

# **BARON WEALTH MANAGEMENT, LLC**

## **CLIENT BROCHURE**

*This Brochure provides information about the qualifications and business practices of Baron Wealth Management, LLC. If you have any questions about the contents of this Brochure, please contact us at (248) 251-0161 or via email to [info@baron-wealth.com](mailto:info@baron-wealth.com).*

*The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC").  
Registration does not imply a certain level of skill or training.  
Additional information about Baron Wealth Management, LLC is available on the SEC's website at [www.Adviserinfo.sec.gov](http://www.Adviserinfo.sec.gov).*

*Baron Wealth Management's SEC number is: 801-71168  
The firm's CRD number is: 153117*

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Date: March 25, 2019

## ITEM 2: MATERIAL CHANGES

Registered Investment Advisers are required to report updates in the business and service information contained in their Form ADV 1 and ADV 2 Brochures according to the following schedule: 1) Promptly throughout the year when changes occur and 2) no less than annually, within 90 days of the Adviser's fiscal year end.

Baron Wealth Management, LLC ("BWM") filed this Form ADV 2A Brochure with the United States Securities and Exchange Commission ("SEC") on March 25, 2019. The following information that has been amended:

Item 4.E was amended to reflect Baron Wealth Management's fiscal year end assets under management as of the close of business on 12/31/18, which consisted of \$325,901,561 in 436 discretionary accounts and \$7,450,891 in 6 non-discretionary accounts for a total of \$333,352,452 in 452 managed accounts.

The staff of Baron Wealth Management enjoys hearing from our clients. As always, if you have any questions or would like any additional information about our services or the data contained in this document, please do not hesitate to contact us.

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## **ITEM 3: TABLE OF CONTENTS**

<b>Cover Page</b>	<b>1</b>
<b>Item 2: Material Changes</b>	<b>2</b>
<b>Item 3: Table of Contents</b>	<b>3</b>
<b>Item 4: Advisory Business</b>	<b>5</b>
A. Description of the Advisory Firm	5
B. Types of Advisory Services	6
1. Wealth Management Services	6
2. Consultation Services	7
3. General Education Seminars / Workshops	8
4. Independent Managers	8
C. Client Tailored Services and Client Imposed Restrictions	9
D. Wrap Fee Programs	10
E. Amounts Under Management	10
<b>Item 5: Fees, Compensation and Termination of Services</b>	<b>10</b>
A. Compensation	10
1. Wealth Management Services	10
2. Consultation Services	11
3. General Education Seminars/Workshops	11
4. Independent Managers	11
B. Payment of Fees	12
1. Wealth Management Services	12
2. Consultation Services	12
3. General Education Seminars/Workshops	12
4. Independent Managers	12
C. Clients Are Responsible for Third Party Fees	12
D. Prepayment of Fees	13
E. Outside Compensation for the Sale of Securities to Clients	13
<b>Item 6: Performance-Based Fees &amp; Side-By-Side Management</b>	<b>14</b>
<b>Item 7: Types of Clients and Minimum Account Size</b>	<b>14</b>
<b>Item 8: Methods of Analysis, Investment Strategies, and Risk of Investment Loss</b>	<b>15</b>
A. Methods of Analysis and Investment Strategies	15
1. Advisor's Methods and Strategies	16
B. Material Risks Involved	19
C. Risks of Specific Securities Utilized	20
<b>Item 9: Disciplinary Information</b>	<b>21</b>
<b>Item 10: Other Financial Industry Activities and Affiliations</b>	<b>21</b>
A. Registration as a Broker/Dealer ("BD") or BD Representative	21
B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor	21

C. Relationships Material to this Advisory Business and Possible Conflicts of Interests / Other Business Activities	21
D. Selection of Other Advisors and Compensation for Selections	22
<b>Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading</b>	<b>22</b>
A. Code of Ethics	22
B. Recommendations Involving Material Financial Interests	24
C. Investing Personal Money in the Same Securities as Clients	25
D. Trading Securities at/Around the Same Time as Clients	25
<b>Item 12: Brokerage Practices</b>	<b>25</b>
A. Factors Used to Select Custodians and/or Broker/Dealers	25
1. Research and Other Soft-Dollar Benefits	26
2. Brokerage for Client Referrals	28
3. Clients Directing Which Broker/Dealer/Custodian to Use	28
B. Aggregating (Block) Trading for Multiple Client Accounts	29
<b>Item 13: Reviews of Accounts</b>	<b>30</b>
A. Frequency and Nature of Periodic Reviews	30
B. Reviewers	31
C. Factors That Will Trigger Non-Periodic Account Reviews	31
D. Content and Frequency of Regular Reports to Clients	31
<b>Item 14: Client Referrals and Other Compensation</b>	<b>32</b>
A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Sales Awards or Other Benefits)	32
B. Compensation to Non-Advisory Personnel for Client Referrals	32
<b>Item 15: Custody</b>	<b>32</b>
<b>Item 16: Investment Discretion</b>	<b>33</b>
<b>Item 17: Voting Client Securities (Proxy Voting)</b>	<b>33</b>
<b>Item 18: Financial Information</b>	<b>33</b>
A. Balance Sheet	33
B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients	34
C. Bankruptcy Petitions in Previous Ten Years	34
<b>Privacy Policy</b>	<b>34</b>

Clients and Prospective Clients: ADV 2B Brochure(s) follow

## ITEM 4: ADVISORY BUSINESS

### A. DESCRIPTION OF THE ADVISORY FIRM.

Baron Wealth Management, LLC ("*Baron Wealth Management*" or "*Advisor*") has been in the business since March 2010, when the Advisor was initially registered with the United States Securities and Exchange Commission ("SEC") and notice filed in Michigan. Baron Wealth Management is headquartered in Troy, Michigan.

Beth A. Zilka is 100% owner and Managing Member of the Advisor. Ms. Zilka is also the Advisor's Chief Compliance Officer.

### B. TYPES OF ADVISORY SERVICES

Baron Wealth Management offers professional *fee-based* Wealth Management and Consultation Services. The Advisor can provide customized services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, other investment professionals and business entities. The Advisor may also offer occasional general education seminars or workshops and access to independent managers.

"*Adviser Representatives*" are those persons authorized by the firm to deliver financial and investment advisory services. The term "fee-based" means that Baron Wealth Management is an independent Investment Advisor and is compensated *only* in the form of advisory fees paid by investors. Adviser Representatives of Baron Wealth Management are not registered representatives of a broker/dealer and do not accept commissions for securities recommendations.

The Advisor is not a broker/dealer or custodial firm. Any transactions in securities will be executed by an unaffiliated custodial firm of clients' choosing.

Baron Wealth Management is not an insurance agency. Adviser Representatives may be otherwise engaged as independently licensed insurance representatives. Therefore, in connection with this outside business activity, Adviser Representatives may receive normal commissions paid by insurance companies when clients purchase insurance. Clients are welcome but are never obligated to utilize any insurance product or company that may be recommended.

Baron Wealth Management is only compensated for advisory services through a retainer arrangement or via hourly and project fees, depending upon the scope of the engagement.

Baron Wealth Management may offer a complimentary general consultation to discuss services available, to give a prospective client time to review services desired, and to determine the possibility of a potential Client-Advisor relationship. Services begin only after the Client and Advisor formalize the relationship with a properly executed Client Agreement.

After the formal engagement and depending upon the scope of the engagement, the Advisor and client will share in a data gathering and discovery process in an effort to determine the client's needs, goals, intentions, time horizons, risk tolerance and investment objectives, based upon information provided by the client and the nature of services requested. The client and Advisor may complete a risk assessment, investment policy statement or similar document, depending upon the nature of services to be provided. Baron Wealth Management's categories of services are as follows:

**Wealth Management Services** are comprehensive in nature and provide for financial planning services in addition to investment management services. Wealth Management Services involve ongoing and continuous advice and services.

**Consultation Services** are hourly or project-based services and generally terminate upon the delivery of services.

**General Educational Workshops and Seminars** are occasionally designed for companies and individuals and do not provide for individualized advice or service.

Additionally, in conjunction with its Wealth Management Services, Baron Wealth Management can utilize the **Independent Manager** program available via Charles Schwab & Co., Inc., ("Managed Account Access™"), which provides access to institutional industry leading institutional money managers at low minimums and with streamlined account administration.

**1. Wealth Management Services** involve ongoing and continuous financial planning and portfolio management services. The Advisor's Wealth Management Services can be comprehensive in nature and encompass financial planning and asset management services via an annual retainer arrangement rather than a billing arrangement based upon a percentage of assets under management.

Baron Wealth Management focuses on providing individualized services that are tailored to meet the stated needs and objectives of the client. In the delivery of initial and ongoing services and based upon the client's level of participation, the Advisor will normally include a comprehensive review of the overall aspects of a client's current financial situation and consider both long and short-term objectives and goals, or as directed by the client. After an analysis and data-gathering process and depending upon the nature of services desired, Baron Wealth Management may engage in the following:

- ❖ A review of an existing financial plan (if a plan is currently in place);
- ❖ Update an existing financial plan (if applicable);
- ❖ Preparation of a new financial plan (if applicable);
- ❖ Existing portfolio review and analysis;
- ❖ Preparation of asset allocation recommendations;
- ❖ Preparation of a customized investment policy with the client's participation;
- ❖ Recommendation of specific investments;
- ❖ Implementation of an investment plan;
- ❖ Ongoing Wealth Management and Consultations in connection with the client's financial plan;
- ❖ Ongoing management of the client's investment portfolio.

The Advisor's Wealth Management Services are provided to clients invested in stocks, mutual funds, exchange traded funds and other assets, as outlined in the designed investment strategies. Services and investment recommendations in connection to assets invested in a corporate retirement plans are limited to those offered within the plan and via the plan's contracted service providers. Baron Wealth Management may advise on or recommend investments in private placement securities when consistent with accredited investors' (as defined under Rule 501 of the Securities Act of 1933, as amended) investment goals and objectives. In such cases, the Advisor receives no additional compensation other than its normal investment management fees.

The ongoing Wealth Management Services provided are individualized and therefore based upon the client's stated unique individual needs. Clients engaging Wealth Management Services must play an active role. The Advisor requires participation in the financial and investment review, the development of a financial plan, the development of an investment policy or similar document, the development of the investment plan, and the ongoing advice and recommendations. During the course of the engagement, clients may call the office at any time during business hours to discuss their financial plan, their portfolio or to ask questions, but the Advisor recommends that clients initiate a meeting no less than annually. *However, clients are obligated to immediately inform the Advisor of any changes in their financial situation to provide the Advisor with the opportunity to review the portfolio to ensure it is still structured to help meet the client's stated needs and objectives.*

The Advisor's ongoing services are also based upon unique individual needs as stated by the client. Once any recommendations have been implemented, Baron Wealth Management provides ongoing review, advice and recommendations. The underlying portfolio assets will be reviewed internally on a frequent basis (generally quarterly or more often), depending upon the types of investments, market conditions, at the discretion of the Advisor, or as may be specifically requested by the client. Any investments placed with Independent Managers for services will generally be reviewed quarterly if part of the Advisor's managed portfolio.

**2. Consultation Services.** Baron Wealth Management is available on a limited basis to provide Consultation Services on an hourly or project fee basis. The Advisor can tailor services as desired by the client. Consultation Services may be comprehensive in nature or may only focus on certain consultation needs as directed by the client. Advice may be provided on general issues (such as one or more various components of financial planning) relating to such topics as financial management, risk management, asset allocation, investment research, financial issues relating to divorce or marital issues, general tax issues, retirement planning, educational funding, goal setting, business owner issues; general estate issues; or other needs as identified by the client.

Where Consultation Services only focus on certain areas of client interests, needs or is otherwise limited, clients must understand that a client's overall financial and investment needs and objectives may not be considered as a result of time and/or service restraints placed on the Advisor's services.

Adviser Representatives may suggest the client work closely with the client's attorney, accountant, insurance agent, and the client's custodian. Clients requiring assistance



on issues relating to matters outside of investment advisory topics should consult their personal tax Advisor, legal counsel, or other professionals for expert opinions.

Implementation of any advice or recommendations pertaining to securities and/or non-securities matters (such as insurance), in whole or in part, is entirely at the client's discretion via the service provider(s) of the client's choice.

When providing consultation services in connection with retirement plan investments, the advice and recommendations are limited to plan offerings. The advice provided by the Advisor may include recommendations for updates and reviews and these services can be obtained under a new or amended agreement at the client's discretion.

**3. From time to time, Baron Wealth Management may conduct **General Educational Workshops and Seminars**** for companies and individuals. The content of presentations may include general information relating to wealth management, financial planning, retirement plans, insurance strategies, college funding, estate and retirement preparation and planning topics. Baron Wealth Management provides these services on a complimentary basis. Where services are provided to companies or professional organizations, a fee may apply based upon complexity, materials provided, time and effort and other factors. The fee is based upon the Advisor's hourly rate (minimum \$250/hour) and agreed to at the time of engagement. In each case, the Advisor's general Educational Workshops and Seminars do not provide individualized advice or services. Attendees are welcome but are never under any obligation to engage Asset Advisors for individualized services.

**4. Independent Managers.** When deemed appropriate and of interest to the client, Baron Wealth Management may recommend the services of one or more third-party investment managers ("*Independent Managers*") that may offer investment programs designed to help clients meet their goals and objectives. Baron Wealth Management does not receive any additional compensation in connection with services provided by Independent Managers.

The Advisor can utilize the Independent Manager program available via Charles Schwab & Co., Inc., ("Managed Account Access™"), which provides access to institutional industry leading institutional money managers at low minimums and with streamlined account administration. The Managed Account Access™ program enables Advisors to tap into popular managers without having to negotiate separate contracts, fees and minimum account sizes. Pre-negotiated account minimums are \$100,000 for most equity strategies and \$250,000 for fixed income, while fees start at 1% or lower and include money manager services and Schwab's custody and brokerage services. Schwab Institutional's managed account services also include Managed Account Select®), a complete bundled solution featuring manager research and review by fund analysts.

Baron Wealth Management will determine which Independent Managers may be appropriate, depending upon the client's circumstances, stated goals and objectives, strategy desired, account size, risk tolerance, and/or other factors. The terms and conditions under which the client shall engage the *Independent Manager(s)* shall be set forth in separate written agreements between (1) the client and the Advisor and (2) the client and the designated *Independent Manager(s)* and/or wrap fee program sponsor. If the client and Advisor agree in writing, the Advisor shall continue to render



advisory services to the client relative to the ongoing monitoring and review of account performance. As previously noted, Baron Wealth Management does not receive any compensation from Independent Managers that may be recommended.

Factors that the Advisor shall consider in recommending *Independent Manager(s)* include the client's stated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

The investment management fees charged by the designated *Independent Manager(s)*, together with the fees charged by the wrap fee program sponsor and corresponding designated broker-dealer/custodian of the client's assets, are exclusive of, and in addition to, the Advisor's management fee for its services.

When recommending the services of Independent Managers, the Advisor will present to the client, the Independent Manager's Form ADV Part 2 or Substitute Brochure as well as the Manager's compensation information. Clients are never under any obligation to engage the services of any investment management firm we may recommend but are welcome to do so under a separate engagement with the unaffiliated firm.

The Independent Manager is responsible for portfolio management, portfolio reporting services, best execution review, quarterly reporting, trade error resolution, custodial reconciliations, and implementation of trades within their respective programs.

Certain Independent Managers require minimum portfolio conditions as outlined in each Manager's disclosure materials. In such cases, participation in the program may raise potential conflicts of interest as the Advisor may have an incentive to recommend that clients custody assets with Charles Schwab & Co., Inc.

### **C. CLIENT TAILORED SERVICES AND CLIENT IMPOSED RESTRICTIONS**

Baron Wealth Management focuses on providing individualized services. The Advisor can tailor services to focus only on certain portfolio components, depending upon the client's wishes and/or the nature of the engagement. However, where client services or information are limited, clients must understand that comprehensive financial and/or investment needs and objectives may not be fully considered due to the client's option to receive limited services, the lack of information received, and/or client disclosure.

The Advisor and client will share in a data gathering and discovery process in an effort to determine the client's stated needs, goals, intentions, time horizons, risk tolerance and investment objectives, based upon information provided by the client and the nature of services requested.

The client and Advisor may complete a risk assessment, investment policy statement or similar document, depending upon the nature of services to be provided. Due to the nature of services, clients may not impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs unless otherwise agreed by the Advisor in writing.

Clients are welcome to set parameters on the Advisor's limited discretionary authority in writing as to types of investments and amounts purchased or sold.

Where clients retain authority to implement recommendations, they are welcome to do so in whole or in part via the financial services provider(s) of their choice.

#### **D. WRAP FEE PROGRAMS**

Baron Wealth Management does not recommend wrap fee programs nor is the Advisor engaged as a wrap fee program manager or sponsor.

#### **E. AMOUNTS OF ASSETS UNDER MANAGEMENT**

Baron Wealth Management's fiscal year end assets under management as of the close of business on 12/31/18, which consisted of \$325,901,561 in 436 discretionary accounts and \$7,450,891 in 6 non-discretionary accounts for a total of \$333,352,452 in 442 managed accounts. The assets are owned by high net worth individuals and other individual clients.

### **ITEM 5: FEES AND COMPENSATION**

#### **A. FEE SCHEDULES**

Baron Wealth Management is only compensated for advisory services in the following manner: A percentage of assets under management, hourly fees, and project-based fees (which are dependent upon the nature and scope of the engagement and advisory billings are based upon the number of project hours, using the Advisor's hourly rate as a guide).

1. Advisory fees for **Wealth Management Services** are agreed upon at the time of engagement and are based on a number of factors. The advisory fees for Wealth Management Services are calculated on an annual retainer basis and are invoiced semi-annually in advance of services. Fees are determined at the time of engagement. Baron Wealth Management's fees are outlined as follows:

Wealth Management Services will thereafter generally range from \$5000 - \$60,000 annually, depending upon the nature and complexity of services. The annual fee may be re-evaluated annually and revised based upon individual or special circumstances, scope or complexity of engagement or other factors determined at the Advisor's discretion.

The Advisor's minimum and maximum annual fee may be modified at the discretion of the Advisor where special circumstances exist, for pre-existing client relationships, and/or unique individual circumstances.

If during the engagement the scope of the requested services should change or if the client's circumstances or the requested services should alter dramatically, the Advisor may adjust the Wealth Management fee with a 30-day written notice. Clients are welcome to terminate services at any time.

2. Fees for **Consultation Services** are determined at the time of engagement based upon the time and effort required and/or the nature and complexity of services.

Fees are determined at the time of engagement based upon the time and effort required and/or the nature and complexity of services. The Advisor's minimum hourly fee is \$250. For larger projects, the Advisor may propose a project-based fee which will be calculated by multiplying the Advisor's hourly fee by the proposed number of hours required to complete the project taking into consideration the effort, scope of engagement and complexity of services. Project-based fees are agreed to at the time of engagement.

Baron Wealth Management may require a retainer equal to ½ the proposed project fee in order to schedule services. In these cases, the project balance is due upon the delivery of services.

Should the client's condition change during the course of services such that new advice, re-evaluations, recommendations, or research are required or the Advisor must re-work the advice, recommendations or other services, additional fees will apply. The Advisor will not engage in additional services that result in fees without the client's approval.

3. The Advisor's **General Education Seminars and Workshops** may be complimentary. From time to time, the Advisor may charge a fee for Educational Workshops or Seminars, depending upon the nature of services, complexity of content, materials provided, location, or at the discretion of the Advisor.

Where services are provided to companies or professional organizations, a fee may apply based upon complexity, materials provided, time and effort and other factors. The fee will be based upon the Advisor's hourly rate (minimum \$250/hour) and agreed to at the time of engagement.

In each case, the Advisor's general Educational Workshops and Seminars do not provide individualized advice or services. Attendees are welcome but are never under any obligation to engage Asset Advisors for individualized services.

All fees and the Advisor's cancellation policy (as well as refund policy, if applicable) will be clearly noted in the offering document or invitation.

4. **Independent Managers.** The terms and conditions under which the client shall engage the *Independent Manager(s)* shall be set forth in separate written agreements between (1) the client and the Advisor and (2) the client and the designated *Independent Manager(s)* and/or the program sponsor.

If the client and Advisor agree in writing, the Advisor shall continue to render the Advisor shall continue to render advisory services to the client relative to the ongoing monitoring and review of account performance.

Baron Wealth Management does not receive any additional compensation in connection with the recommendation of Independent Managers.

## **B. PAYMENT OF ADVISORY FEES**

**1. Wealth Management Services.** The advisory fees for Wealth Management Services are calculated on an annual retainer basis and are invoiced semi-annually in advance of services. Invoices may be sent directly to the Client and payment may be made to the Advisor directly or may be remitted via an authorized debit to the Client's custodial account.

**2. Consultation Services** are invoiced directly. Services are normally payable at the conclusion of services. However, as outlined in this Brochure, Baron Wealth Management may require a retainer equal to ½ the proposed project fee in order to schedule services. In such cases, the project balance is due upon the delivery of services.

**3. General Education Workshops and/or Seminars** may be complimentary. From time to time, the Advisor may charge a fee for Educational Workshops or Seminars, depending upon the nature of services, complexity of content, materials provided, location, or at the discretion of the Advisor. These fees would be payable directly to the Advisor in order to schedule the event or participate in the event and will be clearly noted in the offering document or invitation along with the Advisor's cancellation policy and refund policy (if applicable).

**4. Independent Managers.** In such cases where Baron Wealth Management has been engaged to render advisory services to the client relative to the ongoing monitoring and review of account performance of an Independent Manager, the Advisor does charge additional fees. Further, the Advisor does not accept compensation from any Independent Manager(s).

## **C. FEES ASSOCIATED WITH INVESTING**

Clients are responsible for the payment of all third party fees associated with investing. Clients may pay transaction and brokerage commission to their broker/dealer or other service providers ("*Financial Institution[s]*") as well as any fees associated with their particular accounts (e.g., account opening, maintenance, transfer, termination, wire transfer, retirement plan, trust fees, and all such applicable third party fees, deferred sales charges, oddlot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. All fees paid to the Advisor for advisory services are separate from the fees and expenses charged to shareholders of ETF's or mutual fund shares offered by mutual fund companies. If a mutual fund previously purchased by or selected by a client should impose a sales charge, a client may pay an initial or deferred sales charge. Baron Wealth Management does not receive any portion of these investment-related fees. Such charges, fees and commissions are exclusive of and in addition to the Advisor's fees. A complete explanation of the expenses charged by a mutual fund or ETF is contained in the respective mutual fund prospectus. Clients are encouraged to read each prospectus and securities offering documents.

#### D. PREPAYMENT OF FEES

Baron Wealth Management's fee for **Wealth Management Services** are invoiced as a pre-paid retainer as outlined in the Client Agreement. These services are ongoing until either party receives notice of termination. Either party may immediately terminate services with written notice to the other. Where services are terminated prior to the end of a calendar quarter, the Advisor will return a pro-rated refund of pre-paid fees.

**Consultation Services** are invoiced in arrears at the conclusion of services. However, the Advisor may require a retainer equal to ½ of the proposed project fee at the time of engagement. In such cases, the balance of fees due is payable at the conclusion of services. The engagement for Consultation Services automatically terminates upon the delivery of services or at the conclusion of the project, as outlined in the engagement. Services will not include any portfolio monitoring, reviews, follow-ups, or other services. If other services are desired, clients are welcome to secure additional or follow-up services such as Wealth Management Services via a new or amended agreement with the Advisor. Either party may immediately terminate Consultation Services prior to the conclusion of services upon written notice. In such cases, the client will only be invoiced for time incurred by the Advisor up until the effective date of termination or prepaid but unearned fees will be refunded.

Where fees apply for **General Education Workshops or Seminars**, they will be set forth in the engagement with the client. Depending upon the scope and complexity of the project, the Advisor may require a retainer equal to ½ of the proposed project fee at the time of engagement. In such cases, the balance of fees due is payable at the conclusion of services. These services may be terminated / cancelled upon written notice to the Advisor as outlined in the written agreement. In such cases, any pre-paid retainer will be returned, less time incurred for the preparation of the presentation, if applicable, up until the notice of termination is received. Alternatively, the Advisor will invoice for time and effort up until the effective date of termination, at the discretion of the Advisor.

The Advisor's fees for portfolio management services provided in conjunction with **Independent Managers** shall be invoiced quarterly in advance or arrears as coordinated through the Client's selected Independent Manager. In such cases, clients are welcome to terminate services at any time and in accordance with the Agreement executed between the Client and the Independent Manager. Where fees are charged in advance of services, normally the client will receive a pro-rated refund of unearned fees as outlined in Independent Manager's Agreement.

#### E. OTHER COMPENSATION FOR THE SALE OF SECURITIES OR OTHER INVESTMENT PRODUCTS TO CLIENTS

Baron Wealth Management is a *fee-based* Registered Investment Advisor. Neither the Advisor nor its supervised persons accept any compensation or commission for the recommendation of securities products including asset-based sales charges or service fees from the sale of mutual funds.

Adviser Representatives of Baron Wealth Management are also independently licensed insurance agents appointed with various insurance companies and in such

capacity, may recommend, on a fully disclosed commission basis, the purchase of certain insurance products. The time spent on this outside business activity may vary throughout the year but may entail approximately 2% of the Adviser Representatives' time.

Insurance products may be recommended to clients to minimize clients' exposure to identified risks and to meet personal and/or business needs. Clients are welcome but are never under any obligation to purchase insurance products recommended or utilize any company that may be recommended. When clients purchase insurance, licensed insurance agents receive normal commissions paid by insurance companies. Clients are always welcome to utilize the insurance provider of their choice and can implement recommendations in whole or in part, entirely at their discretion.

The Advisor will not undertake a review or provide recommendations on issues relating to property and/or casualty insurance. Since these types of coverage are important, clients should seek the services of a licensed property and casualty firm.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Baron Wealth Management's fees associated with advisory services are not "performance based" (based upon a share of capital gains or capital appreciation, or performance, for any portion of funds under an advisory contract). Performance-based compensation relationships can create a conflict of interest between a firm's performance-based clients and those clients who pay a fixed fee rate. Since Baron Wealth Management does not participate in performance-based fees, the Advisor does not engagement in side-by-side management arrangements.

## **ITEM 7: TYPES OF CLIENTS AND MINIMUM CONDITIONS**

The Advisor's services are primarily offered to individuals; pension and profit sharing plans; trusts, estates and charitable organizations; corporations or other business entities.

The Advisor desires a minimum portfolio size of \$500,000 for clients seeking Wealth Management Services. The Advisor, at its sole discretion, reserves the right to accept portfolios that do not meet the minimum where special circumstances exist, for family members, charitable organizations, pre-existing relationships or where the client has the ability to meet the minimum portfolio amount within a reasonable time period.

Baron Wealth Management reserves the right to decline to offer services to any person or firm at its sole discretion.



If an account is subject to the Employee Retirement Income Security Act of 1974, as amended, (“ERISA”), the Advisor acknowledges that Advisor is a fiduciary within the meaning of the Act and the ERISA Client is a named fiduciary with respect to the control or management of the assets in the Account. In each instance, the Client will agree to obtain and maintain a bond satisfying the requirements of Section 412 of ERISA and to include the Advisor and the Advisor’s principals, agents, and employees under those insured under that bond and will deliver to the Advisor a copy of the governing plan documents. If the Account assets for which the Advisor provides services represent only a portion of the assets of an employee benefit plan, Client will remain responsible for determining an appropriate overall diversification policy for the assets of such plan.

## **ITEM 8: METHOD OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **A. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES**

The Advisor believes each client presents a unique set of goals, values, interests, objectives, time horizons and challenges. Baron Wealth Management provides individualized attention to each type of investor who engages the Advisor for services.

The Advisor conducts various client interviews and data gathering activities in an effort to help determine an investment plan or portfolio to best fit each client’s stated individual situation. Client participation and the client’s delivery of accurate and complete information are critical to the Advisor’s process.

In performing its services, the Advisor shall not be required to verify any information received from the client or from the client’s other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. The Advisor may recommend the services of itself, its Adviser Representatives in their individual capacities as investment managers, and other professionals to implement its recommendations. Any professional referrals (*i.e.*, insurance firms, accounting professionals, legal professionals, etc.) are *solely* a courtesy and the Advisor receives no direct or indirect compensation as a result of referrals. Clients are welcome but are never under any obligation to act upon any of the recommendations made by the Advisor or to engage the services of any such recommended service firm or professional, including the Advisor itself.

Based upon information provided by the client, the Advisor attempts to evaluate an investor’s risk tolerance, time horizon, goals and objectives through an interview and data-gathering process in an effort to determine an investment plan or portfolio to best fit the investor’s profile. Client participation and the client’s delivery of accurate and complete information are critical to the Advisor’s process.

The Advisor seeks to take an independent, balanced approach to the management of client investment portfolios. After working with the client to identify both short-term and long-term financial goals, a strategic investment framework can be tailored to address



these objectives. This framework comprises target asset class ranges based on factors including the Advisor's analysis of expected asset class returns and a client's investing history, tolerance for portfolio volatility, threshold for permanent losses, and short-term portfolio liquidity needs. Upon this framework, Baron Wealth Management seeks to build and actively manage a customized investment portfolio, combining internally-researched securities with externally managed funds (open-end mutual funds, closed-end mutual funds, exchange-traded funds, etc.). As outlined in Item 3.L, the Advisor may also recommend investment programs offered via unaffiliated Independent Managers.

Investment concepts are based upon a variety of sources including internal research, screening software, and publicly available materials. Third-party research is also utilized by the Advisor.

Prospective investments are always considered in relation to the structure of the overall portfolio and purchased only when the Advisor feels such purchase improves the portfolio's overall risk-adjusted expected return potential.

Funds are researched and monitored internally by the Advisor with a process that emphasizes investment philosophy, management quality, and overall expense ratios.

The Advisor normally sells investments when conditions warrant based on the Advisor's analysis rather than in accordance with a preset timetable. Changing conditions in the client's financial life or significant changes in market conditions may warrant a collaborative effort with the client to modify their strategic investment framework, which consequently may also trigger changes to investment holdings within the portfolio.

Clients may choose to make self-directed securities transactions, which are investments that are not reviewed and/or not recommended by the Advisor. In such cases, the Advisor has not passed on the suitability of said investments and while the Advisor may assist with client-directed implementation as a value-added service at the client's request, the Advisor will not generally manage these types of investments unless agreed in writing.

While the Advisor makes every effort to consider tax consequences, the sale of investments may cause taxable gain(s) or loss(es) to the client. Clients are welcome to consult their independent personal tax Advisor about tax consequences resulting from transactions or any particular investment held in their account.

The Advisor provides individualized Wealth Management Services to its clients. The Advisor can provide advisory services for portfolios ranging from conservative to aggressive; each designed to meet the varying needs of and within the direction set forth by the investors. The Advisor selects the portfolio best suited to their individual needs after clients have defined their objectives, risk tolerance and time horizons and the selection is approved by the client.

**1. Advisor's Methods and Strategies.** Baron Wealth Management's investment strategies may be based upon a number of concepts and determined by the type of investor. Services are customized for each individual client.

The basis for Baron Wealth Management's investment recommendations is the Nobel Prize winning investment strategy called "Modern Portfolio Theory ("MPT"). MPT is a sophisticated investment decision approach that permits an investor to classify, estimate and control both the kind and the amount of expected risk and return. Fundamental to MPT is the ability to statistically quantify the relationship between risk and return, thus determining the extent of compensated risk.

MPT is not without its critics but the theory has been in existence for more than sixty years. MPT assumes that investors are always rational and risk-averse, which may not always be the case. Additionally, MPT investing assumes access to the same information at the same time, which is not correct. Even professionals can experience times when investment-related data is not disseminated in a timely and accurate manner. Some experts believe that MPT cannot be reduced to a sort of mathematical model or relied upon as a sole basis for investment decisions. It can however, serve as a reference point for modeling the potential of an investment portfolio. Thus, MPT adds a singular dimension within a more comprehensive investment management process.

The concept of asset allocation or spreading investments among a number of asset classes (domestic equities v. foreign equities; large cap stocks v. small cap stocks; growth stocks v. value stocks; municipal bonds v. corporate bonds v. government bonds) is Baron Wealth Management's guiding strategy.

Baron Wealth Management believes that risk reduction is a key element to long-term investment success therefore Baron Wealth Management implements plans by using strategic diversified asset allocation. Strategic Asset Allocation is a lifetime investment approach, wherein selected asset classes and the weightings of these asset classes focus on the overall investment objective and risk tolerance of the client. Strategic Asset Allocation is a relatively passive investment style, wherein the assets and weightings are set and remain relatively unchanged. This strategy places a great emphasis on minimizing portfolio turnover and trading/transaction costs.

It is important that investors and their Advisors match their portfolio design with the client's stated appropriate risk profile. Beyond that, risk and one's willingness to assume more or less risk should be modified as the client grows older and/or client circumstances change.

Recommendations for or purchases of investments will be based on publicly available reports and analysis. In the case of mutual funds, recommendations will be based on reports and analysis of performance and managers, and certain computerized models for asset allocation and investment timing. Market timing, stock selection and track record investing are generally discouraged.

Portfolio holdings or recommendations are generally judged by (managers' or investors') experience, track record and performance of like-kind investments. The Advisor will actively monitor and review each portfolio. Investors should expect to remain fully invested within the ranges of their selected asset allocation plan at all times unless restated by the client. The Advisor generally looks to the long-term when developing advice and recommendations based upon information provided by the client.

Portfolio additions may be in cash or securities provided that the Advisor reserves the right to liquidate any transferred securities, or decline to accept particular securities into the client's account.

The Advisor may consult with its clients about the options and ramifications of transferring securities when provided pre-notification of the client's intentions. In such cases, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

Clients may withdraw account assets on notice to the Advisor, subject to the usual and customary securities settlement procedures. The Advisor generally designs its client portfolios as long-term investments and assets withdrawals may impair the achievement of a client's investment objectives.

All investing strategies offered by the Advisor involve risk and may result in a loss of an investor's original investment. Many of these risks apply equally to stocks, bonds and any other investment or security. Identified material risks associated with the Advisor's investment strategies include:

**Market Risk:** Market risk involves the possibility that an investment's current market value will decline due to general market decline, thus reducing the value of the investment regardless of the operational success of the issuer's operations or its financial condition.

**Investment Strategy Risk:** This risk exists when an Advisor's strategy may fail to produce the intended results.

**Style Risk:** The Advisor's strategy may consist of "value" and or "growth" investments. With respect to securities and investments considered undervalued by the Advisor, market prices may not reflect our determination that the security is undervalued, and its price may not increase to what we believe to be its full value and may even decrease in value. With respect to "growth" investments, the underlying earnings or operational growth anticipated may not occur, or the market price of the security may not increase as anticipated.

**Defensive Risk:** To the extent that the strategy attempts to hedge or take defensive measures such as holding a significant portion of its assets in cash or cash equivalents, the objective may not be achieved.

**Interest Rate Risk:** Bond (fixed income) prices generally fall when interest rates rise, and the value may fall below par value or the principal investment. The opposite is also generally true: Bond prices generally rise when interest rates fall. In general, fixed income securities with longer maturities are more sensitive to these price changes. Most other investments are also sensitive to the level and direction of interest rates.

**Legal or Legislative Risk:** Legislative changes or court rulings may impact the value of investments, or the securities' claim on the issuer's assets and finances.

**Inflation:** Inflation may erode the buying-power of your investment portfolio, even if the dollar value of your investments remains the same.

Margin Transactions: Investors utilizing margin accounts must carefully review the margin agreement provided by the selected brokerage firm. These firms charge interest on the funds loaned to purchase securities on margin and an investor needs to understand the additional charges he or she may incur by opening a margin account. Additionally, risks associated with margin accounts include: The loss of more funds that an investor deposits into the margin which may require the investor to deposit additional funds to avoid the forced sale of securities in the account. Additionally, if the equity in the account falls below the maintenance margin requirements under the law or the firm's higher "house" requirements, the firm can sell the securities in the account to cover the margin deficiency. Investors are also responsible for any short fall in the account after such a sale. Additionally, the selected firm can sell the securities in the account without contacting the investor (although as a courtesy many firms do attempt contact). Investors are not entitled to a time extension on margin calls. While extensions are sometimes given under certain conditions, investors do not automatically have a right to time extensions. An investor does not have a right to an extension of time to meet a maintenance margin call.

Clients may choose to make self-directed securities transactions, which are investments that are not reviewed and/or not recommended by the Advisor. In such cases, the Advisor has not passed on the suitability of said investments and while the Advisor may assist with client-directed implementation as a value-added service at the client's request, the Advisor will not manage these types of investments unless agreed in writing.

*It is important to understand that investing in securities involves a risk of loss that a client should be prepared to bear.*

## **B. MATERIAL RISKS INVOLVED**

Baron Wealth Management takes the general position that investors with diverse portfolios have a better chance of making a profit because it is difficult to accurately predict the movement of the economy. No single strategy can be relied upon to outperform the market. Baron Wealth Management's goal in its analysis is not to time the market. Baron Wealth Management generally utilizes long-term trading and short-term trading. Margin transactions (described in Section A herein) may be utilized when the need is determined.

Baron Wealth Management seeks to utilize investment strategies that are designed to capture market rates of both return and risk. It is the Advisor's position that thoughtful investment selections that meet a client's stated goals and risk profile may help keep individual risks at an acceptable level.

Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes. Short sales, margin transactions and options writing generally hold greater risk and clients should be aware that there is a chance of material risk of loss using any of those strategies.

*It is important to understand that investing in securities involves a risk of loss that a client should be prepared to bear.*

### **C. RISKS OF SPECIFIC SECURITIES UTILIZED**

Baron Wealth Management generally seeks investment strategies that do not involve significant risk or unusual risk beyond that of the general domestic and / or international equity markets.

Investments in individual stocks can be risky. Some risks can be controlled and some risks can be guarded against but no investment strategy can carry guarantees from loss. Certain market risks cannot be controlled, such as market or economic conditions. Certain strategies may be employed to adjust portfolios or the Advisor and client may agree to hold the portfolio's course. Baron Wealth Management designs portfolio strategies for the long-term, unless otherwise specifically requested in writing. Therefore, the Advisor does not attempt to time the market.

Investments in mutual funds may bear a risk of investment loss. Clients who invest should also be prepared to bear a loss of investment proceeds.

Exchange traded funds (ETFs) can vary significantly from the net asset value due to market conditions. Certain funds may not track underlying benchmarks as expected.

Fixed income investments generally are utilized as a portfolio diversification element as well as for income deriving investments outside of equity exposure.

There are certain risks involved in investing bonds: Government, Municipal, and Corporate and the following is an overview of the types of risks that one should consider: Interest rate risk; reinvestment risk; inflation risk; mark risk, selection risk, timing risk, and price risk. Additional risks for some government agency, corporate and municipal bonds may include: Legislative risk (a change in the tax code could affect the value of taxable/tax-exempt interest income); Call risk (some corporate, municipal and agency bonds have a "call provision" entitling their issuers to redeem them at a specified price on a date prior to maturity. Declining interest rates may accelerate the redemption of a callable bond, causing an investor's principal to be returned sooner than expected. In that scenario, investors have to reinvest the principal at the lower interest rates. If the bond is called at or close to par value, as is usually the case, investors who paid a premium for their bond also risk a loss of principal. In reality, prices of callable bonds are unlikely to move much above the call price if lower interest rates make the bond likely to be called. Additionally, there may be a liquidity risk involved if investors may have difficulty finding a buyer when they want to sell and may be forced to sell at a significant discount to market value. Liquidity risk is greater for thinly traded securities such as lower-rated bonds, bonds that were part of a small issue, bonds that have recently had their credit rating downgraded or bonds sold by an infrequent issuer. Bonds are generally the most liquid during the period right after issuance when the typical bond has the highest trading volume. Additional risks for corporate and municipal bonds may include: Credit risk; default risk; event risk and duration risk.

Securities purchased through private placements typically fall into the realm of alternative assets. These investments often have a low correlation to public markets and offer essential diversification to portfolios dominated by traditional stocks and bonds. It is important to note that these investments carry a high degree of risk for various reasons. Securities sold through private placements are not publicly traded

and therefore, are less liquid. Additionally, investors may receive restricted stock that may be subject to holding period requirements. Companies seeking private placement investments tend to be in earlier stages of development and have not yet been fully tested in the public marketplace. As disclosed in the offering document(s), an offering may present risks that are unique to the investment, including risks related to the operation of the business. Investing in private placements requires high risk tolerance, low liquidity concerns, and long-term commitments. Investors must be able to afford to lose their entire investment. For those reasons, these offerings are generally available only to certain institutional investors and high net worth individuals and entities ("accredited investors").

Bank obligations, including bonds and certificates of deposit, may be vulnerable to setbacks or panics in the banking industry. Banks and other financial institutions are highly dependent upon short-term interest rates and may be adversely affected by downturns in the U.S. and foreign economies and/or changes in regulations.  
*Clients are hereby advised to read each offering document carefully before investing. Past performance is not a guarantee of future returns. Investing in securities involves A risk of loss that all clients should be prepared to bear.*

## **ITEM 9: DISCIPLINARY INFORMATION**

Baron Wealth Management has not been involved in any legal or disciplinary events. The Advisor has not been involved in any criminal or civil actions; administrative proceedings before the SEC or any other federal, state or foreign regulatory authority. The Advisor has not been involved in any self-regulatory organization proceedings. The Advisor's record does not reflect the existence of any data that would be material to a client's or prospective client's evaluation of Baron Wealth Management or the integrity of its management. Information pertaining to the officer of the Advisor and your particular advisory representative(s) is contained on ADV Part 2B which is attached to this section.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **A. REGISTRATION AS BROKER/DEALER OR REPRESENTATIVE**

Neither Baron Wealth Management nor its representatives are registered as a broker/dealer or as Representatives of a broker/dealer.

### **B. REGISTRATION AS A FUTURES COMMISSION MERCHANT (FCM), COMMODITY POOL OPERATOR (CPO) OR A COMMODITY TRADING ADVISOR (CTA)**

Neither the Advisor nor its representatives are registered as a FCM, CPO or a CTA.



## **C. REGISTRATION RELATIONSHIPS MATERIAL TO THIS ADVISORY BUSINESS AND CONFLICTS OF INTEREST**

Baron Wealth Management does not have affiliates that would present a possible conflict of interest. The Advisor does not operate as nor is it related to a hedge fund or other type of private pooled investment vehicle. Baron Wealth Management does not maintain registration relationships with any of the following:

- broker-dealer, municipal securities dealer, or government securities dealer or broker
- investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
- other investment advisor or financial planner
- futures commission merchant, commodity pool operator, or commodity trading advisor
- banking or thrift institution
- accountant or accounting firm
- lawyer or law firm
- insurance company or agency
- pension consultant
- real estate broker or dealer
- sponsor or syndicator of limited partnerships.

Beth Zilka and Sandra Kerr, CFP® are independently licensed insurance agent with various insurance companies and in this capacity may recommend, on a fully disclosed commission basis, the purchase of certain insurance products. The time spent on this outside business activity may vary throughout the year but may entail approximately 2% of their time. Insurance products may be recommended to help minimize clients’ exposure to identified risks and to meet personal and/or business needs. Clients are welcome but never obligated to purchase insurance or utilize any recommended company. When clients purchase insurance, licensed insurance agents receive normal commissions paid by insurance companies. Clients are welcome to utilize the insurance provider of their choice and implement recommendations in whole or in part, entirely at their discretion.

## **D. SELECTION OF OTHER MANAGERS AND ADVISOR COMPENSATION**

As disclosed in Item 4.B(5) of this Brochure, Baron Wealth Management may recommend various unaffiliated Independent Managers to clients. Clients are welcome but are never under any obligation to utilize any Independent Manager or program that may be recommended.

When deemed appropriate and of interest to the client, Baron Wealth Management may recommend the services of unaffiliated managers, (“*Independent Managers*”) which may offer investment programs designed to help investors meet their goals and objectives. The Advisor will determine which Independent Manager(s) may be appropriate, depending upon the client’s stated circumstances, stated goals and objectives, strategy desired, account size, risk tolerance, or other factors. The terms and conditions under which the client shall engage the *Independent Manager(s)* shall



be set forth in separate written agreements between (1) the client and the Advisor and (2) the client and the designated *Independent Manager(s)* and/or program sponsor. If the client and Baron Wealth Management agree in writing, the Advisor shall continue to render advisory services to the client relative to the ongoing monitoring and review of account performance. Baron Wealth Management *does not receive additional compensation* in connection with assets managed by the designated Independent Manager(s).

## **ITEM 11: CODE OF ETHICS, PARTICIPATION/ INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **A. CODE OF ETHICS**

Baron Wealth Management takes the issue of regulatory compliance seriously and is committed to maintain compliance with federal and applicable state securities laws. Additionally, Baron Wealth Management has a position of public trust and it is our goal to maintain that trust; provide excellent service, good investment performance; and advice that is suitable.

Baron Wealth Management places great value on ethical conduct. Therefore, the ultimate goal of our internal policies is to challenge our staff to live up not only to the letter of the law, but also to the ideals set forth by the Advisor.

Clients may be familiar with the roles fiduciaries play in various legal situations and in certain industries. As a Registered Investment Advisor, Baron Wealth Management is a fiduciary to each and every client.

As fiduciaries, Investment Advisors owe their clients several specific duties. According to the SEC, an Investment Advisor's fiduciary duties include:

- ❖ Providing advice that is suitable;
- ❖ Providing full disclosure of material facts and potential conflicts of interest (such that the client has complete and honest disclosure in order to make an informed decision about services of the Advisor and about investment recommendations);
- ❖ The utmost and exclusive loyalty and good faith;
- ❖ Best execution of transactions under the available circumstances;
- ❖ The Advisor's reasonable care to avoid ever misleading clients;
- ❖ Only acting in the best interests of clients.

It is Baron Wealth Management's policy to protect the interests of each of the Advisor's clients and to place the clients' interests first and foremost in each and every situation.

Baron Wealth Management will abide by honest and ethical business practices to include, but is not limited to:

- ❖ The Advisor will not induce trading in a client's account that is excessive in size or frequency in view of the financial resources and character of the account.
- ❖ The Advisor will make investment decisions with reasonable grounds to believe that the decisions are suitable for the client on the basis of information furnished by the customer and we will document suitability.
- ❖ The Advisor and Adviser Representatives will not borrow money from clients.
- ❖ Baron Wealth Management will not recommend the purchase of a security without the reasonable belief that the security is registered, or the security or transaction is exempt from registration in states where we provide investment advice and based upon information the Advisor receives.
- ❖ The Advisor will not recommend that clients place orders to purchase or sell a security or engage in services through a broker/dealer or agent that is not licensed, based upon information available to the Advisor.
- ❖ The Advisor's staff shall report all required personal securities transactions to Beth Zilka, the Chief Compliance Officer as required by the SEC. Reportable trades for this Advisor include all but the following *exceptions*:
  - Transactions effected pursuant to an automatic investment plan;
  - Securities held in accounts over which the access person has no direct or indirect influence or control;
  - Transactions and holdings in direct obligations of the Government of the United States;
  - Money market instruments — bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments;
  - Shares of money market funds;
  - Transactions and holdings in shares of mutual funds are not reportable, since the Advisor does not have a material relationship with an investment company which would otherwise require reporting;
  - Transactions in units of a unit investment trust are not reportable if the unit investment trust is invested exclusively in unaffiliated mutual funds.

Baron Wealth Management will not permit and has instituted controls against insider trading. All applicable securities rules and regulations will be strictly enforced.

Adviser Representatives and administrative personnel who do not follow the Advisor's Code of Ethics or who in any way violate securities rules and regulations, or who fail to

report known or suspected violations will be disciplined or terminated, depending upon severity. Such persons could also face action by the SEC and/or state securities regulators.

Clients are welcome to request a copy of the Advisor's Code of Ethics by contacting the Advisor's office.

The Advisor emphasizes the unrestricted right of clients to decline to implement any advice rendered, in whole or part. Where the Advisor is granted discretionary authority of the client's accounts, clients are welcome to set investment parameters and/or limitations in writing and such direction is followed until such time the client's instructions are amended in writing.

## **B. RECOMMENDATIONS INVOLVING MATERIAL FINANCIAL INTERESTS**

Baron Wealth Management does not recommend that clients buy or sell any security in which any of Baron Wealth Management's related persons have a material financial interest.

## **C. INVESTING PERSONAL MONIES IN THE SAME SECURITIES AS CLIENTS**

Baron Wealth Management and/or individuals associated with Baron Wealth Management may have similar investment goals and objectives and as a result may buy or sell securities for their personal accounts that may be identical to or different from those recommended to clients. Thus, at times the interests of the Advisor's or staff members' accounts may coincide with the interests of clients' accounts. However, at no time will the Advisor or any related person receive an added benefit or advantage over clients with respect to these transactions nor will the Advisor nor its associated persons will not place itself in a position to have added benefit as a result of advice given to clients.

## **D. TRADING SECURITIES AT / AROUND THE SAME TIME AS CLIENTS**

Baron Wealth Management its Adviser Representatives acknowledges the Advisor's fiduciary responsibility to place the investment needs of clients ahead of the Advisor and its staff. The interests of clients are held in the highest regard. At no time will the Advisor or any related person receive an added benefit or advantage over clients with respect to these transactions. The Advisor and its associated persons will not place itself in a position to have added benefit as a result of advice given to clients.

The staff of Baron Wealth Management shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry.

The Advisor has established trading policies for its access persons. Beth Zilka, the Chief Compliance Officer of Baron Wealth Management, is responsible for the monitoring of personal trading conducted by staff.

## ITEM 12: BROKERAGE PRACTICES

### A. FACTORS USED TO SELECT CUSTODIANS AND/OR BROKER/DEALERS

Consultation clients can use any brokerage firm of their choice to implement any desired transactions, in whole or in part, at their discretion.

The Advisor recommends Fidelity Brokerage Services, (“*Fidelity*”) and Charles Schwab & Co., Inc., (“*Charles Schwab & Co.*”). The Advisor is enrolled in the Fidelity and Charles Schwab & Co. institutional programs which provide custodial and account services to independent registered investment Advisors.

Baron Wealth Management is independently owned and operated and has no affiliation with either of the recommended custodial firms. The Adviser Representatives of Baron Wealth Management are not registered representatives of any broker/dealer firm.

Factors which the Advisor considers in recommending *Fidelity*, *Charles Schwab & Co.* or any other broker-dealer, to clients include their respective financial strength, reputation, execution, pricing, research, and service. *Fidelity* and *Charles Schwab & Co.* enables the Advisor to obtain many cost effective mutual funds as well as other securities at reasonable transaction charges. The commissions and/or transaction fees charged by *Fidelity* and *Charles Schwab & Co.* may be higher or lower than those charged by other broker-dealers.

The Advisor takes the position that excellent customer service and trade execution available through its preferred service providers is superior to most non-service oriented and internet-based brokers that may otherwise be available to the general public. The Advisor’s recommended service providers feature broad lines of products and services that may be suitable to many types of investors with varying investable assets. *Fidelity* and *Charles Schwab & Co.* serve the needs of a great number of independent advisors nationwide.

In addition to the above information, Baron Wealth Management recognizes its duty to obtain best price and execution for its clients under the circumstances available. The decision to recommend the preferred service provider is also based upon the overall service provided to investors and the services available to the Advisor and providing such recommendation is consistent with the Advisor’s fiduciary duty to the client. The Advisor also considers its experience with the service provider, the provider’s reputation, and the quality of execution services and costs. Baron Wealth Management clients should also evaluate these service providers before opening an account. While it is possible that clients may pay higher commissions or transaction fees through its preferred service provider, the Advisor has determined it currently offers the best overall value to the Advisor and clients for the brokerage and technology provided. The Advisor shall periodically and systematically review its policies and procedures regarding recommending broker-dealers to its client in light of its duty to obtain best execution.

Baron Wealth Management periodically reviews other alternatives that are available to the Advisor market. However, Baron Wealth Management believes that excellent

customer service and trade execution is superior to most non-service oriented, deep-discount and internet/web based brokers that may otherwise be available to the public. Fidelity and Charles Schwab & Co. feature a broad line of products and services that are available to every investor, regardless of the amount of investable assets. Both firms carefully monitor trade execution and are large and sophisticated order senders.

Advisory clients should also evaluate service providers before opening an account since they are welcome to select their preferred firm. While it is possible that clients may pay higher commissions or transaction fees through its preferred service provider, the Advisor has determined it currently offers the best overall value to the Advisor and clients for the brokerage, service, and technology provided.

## **1. RESEARCH AND OTHER SOFT DOLLAR BENEFITS**

Generally speaking, soft dollars are benefits (primarily investment research and brokerage services) that investment advisors may receive in exchange for directing trade activity to a particular brokerage firm. Baron Wealth Management receives general research, business-related products and back-office administrative support services in addition to execution from its recommended broker/dealers in connection with client securities transactions. Therefore, the Advisor does receive benefits from its selected custodial firms that it would not otherwise receive if it were not a Registered Investment Advisor.

As fiduciaries, Investment Advisors are obligated to act in the best interest of their clients, and cannot use client assets (including client commissions) to benefit themselves, absent client consent. Advisors who obtain brokerage and research services with client commissions do not have to purchase those services with their own funds, which creates a conflict of interest for the Advisors. However, Section 28(e) of the Securities Exchange Act of 1934 provides a safe harbor for firms that exercise investment discretion over accounts to pay for research commission dollars generated by account transactions ("soft dollars").

The Advisor participates in the Fidelity and Charles Schwab & Co.'s institutional programs for independent Investment Advisors. While there is no direct linkage between the investment advice given and the participation in a custodial firm's institutional program, economic benefits are received which would not be otherwise, if the Advisor did not give advice to clients. The Advisor and its clients may pay slightly more than the lowest rate of commissions available in order to obtain various administrative and research services. However, Baron Wealth Management has determined in good faith and after periodic (and ongoing) review, that the fees are reasonable in relation to the full range and quality of the brokerage, administrative and research services provided, viewed in terms of either particular transactions or the Advisor's overall responsibilities with respect to the accounts over which it exercises investment discretion. The determinative factor is whether transaction fees represent the best qualitative execution services for our managed accounts.

The needs of our clients, the quality of services provided to our clients, and the overall benefit of placing trades with particular brokers are weighed carefully in each situation. Additionally, in the course of determining fair and reasonable services, the Advisor works to negotiate the most reasonable costs available in light of the services provided.

Baron Wealth Management may receive certain added benefits for utilizing the recommended custodian such as research, the ability to deduct advisory fees from clients' custodial accounts, discounts on periodicals or materials, complimentary business and compliance newsletters, and various other non-cash services. Any general research received is used for the benefit of all clients. The value of products, research and services given if any, is negligible and not a material factor. However, any benefits received from these institutions represent a conflict of interest because the Advisor is inclined to recommend these service providers to its clients.

Services received that benefit clients include access to a broad range of investment products, execution of securities transactions and custody of client assets. The investment products available through Charles Schwab & Co. and Fidelity include some which we might not otherwise have access or that would require a significantly higher minimum investment by our clients. Fidelity and Charles Schwab & Co. provide access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Additionally, Fidelity and Charles Schwab & Co. 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 the service provider or that settle into the service provider's accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). The services described in this paragraph generally benefit you and your account.

The Advisor receives certain considerations and services that benefit the Advisor and indirectly benefits clients. The Advisor may receive from its preferred custodial firms (*Fidelity* and *Charles Schwab & Co.* ), without cost to the Advisor, computer software and related systems support, which allow the Advisor to better monitor client accounts maintained at *Fidelity* and *Charles Schwab & Co.* The Advisor may receive the software and related support at a discount or without cost because the Advisor renders wealth management services to clients that maintain assets at *Fidelity* and *Charles Schwab & Co.* The software and related systems support may benefit the Advisor, but not its clients directly. Additionally, the Advisor may receive the following benefits from *Fidelity* and *Charles Schwab & Co.*: Receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its institutional advisor program participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information. These services assist the Advisor in coordinating its services with the custodial firms in a more efficient manner.

Services that generally benefit only the Advisor are those other benefits intended to help the Advisor manage and further develop its business enterprise. These services include educational conferences and events as well as technology. Services include general compliance, legal and business consulting as well as publications and conferences on practice management and business succession. The service providers may also offer access to employee benefits providers, human capital consultants and insurance providers. Charles Schwab & Co. and Fidelity may provide these services themselves and in other cases, they will arrange for third-party vendors to provide services to the Advisor. These service providers may also discount or waive fees for some services or pay all or a portion of a third-party's fees. Our service providers may



also provide us with other benefits such as occasional business entertainment of our personnel.

The Advisor and its Advisory Representative may also receive travel, meals and lodging when evaluating and performing due diligence on investment and mutual fund managers. The Chief Compliance Officer monitors all gifts and other considerations. The Advisor will not permit the acceptance of any entertainment related events including, but not limited to, sporting events, concerts, or shows.

In fulfilling its duties to its clients, the Advisor endeavors at all times to put the interests of its clients first. Clients should be aware however, that the Advisor's receipt of economic benefits from a broker-dealer or other service provider(s) creates a conflict of interest since these benefits may influence the Advisor's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

## **2. BROKERAGE FOR CLIENT REFERRALS**

Baron Wealth Management receives no referrals from a broker/dealer or third party in exchange for using that broker/dealer or third party.

## **3. CLIENTS DIRECTING WHICH BROKER/DEALER/CUSTODIAN TO USE**

Financial Planning and Consultation clients are welcome to utilize any service provider they may choose and are welcome to implement any advice or recommendations in whole or in part.

Clients are welcome to utilize the service provider of their choice, and in such cases, will direct the Advisor to use their firm of choice (via written direction). If the client requests the Advisor to arrange for the execution of securities brokerage transactions for the client's account, the Advisor shall direct such transactions through their selected broker-dealer until alternative directions are provided in writing.

As disclosed in the Advisor's Client Agreement, the Advisor cannot guarantee best execution of transactions in these cases, due to limitations that may be imposed by the client's service provider either on the Advisor or in connection with transactions.

In such cases, the client will negotiate terms and arrangements for the account with that broker-dealer, and the Advisor will not seek better execution services or prices from other broker-dealers or be able to "batch" client transactions for execution through other broker-dealers with orders for other accounts managed by the Advisor (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, the Advisor may decline a client's request to direct brokerage if, in the Advisor's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.



## **B. AGGREGATION (BLOCK) TRADING FOR MULTIPLE CLIENT ACCOUNTS**

Transactions for each client generally will be effected independently, unless the Advisor decides to purchase or sell the same securities for several clients at approximately the same time. The Advisor 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 Advisor’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Due to the individualized nature of services, however, large orders of securities are not always consistent with the nature of the Advisor’s services. Aggregation is undertaken in firms processing large orders of securities in order to realize more effective trade execution and the cost efficiencies that come from executing larger order sizes. In each case, the Advisor strives to allocate investment opportunities or trades among its clients in a manner that is fair and equitable and based upon the client investment objectives.

Normally, under this procedure, transactions will generally be averaged as to price and allocated according to the Advisor’s standard allocation procedure. This procedure considers the circumstances of each trade and always strives for fairness and cost-effectiveness to the client. In most cases when the Advisor executes only a partial fill of a targeted buy order, allocations will prioritize complete fills for clients with the most available cash as a percentage of portfolio assets. Likewise, when the Advisor executes only a partial fill of a targeted sell order, allocations will prioritize complete fills for clients with the least available cash as a percent of portfolio assets. To the extent that the Advisor determines to aggregate client orders for the purchase or sale of securities, including securities in which the Advisor’s Representatives may invest, the Advisor shall normally do so in accordance with applicable rules promulgated under the SEC’s Investment Advisors Act and no-action guidance provided by the staff of the SEC. An allocation statement will be prepared and any special circumstances or conditions will be outlined in connection with each event. The Advisor shall not receive any additional compensation or remuneration as a result of the aggregation.

Certain issues may impact the Advisor’s allocation under the particular circumstances and in such cases, the allocation will be made based upon other relevant factors, which may 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) 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.

The Advisor receives no additional benefit as a result of the proposed aggregation.

**Trade error policy:** The Advisor requires its personnel to carefully implement investment decisions. Nevertheless, if a trade error occurs, it is the Advisor’s policy to

correct the error as soon as possible and in such a manner that the affected client is not disadvantaged and bears no loss. The Advisor utilizes a trade-error account at Fidelity and Charles Schwab & Co., as needed, to process trade error reimbursements. For accounts that are held at Fidelity, any gains as the result of a trade error will be retained by Fidelity and deposited into a separate account. Fidelity donates these funds in accordance with their then-current donation policies. Charles Schwab & Co. also retains gains from errors and donates the funds in accordance with their then current internal policy.

**Trading Away:** Clients may incur transaction costs in addition to any commissions charged by the broker-dealer when securities traded over-the-counter are effected on their behalf through the broker-dealer on an agency basis. Broker custody of client assets may limit or eliminate the Advisor's ability to obtain best price and execution of transactions in over-the counter securities.

## ITEM 13: REVIEW OF ACCOUNTS

### A. FREQUENCY AND NATURE OF PERIODIC REVIEWS / THE REVIEWERS

**Wealth Management Services** involve continuous and ongoing services to include frequent monitoring and internal review of portfolio assets on a quarterly, monthly, or perhaps a more frequent basis. The frequency of and processes for the internal portfolio reviews are dependent upon the nature and complexity of the portfolio and at the discretion of the Advisor. Reviews may also occur at the time of significant deposits or withdrawals. Reviews generally entail analyzing securities, sensitivity to various markets, investment results and other factors. The Advisor may also review a portfolio if the client's asset allocation deviates over the target acceptable limits, at which time portfolio action is considered. Wealth Management clients also receive ongoing guidance and recommendations regarding Financial Planning issues. Any investments placed with Independent Managers for services will generally be reviewed quarterly if part of the Advisor's managed portfolio.

Individual reviews (with clients) are conducted as requested by the client, at the Advisor's discretion, or according to the interval agreed upon in the Client Agreement. The timing of reviews conducted with clients are guided by the client's stated objectives or at the Advisor's discretion, however, the Advisor prefers clients initiate meetings at least annually. In addition, *clients are obligated to contact the Advisor when there exists a real or potential change in the clients' financial condition. This prompt notification gives the Advisor the opportunity to review the clients' new information and as a result the Advisor and client can help ensure the investment strategies continue to be appropriate based on client's data and stated objectives.*

The Advisor is available to provide **Consultation Services** on an hourly or project basis. These services are not ongoing in nature and terminate upon the conclusion of services unless otherwise outlined in the Client Agreement. While the advice provided may include a recommendation for reviews or meetings at a later date, the client is welcome but never obligated to engage the Advisor for additional and/or future services. In such cases, additional or follow-up services can be conducted via a new or amended agreement.

## **B. REVIEWERS**

Reviews are conducted by Adviser Representatives under the direction of Beth Zilka, Managing Member and Chief Compliance Officer.

## **C. FACTORS THAT MAY TRIGGER NON-PERIODIC ACCOUNT REVIEWS**

The timing of Internal portfolio reviews may also be guided by the underlying assets of the portfolio, individual circumstances as reasonably known by the Advisor, market conditions and the request of the client. Reviews may also be triggered by material market, economic or political events. As noted in Item B above, reviews may also be triggered by reported changes in the client's financial situation (which may include but are not limited to: Termination of employment, physical relocation, inheritance or retirement).

## **D. CONTENT AND FREQUENCY OF REGULAR REPORTS**

Clients can expect to receive confirmation statements from all transactions and a monthly/quarterly statement, directly from their custodial firm. The custodian's quarterly reports detail account value, net change, portfolio holdings, and all account activity. The Advisor may prepare additional portfolio data or post meeting communications at the Advisor's discretion.

# **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

## **A. ECONOMIC BENEFITS PROVIDED BY THIRD PARTIES FOR ADVICE RENDERED TO CLIENTS (INCLUDES SALES AWARDS OR OTHER PRIZES)**

Baron Wealth Management does not receive any economic benefit, directly or indirectly from any third party in connection with advice rendered to Baron Wealth Management clients other than the custodial benefits described at Item 12.A(1).

Adviser Representatives of Baron Wealth Management are also independently licensed insurance agents appointed with various insurance companies and in such capacity, may recommend, on a fully disclosed commission basis, the purchase of certain insurance products. The time spent on this outside business activity may vary throughout the year but may entail approximately 2% of the Adviser Representatives' time. Therefore, these services do not constitute a significant portion of Adviser Representatives' time. While it is possible that licensed personnel could be eligible to receive additional compensation from insurance companies in the form of sales awards or prizes, it is highly unlikely. Should this information change materially, this section of this Brochure will be promptly amended to reflect current data relating to these outside business activities.

## **B. COMPENSATION TO NON-ADVISORY PERSONNEL FOR REFERRALS**

Baron Wealth Management does not directly or indirectly compensate any person (who is not part of Baron Wealth Management's advisory personnel) or firm in exchange for client referrals

## **ITEM 15: CUSTODY**

Baron Wealth Management does not accept custody of client funds or securities with the exception of its ability to deduct contractually agreed upon investment advisory fees from client custodial accounts with the appropriate client authorization. Clients' accounts are held at Fidelity or Charles Schwab & Co., Members FINRA/SIPC, or the client's selected custodial firm.

The Advisor will only have access to custodial accounts where client authorization has been granted, as needed to implement trades via written authorization and, as noted above, to deduct contractually agreed upon investment advisory fees. Access to client accounts may be deemed custody by the SEC unless certain provisions are in place.

It is vital that clients receive regular and transactional account statements from their custodian(s) and clients should carefully review those statements. If clients find that statements are not being received directly or if statements contain any errors, they should promptly contact Baron Wealth Management and their custodial firm. Clients must also promptly report address changes to the Advisor and their custodial firm. In all cases, clients have a direct and beneficial interest in their securities (individual ownership), rather than an undivided interest in a pool of securities. Execution of transactions and custody of client funds and securities are services provided by the client's selected brokerage/custodial services provider(s).

## **ITEM 16: INVESTMENT DISCRETION**

Clients engaging the Advisor for Wealth Management Services have the ability to leave standing instructions with the Advisor to refrain from investing in particular industries, invest in limited amounts of securities and to re-balance portfolios (also termed as "limited discretion").

With the client's authorization as provided in the custodial account forms and the Baron Wealth Management's Client Agreement, the Advisor will maintain limited discretionary trading authority to execute securities transactions in the investor's portfolio within investor's designated investment objectives, to include the securities to be bought and sold, and the amount of securities to be bought and sold. The Advisor will not hold full power of attorney nor will the Advisor ever have authority to withdraw funds or to take custody of investor funds or securities other than the ability to deduct contractually agreed advisory fees via investor's qualified custodian with the client's authorization.

The Advisor also may render non-discretionary management services to clients relative to: (1) variable life/annuity products that they may own, and/or (2) their individual accounts held through employer-sponsored retirement plans. In so doing, the Advisor either directs or recommends the allocation of client assets among the various mutual fund subdivisions that comprise the variable life/annuity product or the retirement plan. The client assets shall be maintained at either the specific insurance company that issued the variable life/annuity product which is owned by the client, or at the custodian designated by the sponsor of the client's retirement plan. Investments and service providers relative to Plan offerings are limited to only those available through the respective Plans and are determined by the Plan Sponsor(s).

## **ITEM 17: VOTING CLIENT SECURITIES (PROXIES)**

Clients retain the authority to vote proxies. The Advisor will not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies. Since the Advisor does not vote proxies, its policy is to not provide consultations relating to proxy issues.

## **ITEM 18: FINANCIAL INFORMATION**

### **A. BALANCE SHEET**

Baron Wealth Management does not require nor solicit prepayment of more than \$1200 in fees per client, six months or more in advance of services and therefore is not required to include a balance sheet with this brochure.

### **B. FINANCIAL CONDITIONS REASONABLY LIKELY TO IMPAIR THE ADVISOR'S ABILITY TO MEET CONTRACTUAL COMMITMENTS TO CLIENTS**

Neither Baron Wealth Management nor its management has any financial conditions that are reasonably likely to impair its ability to meet contractual commitments to clients.

### **C. BANKRUPTCY PETITIONS IN PREVIOUS TEN YEARS**

Baron Wealth Management has never been party to a bankruptcy.

## **PRIVACY POLICY**

As an SEC regulated Registered Investment Advisor, Baron Wealth Management is covered under the definition of a "financial institution" in the Federal Gramm-Leach-Bliley Act (the "Act"). The Advisor is therefore subject to Act as well as the rules of privacy imposed on Investment Advisors under the SEC's Regulation S-P (the "Privacy Rule").

Privacy of nonpublic personal information is an issue that the staff of Baron Wealth Management takes seriously. To maintain compliance with the Act and the Privacy Rule, every broker, dealer, investment company and investment Advisor is required to adopt policies and procedures reasonably designed to safeguard customer and consumer records and information. Baron Wealth Management has adopted a Privacy Policy to protect clients and consumers.

In its role as Investment Advisor, Baron Wealth Management routinely collects nonpublic personal information from clients and prospective clients. This information generally will include but is not limited to:

- Information provided from applications, forms and other information provided to us either verbally or in writing, and include but are not limited to your name, address, phone number, account information, social security number, assets, employment, income and debt;
- Data about your accounts, transactions and parties to transactions; health and beneficiary information (such as may pertain to planning issues);
- Information from other outside sources;
- Any other data that is deemed to be nonpublic personal information as defined by the Act and Regulation S-P.

Baron Wealth Management values our clients' trust and confidence. We will never sell the nonpublic personal information we obtain from consumers or clients.

All information provided by clients or prospective clients to the Advisor, (including the Advisor's personnel), and information and advice furnished by the Advisor to clients, shall be treated as confidential and shall not be disclosed to unaffiliated third parties, except as directed by clients with written authorization, by application to facilitate the investment advisory services offered by the Advisor via an affiliated or unaffiliated financial services provider (such as the client's custodial firm or broker/dealer), or as required by any rule, regulation or law to which the Advisor and its staff may be subject.

Baron Wealth Management maintains clients records in a controlled environment and records (electronic and otherwise) are only available to authorized persons of the Advisor who have a need to access client information in order to deliver advisory services, provide administrative support, or to respond to client requests. The Advisor has made reasonable efforts and conducts periodic tests to ensure that its electronic network is hack-proof.

Baron Wealth Management's position on protecting non-public personal information extends beyond the life of the Advisory Agreement. Client information is retained in a protected manner for the time period required by regulators (five years from the data of last use) and thereafter is safely destroyed via in-house shredding or a contracted secure shredding service.

Consumers (not clients) who provide information during an initial consultation or for other purposes but do not go on to become clients of the Advisor also receive privacy protection. Original information will be promptly returned in person or via the mail if the Advisor's services are not engaged. Alternatively, if nonpublic personal information is contained in copies of documents, notes or some other media, this information will be securely filed for a period of up to one year (depending upon likelihood of engagement) before being shredded in-house or via our secure shredding service.

Clients are encouraged to discuss any questions regarding Baron Wealth Management's privacy policies and procedures with Beth Zilka, Managing Member and Chief Compliance Officer.