

## **BRIGHTSIDE ADVISORY PARTNERS, LLC**

*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Brightside Advisory Partners, LLC (hereinafter “Brightside” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. 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. Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

## **Item 2. Material Changes**

In this Item, Brightside is required to discuss any material changes that have been made to the brochure since the last annual amendment. There are no such material changes to disclose.

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## Item 4. Advisory Business

Brightside offers a variety of advisory services, which include financial planning, consulting, and investment management services. Prior to Brightside rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with Brightside setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

Brightside filed for registration as an investment adviser in September 2019 and is owned by Pace R. Kessenich, Abigail C. Holmes, Ryan D. Pollard, Gregory D. Danseglio, Nicolas R. Daily, and Jeffrey R. Cooke. As of the date of this filing, Brightside does not have any assets under management; however, the Firm reasonably expects to be eligible for registration with the SEC within 120 days of approval as an investment adviser.

While this brochure generally describes the business of Brightside, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or other persons who provide investment advice on Brightside’s behalf and are subject to the Firm’s supervision or control.

### Financial Planning and Consulting Services

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Brightside offers clients a broad range of financial planning and consulting services, which include any or all of the following functions:

- |                                     |                            |
|-------------------------------------|----------------------------|
| • Business Planning                 | • Retirement Planning      |
| • Cash Flow Forecasting and Support | • Risk Management          |
| • Trust and Estate Planning         | • Charitable Giving        |
| • Financial Reporting               | • Distribution Planning    |
| • Investment Consulting             | • Tax Planning and Support |
| • Insurance Planning and Support    | • Manager Due Diligence    |

These services are rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement (described in more detail below).

In performing these services, Brightside is not required to verify any information received from the client or from the client’s other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. Brightside recommends certain clients engage the Firm for additional related services and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage Brightside or its affiliates to provide (or continue to provide) additional services for compensation, including investment management services.

Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by Brightside under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Brightside's recommendations and/or services.

## **Wealth Management Services**

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Brightside provides clients with wealth management services which include a broad range of financial planning and consulting services described above as well as discretionary and/or non-discretionary management of investment portfolios.

Brightside primarily allocates client assets among various pooled privately placed securities (such as a hedge fund, private equity fund venture capital fund and illiquid mutual fund) and other private placements (including equity, credit or real estate investments) (together referred to as "Alternative Investments"). Brightside also allocates client assets among mutual funds, exchange-traded funds ("ETFs"), and independent investment managers ("Independent Managers"), in accordance with their stated investment objectives. Where appropriate, the Firm also provides advice about any type of legacy position or other investment held in client portfolios. Clients can engage Brightside to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Brightside directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

Brightside tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. Brightside consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify Brightside if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients can impose reasonable restrictions or mandates on the management of their accounts if Brightside determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

## **Alternative Investment Management Services**

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Brightside provides initial and ongoing advice about alternative investments, including individual and pooled privately placed securities such as (such as a hedge fund, private equity fund venture capital fund and illiquid mutual fund) and other private placements (including equity, credit or real estate investments)

(together referred to as “Alternative Investments”). The Firm provides consulting and management services regarding the initial and ongoing investment by clients in the Alternative Investments. These initial and ongoing services include, but are not limited to:

- Due Diligence – The Firm conducts due diligence, research services, investment sourcing, asset allocation and portfolio completion, for clients interested in Alternative Investments. Alternative Investment due diligence services are typically offered only to qualified clients. The Firm reviews numerous investment proposals for Alternative Investments. From this analysis, the Firm determines those Alternative Investments it would like to consider for implementation. In furtherance of that consideration, the Firm: i) reviews information and documents provided by the Alternative Investment issuer; ii) conducts calls with management to ensure a thorough understanding of all aspects of the information and documents received; and iii) reviews how the Alternative Investment should perform during the various stages of the economic cycle.
- Client Holdings Review – The Firm also conducts a review of the Alternative Investment and the client’s holdings to understand how this investment should interact with the client’s traditional and Alternative Investments already in place. At the client level, the Firm develops asset allocation strategies that cover the range of Alternative Investment exposure. The Firm maintains an understanding of where the Alternative Investment is within its lifecycle (such as the capital call cycle or the harvesting cycle) and how to layer on additional Alternative Investments to maintain the desired allocation. When available and necessary, the Firm may assist clients in negotiating terms of investment in the Alternative Investments (including fees, commitment level, etc.).
- Ongoing Due Diligence of Alternative Investments – The Firm attends due diligence meetings with Alternative Investment sponsors. In addition, Firm Supervised Persons attend various conferences, such as SALT, to gain a better understanding of existing strategies as well as exploring new opportunities.

### Use of Independent Managers

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While not expected to be part of Brightside’s initial allocation for clients, the Firm anticipates selecting certain Independent Managers to actively manage a portion of its clients’ assets. The specific terms and conditions under which a client engages an Independent Manager may be set forth in a separate written agreement with the designated Independent Manager. In addition to this brochure, clients may also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets. The disclosures and agreements will depend upon how the Independent Manager is engaged.

Brightside evaluates a variety of information about Independent Managers, which includes the Independent Managers’ public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers’ investment strategies, past performance and risk results in relation to its clients’

individual portfolio allocations and risk exposure. Brightside also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

Brightside continues to provide services relative to the discretionary or non-discretionary selection of the Independent Managers. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. Brightside seeks to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

## Item 5. Fees and Compensation

Brightside offers services on a fee basis, which includes fixed and/or hourly fees, as well as fees based upon assets under management or advisement.

### Wealth Management Fees

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Brightside offers wealth management services for an annual fee based on the amount of assets under the Firm's management and advisement. This management fee varies in accordance with the following blended fee schedule:

<u>PORTFOLIO VALUE</u>	<u>BASE FEE</u>
First \$10,000,000	0.87%
Next \$10,000,000	0.50%
Above \$20,000,000	Negotiable

The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed and advised on by Brightside on the last day of the previous quarter.

The portfolio value includes Alternative Investments that may not be held with the client's primary custodian, nor may they be deemed regulatory assets under management, but where the Firm advises on the holdings on an ongoing basis. That advice will include initial and ongoing due diligence on the private investments (which can include liaising with the private investments' issuers and managers), integration of the private investments into the client's overall holdings, cash flow support for capital calls, and evaluation of liquidity windows. Valuations are determined using third parties independent of Brightside, including the client's custodian, the mutual funds, and the managers, issuers, or administrators for the private investments.

In lieu of the asset-based fee, the Firm also offers its wealth management services to certain clients for a fixed fee. The fixed fee is negotiable, but ranges from \$75,000 to \$150,000, depending upon the scope and complexity of the services and the professionals rendering the wealth management services.

If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is not adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), Brightside may negotiate a fee rate that differs from the range set forth above.

Finally, for certain services, including bill paying or other administrative support, Brightside charges and hourly fee that ranges from \$100 to \$250.

#### **Alternative Investment Management Fees**

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For clients who engage Brightside for Alternative Investment Management services, the Firm charges a 0.50% investment management fee based on the initial commitment amount of each investment into a new Alternative Investment recommended by the Firm. The initial commitment amount for a new Alternative Investment is the amount of the initial investment agreed upon by the client, i.e. in subscription documents initially submitted to the issuer or manager of an Alternative Investment. This portion of the investment management fee is charged for the bulk of the due diligence work provided by the Firm, as well as the analysis of the asset allocation for that client.

Thereafter, Brightside charges an annual investment management fee of 0.50% of the invested amount of the Alternative Investments in the client's portfolio. The annual fee is charged quarterly, in advance, based upon the current invested amount of the Alternative Investments being managed by Brightside on the last day of the previous quarter, i.e. the amount invested in the Alternative Investments inclusive of any capital calls made since the initial commitment and excluding any uncalled commitment and distributions made since the initial commitment. This portion of the investment management fee is charged for the client holdings review and on-going due diligence work provided by the Firm. If the invested amount increases or decreases after the inception of a billing period, the annual fee payable with respect to such assets is not adjusted to reflect the interim change in invested amount. The annual fee with respect to new Alternative Investment is initially charged during the first full quarter of service following a client agreeing to an initial investment for that Alternative Investment.

Notwithstanding the structure of Brightside's investment management fee for these services, the Firm expects a larger volume of work to be done during the initial due diligence and analysis of the asset



allocation under this type of engagement. As such, in the event the advisory agreement is terminated, the Firm charges a termination fee based on the current invested amount of each Alternative Investment in the client's portfolio. The termination fee shall be equal to the amount of the 0.50% annual fee which would have been payable for each Alternative Investment for five years from the client's initial investment in each Alternative Investment. This is not a penalty for termination; the termination fee exists due to the larger volume of work done by the Firm at the beginning of the alternative investment process.

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**Fee Discretion**

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Brightside may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.

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**Additional Fees and Expenses**

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In addition to the advisory fees paid to Brightside, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges include securities brokerage commissions, transaction fees, custodial fees, fees and expenses charged to owners of private investments, fees attributable to alternative assets, fees charged by the Independent Managers, margin costs, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (*e.g.*, fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage practices are described at length in Item 12, below.

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**Direct Fee Debit**

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Clients provide Brightside and/or certain Independent Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Brightside.

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**Use of Margin**

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Brightside can recommend that certain clients utilize margin in the client's investment portfolio or other borrowing. Brightside only recommends such borrowing for non-investment needs, such as bridge loans

and other financing needs. The Firm's fees are determined based upon the value of the assets being managed gross of any margin or borrowing.

#### **Account Additions and Withdrawals**

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Clients can make additions to and withdrawals from their account at any time, subject to Brightside's right to terminate an account. Additions can be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client's account. Clients can withdraw account assets on notice to Brightside, subject to the usual and customary securities settlement procedures. However, the Firm designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Brightside may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

### **Item 6. Performance-Based Fees and Side-by-Side Management**

Brightside does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

### **Item 7. Types of Clients**

Brightside offers services to individuals, trusts, estates, charitable organizations, corporations and business entities.

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

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

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Brightside utilizes a combination of public investments and private investments to achieve the return objectives of its clients. Investments will be allocated across spectrums of risk and liquidity to construct a portfolio that meets the risk-adjusted returns and needs of each client.

The first layer of analysis for any investment is to understand the potential downside risk for that investment. Brightside will classify the investment universe into three risk categories: a) low risk, which includes mainly fixed income assets or assets with similar characteristics to fixed income; b) medium risk, which includes assets that have either some combination of current income and capital appreciation or an asset where the probability of losing principal value is fairly low, but also has limited upside potential and; c) high risk, which includes equities or assets that have the potential for significant growth and therefore the potential for principal loss as well. Brightside aggregates investments into their appropriate categories to create an overall portfolio that meets the risk and liquidity profile of the client.

Brightside works with each client to determine the appropriate overall portfolio risk profile desired by the client and construct a portfolio that combines all three risk categories to meet their needs of preserving capital, while protecting against inflation and growing the asset base, given the risk tolerance of the client.

After determining the appropriate risk for each client, Brightside works with each client to understand the illiquidity risk that the client is willing and able to take in order to achieve their goals. Based upon their liquidity needs, Brightside will construct a portfolio with the appropriate balance of public and private investments to achieve their stated goals. The Firm's principals have a long history of private investments and believe that there is an advantage from these types of investments to help clients achieve their return objectives. The majority of the private investments will be made through private funds, where Brightside will identify fund managers that have an expertise or competitive advantage in a certain area and a track record of achieving out-sized risk adjusted returns. Occasionally, Brightside may also be presented with the opportunity for our clients to invest directly into a private investment alongside the fund manager.

Brightside mainly uses passive strategies for exposure to public equities in client portfolios. This mostly includes ETFs, index funds, US Treasuries, and target date mutual funds. Brightside may also use Independent Managers for the fixed income portion of the portfolio. Brightside attempts to achieve market returns with minimal fees on the public side of its portfolios to balance the private investments within each client's portfolio to meet each of the client's individual risk profiles.

Given the Firm's principals' history of making private investments, Brightside will use private investments to attempt to outperform the market on a risk-adjusted basis. Brightside allocates to private fund managers in both the medium risk category and the high risk category. In the medium risk category Brightside is looking for managers that can protect capital while providing for cash flow for the client. Examples of fund managers in this area could be certain types of real estate, direct lending, or other opportunistic funds that have a combination of lower risk with a cash flow component to the asset class. In the high risk category Brightside is looking for managers that can significantly grow the asset base. Example of fund managers in this area include private equity, venture capital, and higher risk real estate funds.

The additional investment services that Brightside provides to its clients include consolidated portfolio reporting and administration of private investments. Clients are provided with consolidated reporting that

includes private investment values along with the public market holdings. Brightside also facilitates the execution of subscription documents and coordinates capital call payments on behalf of its clients for each of the private investments that they are committed to. The centralized and coordinated administration of these private investments provides clients with the complete management of their portfolios.

### **Risk of Loss**

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The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved with respect to the Firm's investment management activities. Clients should consult with their legal, tax, and other advisors before engaging the Firm to provide investment management services on their behalf.

#### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of Brightside's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. In addition, investments may be adversely affected by financial markets and economic conditions throughout the world. There can be no assurance that Brightside will be able to predict these price movements accurately or capitalize on any such assumptions.

#### *Volatility Risks*

The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

#### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a

mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

#### *Use of Independent Managers*

As stated above, Brightside selects certain Independent Managers to manage a portion of its clients' assets. In these situations, Brightside continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, Brightside does not have the ability to supervise the Independent Managers on a day-to-day basis.

#### *Use of Private Collective Investment Vehicles*

Brightside recommends that certain clients invest in privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each fund's private placement memorandum and/or other documents explaining such risks prior to investing.

#### *Real Estate Investment Trusts (REITs)*

Brightside recommends an investment in, or allocate assets among, various real estate investment trusts ("REITs"), the shares of which exist in the form of either publicly traded or privately placed securities. REITs are collective investment vehicles with portfolios comprised primarily of real estate and mortgage related holdings. Many REITs hold heavy concentrations of investments tied to commercial and/or residential developments, which inherently subject REIT investors to the risks associated with a downturn in the real estate market. Investments linked to certain regions that experience greater volatility in the local real estate market may give rise to large fluctuations in the value of the vehicle's shares. Mortgage related

holdings may give rise to additional concerns pertaining to interest rates, inflation, liquidity and counterparty risk.

#### *Use of Leverage*

The Firm does not recommend the use of leverage to clients. It is anticipated, however, that certain of the private investments that the Firm recommends will utilize leverage. While the use of leverage for investments can substantially improve returns, it also increases overall portfolio risk. Leveraged transactions are generally effected using capital borrowed from a Financial Institution, which is secured by holdings. Under certain circumstances, a lending Financial Institution may demand an increase in the underlying collateral. If the investor is unable to provide the additional collateral, the Financial Institution may liquidate account assets to satisfy the outstanding obligations, which could have extremely adverse consequences. In addition, fluctuations in the amount of borrowings and the corresponding interest rates may have a significant effect on the profitability and stability of a portfolio.

#### *Currency Risks*

An advisory account that holds investments denominated in currencies other than the currency in which the advisory account is denominated may be adversely affected by the volatility of currency exchange rates.

#### *Interest Rate Risks*

Interests rates may fluctuate significantly, causing price volatility with respect to securities or instruments held by clients.

### **Item 9. Disciplinary Information**

Brightside has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

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

This item requires investment advisers to disclose certain financial industry activities and affiliations. The Firm does not have any other financial industry activities or affiliations that need to be disclosed.

**Item 11. Code of Ethics**

Brightside has adopted a code of ethics in compliance with applicable securities laws (“Code of Ethics”) that sets forth the standards of conduct expected of its Supervised Persons. Brightside’s Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of Brightside’s personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (*e.g.*, initial public offerings, limited offerings). However, the Firm’s Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm’s policies and procedures. This includes purchases and sales in the Supervised Persons name as well as through collective vehicles. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly effect for themselves or for their immediate family (*i.e.*, spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by money market funds; and (iv) shares issued by other unaffiliated open-end mutual funds.

Clients and prospective clients may contact Brightside to request a copy of its Code of Ethics.

## Item 12. Brokerage Practices

### Recommendation of Broker-Dealers for Client Transactions

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Brightside recommends that clients utilize the custody, brokerage and clearing services of National Financial Services LLC and Fidelity Brokerage Services LLC (together with affiliates, “Fidelity”) for investment management accounts. The final decision to custody assets with Fidelity is at the discretion of the client, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. Brightside is independently owned and operated and not affiliated with Fidelity. Fidelity provides Brightside with access to its institutional trading and custody services, which are typically not available to retail investors.

Factors which Brightside considers in recommending Fidelity or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Fidelity enables the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. Fidelity has also agreed to reimburse clients for exit fees associated with moving accounts to Fidelity. The reimbursement is only available up to a certain amount for all of the Firm’s clients over a twelve month period. Fees are reimbursed on a first-come-first-served basis so that no clients are favored. The commissions and/or transaction fees charged by Fidelity may be higher or lower than those charged by other Financial Institutions.

The commissions paid by Brightside’s clients to Fidelity comply with the Firm’s duty to obtain “best execution.” Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Brightside determines that the commissions are 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 Financial Institution’s services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Brightside seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Consistent with obtaining best execution, brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist Brightside in its investment decision-making process. Such research will be used to service all of the Firm’s clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client’s portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Brightside does not have to produce or pay for the products or services.



Brightside periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

#### **Software and Support Provided by Financial Institutions**

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Brightside receives without cost from Fidelity administrative support, computer software, related systems support, as well as other third party support as further described below (together "Support") which allow Brightside to better monitor client accounts maintained at Fidelity and otherwise conduct its business. Brightside receives the Support without cost because the Firm renders investment management services to clients that maintain assets at Fidelity. The Support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The Support benefits Brightside, but not its clients directly. Clients should be aware that Brightside's receipt of economic benefits such as the Support from a broker-dealer creates a conflict of interest since these benefits will influence the Firm's choice of broker-dealer over another that does not furnish similar software, systems support or services. In fulfilling its duties to its clients, Brightside endeavors at all times to put the interests of its clients first and has determined that the recommendation of Fidelity is in the best interest of clients and satisfies the Firm's duty to seek best execution.

Specifically, Brightside receives the following benefits from Fidelity: i) receipt of duplicate client confirmations and bundled duplicate statements; ii) access to a trading desk that exclusively services its institutional traders; iii) access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and iv) access to an electronic communication network for client order entry and account information. Fidelity also makes available to the Firm, at no additional charge, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by Brightside (within specified parameters). These research and brokerage services are used by the Firm to manage accounts for which it has investment discretion. Without this arrangement, the Firm might be compelled to purchase the same or similar services at its own expense.

These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain amount of the advisor's clients' assets are maintained in accounts at Fidelity. Fidelity's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, 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 client accounts maintained in its custody, Fidelity does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity's accounts.

Fidelity also makes available to the Firm other products and services that benefit the Firm but may not benefit its clients' accounts. These benefits may include national, regional or Firm specific educational events organized and/or sponsored by Fidelity. Other potential benefits may include occasional business entertainment of personnel of Brightside by Fidelity personnel. Other of these products and services assist Brightside in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of the Firm's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services are used to service all or some substantial number of the Firm's accounts, including accounts not maintained at Fidelity. Fidelity also makes available to Brightside other services intended to help the Firm manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Fidelity may make available, arrange and/or pay vendors for these types of services rendered to the Firm by independent third parties. Fidelity 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 the Firm. While, as a fiduciary, Brightside endeavors to act in its clients' best interests, the Firm's recommendation that clients maintain their assets in accounts at Fidelity may be based in part on the benefits received and not solely on the nature, cost or quality of custody and brokerage services provided by Fidelity, which creates a conflict of interest.

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**Brokerage for Client Referrals**

Brightside does not consider, in selecting or recommending broker-dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

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**Directed Brokerage**

The client may direct Brightside in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to "batch" client transactions for execution through other Financial Institutions with orders for other accounts managed by Brightside (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Brightside may decline a client's request to direct brokerage if, in the Firm's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

### **Trade Aggregation**

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Transactions for each client will be effected independently, unless Brightside decides to purchase or sell the same securities for several clients at approximately the same time. Brightside may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and allocated among Brightside’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which Brightside’s Supervised Persons may invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Brightside does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

## **Item 13. Review of Accounts**

### **Account Reviews**

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Brightside monitors client portfolios on a continuous and ongoing basis while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by the Firm’s Principal and/or investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Brightside and to keep the Firm informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or

recommendations and quarterly to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

### **Account Statements and Reports**

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested and agreed to by the Firm, clients may also receive written or electronic reports from Brightside and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from Brightside or an outside service provider.

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

### **Client Referrals from Supervised Persons**

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In the event a client is introduced to Brightside by a Supervised Person, the Firm may pay that Supervised Person a referral fee in accordance with applicable laws. Unless otherwise disclosed, any such referral fee is paid solely from Brightside's investment management fee and does not result in any additional charge to the client. The Supervised Person is required to disclose the nature of his or her relationship to prospective clients at the time of the referral and will provide all prospective clients with a copy of the Firm's written brochure(s) at the time of the referral.

## **Item 15. Custody**

Brightside is deemed to have custody of client funds and securities because the Firm is given the ability to debit client accounts for payment of the Firm's fees. As such, client funds and securities are maintained at one or more Financial Institutions that serve as the qualified custodian with respect to such assets. Such qualified custodians will send account statements to clients at least once per calendar quarter that typically detail any transactions in such account for the relevant period.

In addition, as discussed in Item 13, Brightside will also send, or otherwise make available, periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from Brightside. Any other custody disclosures can be found in the Firm's Form ADV Part 1.

The Firm anticipates taking custody over client cash, bank accounts or securities (for reasons other than those discussed above), such as where a client gives the Firm power of attorney to pay bills. The Firm will be required to engage an independent accounting Firm to perform a surprise annual examination of those assets and accounts over which it maintains custody. Any related opinions issued by an independent accounting Firm are filed with the SEC and are publicly available on the SEC's Investment Adviser Public Disclosure website. Brightside does not have direct access to client funds as they are maintained with an independent qualified custodian.

## **Item 16. Investment Discretion**

Brightside is given the authority to exercise discretion on behalf of clients. Brightside is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. Brightside is given this authority through a power-of-attorney included in the agreement between Brightside and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Brightside takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The Independent Managers to be hired or fired.

## **Item 17. Voting Client Securities**

Brightside does not accept the authority to vote a client's securities (i.e., proxies) on their behalf. Clients receive proxies directly from the Financial Institutions where their assets are custodied and may contact the Firm at the contact information on the cover of this brochure with questions about any such issuer solicitations.

## **Item 18. Financial Information**

Brightside is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.