other services offered by BDOWA. Conversely, BDOWA can recommend BDO USA to investment advisory clients in need of accounting or consulting services. Accounting and consulting services provided by BDO USA are separate and distinct from our advisory services, and are provided for separate and typical compensation. No BDOWA client is obligated to use BDO USA for any accounting or consulting services and conversely, no accounting or consulting



client is obligated to use the advisory services provided by BDOWA.

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

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

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

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

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

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [ROkamura@bdowealth.com](mailto:ROkamura@bdowealth.com) or by calling us at 904.396.4015.

BDOWA and individuals associated with our firm are prohibited from engaging in principal transactions. BDOWA and individuals associated with our firm are also prohibited from engaging in agency cross transactions.

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

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

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing the Code of Ethics, to ensure compliance with our regulatory obligations and provide our clients and potential clients with full and fair disclosure of such conflicts of interest.



1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. We maintain a list of recommended securities (current mutual funds and exchange- traded securities used in client portfolios.)
4. We have established procedures for the maintenance of all required books and records.
5. Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
6. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
7. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
8. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
9. Any individual who violates any of the above restrictions may be subject to disciplinary sanctions, up to and including termination.

## **Item 12 Brokerage Practices**

BDOWA and individuals associated with our firm are prohibited from engaging in principal transactions and/or agency cross transactions.

As our firm does not have the discretionary authority to determine the broker-dealer to be used or the commission rates to be paid, clients must direct BDOWA as to the broker-dealer to be used.

BDOWA routinely recommends the brokerage and custodial services of either Schwab Institutional (Schwab Advisor Services) division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, or Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity"), a securities broker-dealer and a FINRA registered broker-dealer, member SIPC. We have an arrangement with each of Schwab and Fidelity through which such firm provides BDOWA with its platform services.

The platform services include, among other items, brokerage, custodial, administrative support, record keeping and related services that are intended to provide support to our firm in conducting business and in serving the best interests of our clients. BDOWA is independently owned and operated and not affiliated with Schwab or Fidelity.

While our firm and its associated persons endeavor at all times to put the interest of our clients first as part of our fiduciary duty, you should be aware that receipt of additional services in itself creates a potential conflict of interest. All the firms we recommend to our clients for brokerage and custodial services are independent and unaffiliated. Regardless, you may utilize the broker/dealer of your choice and have no obligation to purchase or sell securities through the brokers we recommend.



## **SCHWAB**

BDOWA may effect trades for client accounts at Schwab, or may in some instances, consistent with BDOWA's duty of best execution and specific agreement with each client, elect to execute trades elsewhere. Although BDOWA may recommend that clients establish accounts at Schwab, it is ultimately the client's decision to custody assets with Schwab. BDOWA is independently owned and operated and is not affiliated with Schwab.

Schwab provides BDOWA with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's 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.

For our client accounts maintained in its custody, Schwab 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.

Schwab Institutional also makes available to our firm other products and services that benefit BDOWA but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our 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 (iii) provide research, pricing and other market data; (iv) facilitate payment of our fees from clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help us manage and further develop our 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 may make available, arrange and/or pay third-party vendors for the types of services rendered to BDOWA. Schwab 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 our firm.

Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, we 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 we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.



### ***Trade Errors - Schwab***

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade and/or reimbursing the account. If a trade error results in a profit, you will keep the profit.

### **FIDELITY**

BDOWA has an arrangement with Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides our firm with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services.

Fidelity's institutional platform services that assist us 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 (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Fidelity also offers other services intended to help our firm manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom BDOWA may contract directly.

Fidelity generally does not charge its advisor clients 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 Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

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

Although the investment research products and services that may be obtained by us will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.





### ***Trade Errors - Fidelity***

Fidelity corrects the trade so that the position is as it would have been without the error. However, all profits or losses are placed in an error account. At the end of the quarter, if the error account has a negative balance then BDOWA will cover the balance. If there is a positive balance, then the balance is given to a charity of our choosing.

## **PENSION CONSULTING SERVICES**

Clients may use any broker dealer of their choice for the implementation of recommendations made to pension and profit sharing plans

## **Item 13 Review of Accounts**

### **INVESTMENT MANAGEMENT SERVICES**

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

Furthermore, BDOWA offers to conduct an annual review of the client's investment policy statement (IPS) and makes any necessary revisions.

These accounts are reviewed by BDOWA's Directors and/or Wealth Managers.

**Reports.** In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide written quarterly reports summarizing account performance, balances and holdings. BDOWA provides the client with a copy of the IPS reflecting any revisions.

### **CONSULTING SERVICES**

**REVIEWS:** Reviews are conducted based on the specific terms of the consulting engagement.

**REPORTS:** BDOWA will provide reports to Consulting Services clients based on the terms set forth in the consulting engagement agreement.

### **PENSION CONSULTING SERVICES**

**REVIEWS:** Reviews are conducted based on the specific terms of the pension consulting engagement.

**REPORTS:** BDOWA will provide reports to Pension Consulting Services clients based on the terms set forth in the pension consulting engagement agreement.

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



### ***Client Referrals***

It is BDOWA's policy to pay persons associated with BDOWA and/or BDO USA, LLC for client referrals, in compliance with applicable SEC and state rules. We do not otherwise engage solicitors or pay non-related persons for referring potential clients to our firm.

### ***Other Compensation***

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

## **Item 15 Custody**

BDOWA does not maintain physical custody of the investments under our management. We use third-party, institutional custodians, like Charles Schwab and Fidelity, to hold and safeguard stocks, mutual funds, and other assets. These custodians then independently maintain actual physical custody of client securities.

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts. As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

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

Typically, we have only restricted access to client accounts which includes the ability to place trades, to discuss accounts with the client's custodian, to directly debit advisory fees from client accounts, and to distribute funds directly to clients. To simplify the management of our clients' complex financial lives, we may also provide additional assistance to certain clients, including for example some or all of the following services:

- Sending quarterly estimated tax payments to the IRS;
- Transferring annual IRA contributions, gifts, or charitable contributions;
- Making insurance premium payments;
- Distributing funds to a third party on a regular basis or as needed upon client request; or
- Having a partner of the affiliated CPA serve as co-trustee for client accounts.

## **Item 16 Investment Discretion**

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

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





- Determine the security to buy or sell, and/or
- Determine the amount of the security to buy and/or sell

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

**Non-Discretionary Clients.** An advisory client electing not to grant investment discretionary authority to BDOWA is advised that trades in his/her account may be executed subsequent to trades effected in discretionary accounts due to the additional time involved in obtaining the required client approval prior to executing any trade in such client's account. Furthermore, these clients may be excluded from participation in block trading and thus there may be a difference in the price per share of a given security and the commission rates paid between client accounts.

## Item 17 Voting Client Securities

This office offers to vote proxies for all client accounts; however, you always have the right to vote proxies yourself. You can exercise this right by instructing us in writing to not vote some or all proxies in your account.

We vote proxies in the best interests of our clients and in accordance with our established policies and procedures. Our firm retains all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how specific proxies were voted. If our firm has a conflict of interest in voting a particular action, we advise the client of the conflict and request that the client instruct BDOWA on the vote to cast on the client's behalf. Under certain circumstances, we may retain an independent third-party to cast a vote.

With respect to ERISA accounts, we will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies.

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

Clients may request a copy of our complete proxy voting policies and procedures. If any client requests a copy of our complete proxy policies and procedures and/or how we voted specific proxies for his/her account(s), we will promptly provide the requested information.

Clients should direct proxy-related communications to Matthew B. Cochran, Director of BDOWA - Jacksonville. Email communications should be addressed to [MCochran@bdowealth.com](mailto:MCochran@bdowealth.com); other written communications should be addressed to the firm and either mailed or faxed to his attention (see the cover page of this brochure for our address and fax information).

*Class Actions, Bankruptcies, and Other Legal Proceedings.* We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party or to relate requested claim form information to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely



manner.

## **Item 18 Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

BDOWA has not been the subject of a bankruptcy petition at any time during the past ten years.