

## ITEM 1 COVER PAGE

### **Firm Brochure**

(Part 2A of Form ADV)



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**November 1, 2019**

This brochure provides you with information about the qualifications, business practices and nature of advisory services of Beacon Capital Management, LLC, all of which should be considered before becoming an advisory client of our firm. Additional information about Beacon Capital Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

You can search this site by using a unique identifying number, known as a CRD number. Our firm's CRD number is 156228.

Please contact Nikki Brinkerhoff, Chief Compliance Officer, if you have any questions about this narrative brochure.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC"), or by any state securities authority.

Beacon Capital Management, LLC is registered as an investment adviser with the SEC. Registration as an investment adviser with the SEC does not imply any level of skill or training.

## ITEM 2 MATERIAL CHANGES

Beacon Capital Management, LLC last filed an annual updating amendment on March 22, 2019. Since that date, the Firm has made the following material changes to its firm brochure:

- The Firm has retained Nikki Brinkerhoff as Chief Compliance Officer.
- The Firm has closed the office at 7003 Chadwick Drive, Suite 321, Brentwood, TN 37027.
- The Firm has terminated its affiliation with Kalios Capital, LLC.

All items addressed in this brochure have been updated to reflect Beacon Capital Management's current advisory business. Beacon Capital Management has made no other material changes to structure, personnel, or operations. If you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at 615-224-9794 or by email at [Nikki@beaconcm.com](mailto:Nikki@beaconcm.com).

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## **ITEM 4 ADVISORY SERVICES**

### **FIRM DESCRIPTION**

Beacon Capital Management, LLC, (“Beacon” or the “Firm”) is organized as a Tennessee limited liability company that was founded in 2005. The principal owners of our Firm are Jonathan S. Maxson and Cameron “Pete” Benson. Jonathan S. Maxson and Cameron “Pete” Benson are also investment adviser representatives (“IARs”) for the Firm. All personnel of the Firm are expected to have educational and business backgrounds that enable them to perform their respective responsibilities effectively.

### **TYPES OF ADVISORY SERVICES**

Beacon is a wealth management firm that provides discretionary investment management services. As a discretionary adviser, Beacon will be granted full discretion and authority to manage client accounts. Our services are tailored to meet a client’s individual investment objectives and guidelines, as well as any client investment restrictions or limitations, which will be documented in the client profile. Beacon uses questions, review of current holdings, goals and objectives to better understand each client’s investment profile, including the client’s risk tolerance, time horizon and investment needs. A review cadence will be established with the client based on these factors. No less than annually, Beacon will review client information to ensure that each client’s investment profile is up-to-date and accurate.

Client who impose investment restrictions or limitations might affect the account’s performance and limit Beacon’s ability to employ various investment strategies. This may result in investment performance that differs from that of a benchmark or other client accounts utilizing the same or similar investment strategy. Depending upon a client’s investment profile and investment needs, Beacon may recommend the use of an independent third-party money manager to manage all or a portion of the client’s assets.

Beacon is providing this disclosure to you to better enable you to understand all the investment advisory services that are available to you.

#### ***1) Portfolio Management Services***

Beacon will perform an evaluation of your current holdings known as a current state assessment. Using this assessment and reviewing the clients risk tolerance, time horizon, investment objectives and goals and will provide investment recommendations based on your specific investment profile. Our evaluations and recommendations will be documented in your account paperwork. Any guidelines that a client provides must be documented in this paperwork.

Beacon requires that a written Investment Management Agreement (“Agreement”) be signed by the client prior to the engagement of services. The Agreement outlines the services rendered by Beacon and the fees that the client will be charged. The Agreement grants Beacon written authority to deduct fees from client custodial accounts. Clients are advised to promptly notify Beacon if there are any material changes in their financial situations, including investment objectives, or in the event they wish to alter any guidelines upon investment management services.

The Agreement authorizes Beacon to perform various functions, at the client's expense, without further approval from the client. Such functions include the determination of securities to be purchased or sold. Once a client's portfolio is constructed, Beacon will provide continuous supervision and rebalancing of the client's portfolio. If there are changes in the client's circumstances, upon notification, Beacon may recommend changes or rebalancing if required. As noted, Beacon will have discretionary authority to manage advisory accounts and will not obtain approval prior to placing trades on behalf of a client's account.

## ***2) Financial Planning and Consulting Services***

Beacon offers financial planning and consulting on investment-related matters in conjunction with its portfolio management services or separately. Beacon will review a Client's current holdings, income sources, investment horizon, objectives, tax situation and liquidity need and will recommend an asset allocation mix based on such criteria. Clients are required to enter into a separate agreement setting forth the terms and conditions of the engagement, including a description of services and the fee that is due from the client **for those services**.

## ***3) Third-Party Money Management Services***

Beacon provides discretionary investment advisory services in the form of selection and termination of non-affiliated third-party money managers. This allows access to investment advisory services in which client accounts are managed by independent third-party money managers who are registered investment advisers ("Third-Party Money Managers" or "Money Managers"). Our Firm has entered into agreements with various Third-Party Money Managers to make their products and services available to our clients. These programs provide investment opportunities among mutual funds, stocks, bonds, and additional securities.

Our IARs meet with clients to analyze the suitability of these third-party advisory programs by collecting the client's financial information and reviewing the client's investment profile. If investment with a Money Manager is suitable for the client, a Beacon IAR will recommend to the client an appropriate amount for investment with one or more Money Managers based on the investment style and asset classes employed by those Money Managers. Clients will receive a separate firm brochure based on the requirements of Form ADV, Part 2A, for each selected Money Manager and will enter into a separate investment management agreement with each Money Manager recommended by Beacon. Clients are encouraged to obtain and carefully review the contracts and disclosure documents, including the firm brochure, of each Money Manager whose services are to be engaged so they understand fully the services being provided and the fees being charged. The services, reports and contract termination provisions provided by these programs vary as do the costs. We encourage our clients to compare programs and discuss any questions they may have with their IAR before investing.

The Money Managers will be granted discretionary trading authority to provide investment management services for that portion of the client's portfolio allocated to that particular Money Manager. Under this arrangement, the Money Manager may require that the client open an account with its preferred custodian in order to give the Money Manager the access necessary to trade the client's account and deduct fees. Money Managers will trade independently of one another. There can be no assurance that the trading strategies employed by any Money Manager will be successful.

Beacon retains the authority to terminate the relationship with Money Manager or to add a new Money Manager,

without specific client consent. Beacon's role will be to monitor the investment performance of the Money Manager compared to the client's investment objectives and assist the client in understanding the investments within the client's investment portfolio.

Beacon utilizes Third-Party Money Manager platforms provided by TD Ameritrade, Inc.; Fidelity Investments and National Financial Services, LLC.; and AE Wealth Management, LLC.

#### **4) *Benefit Plan Services***

Beacon provides investment advisory services to plan sponsors ("Plan Sponsors") of retirement plans ("Plans") subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). When providing investment advisory services to Plan Sponsors, Beacon shall serve as an "Investment Adviser" and a "fiduciary" within the meaning of Section 3(21) of ERISA with respect to accounts in a Plan. (Although 3(21) fiduciaries provide advice, the Plan Sponsor or Plan committee retains the final say regarding implementation of the recommended investment options.)

As a 3(21) Investment Adviser to these Plans, the following services shall be provided:

- a) **Investment Selection.** The Firm will provide recommendations regarding the investment options to be made available under the Plan along with a relevant benchmark recommendation. The Firm shall be responsible for the ongoing monitoring of the Plan's investment options and will report at least annually to the Plan Sponsor on performance and provide an analysis of the recommended investment options.
- b) **Participant Services.** The Firm shall provide advisory services to Plan participants ("Participants") as described in this section ("Participant Services"). Each Participant shall be responsible for deciding whether, or to what extent, to use the Participant Services. The Plan Sponsor shall be responsible for providing Participants with information regarding the availability of the Participant Services. Participant Services may include a recommendation regarding investment selections based upon an analysis of the Participant's individual investment objectives. Upon request, the Firm will facilitate group enrollment meetings to assist with the implementation of a Plan. The Firm's management of any assets outside a Participant's Plan account is not included as a part of the Participant Services provided and will be covered under a separate agreement.
- c) **Assistance with Oversight of Service Providers.** The Firm will provide assistance to the Plan Sponsor regarding the selection and monitoring of service providers to the Plan.
- d) **Education and Sponsor Consulting Services.** The Firm will assist the Plan Sponsor and Plan Trustees in meeting their fiduciary duties to administer the Plan in the best interests of the Plan Participants and their beneficiaries. The Firm will offer periodic education and consultation to the Plan Sponsors.

#### **5) *Transition Management Services***

Beacon provides transition management services to assist clients in restructuring or reallocating their assets to support their goals. This service may be included, at no additional charge, when a client agrees to hire Beacon to provide portfolio management services. This service will be subject to a fee when no portfolio management services are provided.

## **6) *Wrap Fee Programs***

Beacon Capital Management is not a sponsor of and does not participate in any Wrap Fee Programs.

### **ASSETS UNDER MANAGEMENT**

When calculating regulatory assets under management, an investment adviser must include the value of any securities portfolios over which it exercises continuous and regular supervisory or management services. Beacon has approximately \$297,471,503 in assets managed on a discretionary basis. The Firm does not manage non-discretionary accounts. Our Assets under Management figure is based on calculations as of December 31, 2018.

## **ITEM 5 FEES AND COMPENSATION**

### **Types of Compensation**

Based on the Investment services provided, the Firm is compensated by the following means:

- A percentage of assets under management
- Fixed Fees (other than subscription fees)
- Hourly Charges

### **ADVISORY SERVICE FEES**

#### ***1) Portfolio Management Services***

Beacon will assess a management fee (the “Management Fee”) to provide discretionary portfolio management services. The Management Fee is an annual fee based on a percentage of the client’s assets under management. The client is assessed an annual asset management fee of up to 2.0% of the value of the assets held in the Client’s account.

The Management Fee will be assessed quarterly and will be equal to one-quarter of the annual Management Fee times the daily average balance of the assets (securities, cash, and cash equivalents) under management (“Net Assets”) in the client’s account, averaged over the relevant quarter. The Management Fee is payable in arrears as of the first business day of each quarter and calculated before any accrual for or payment of the Management Fee. The Management Fee will be appropriately prorated to reflect any withdrawals and/or contributions which occur during a quarter and shall be paid to the Firm regardless of the account’s profitability. Beacon reserves the right to discount fees based on the needs and circumstances of clients. All of the above-referenced fees are negotiable. Lower fees for comparable services may be available from other sources.

Any fees due to Beacon shall be invoiced to the client when due and shall be paid, either by check/wire transfer or by means of a direct debit from the client’s account (where such debit is authorized in writing by the client) by not later than the twenty-fifth (25th) business day after the client’s receipt of a correct invoice for such fees.

The client has the right to terminate the Agreement without penalty within thirty (30) business days of entering into the Agreement. In addition, either party may terminate the Agreement at any time upon thirty (30) days’ written notice. Upon termination of the Agreement, the Management Fee will be prorated to the date of

termination and any unearned portion of prepaid fees will be refunded.

## **2) *Financial Planning Services***

As noted in Item 4, Beacon offers financial planning as part of the portfolio management services and is inclusive within the Management Fee. For stand-alone financial planning services, fees will be charged as a fixed fee, typically ranging from \$1,200 to \$10,000, or on an hourly basis, ranging from \$150 to \$500 per hour, depending on the complexity of each client's circumstances. The minimum fee is \$1,200. The fee for a financial plan is predicated upon the facts known at the start of the engagement.

## **3) *Third-Party Money Management Services***

In those instances in which a Money Manager is engaged to manage a portion of a client's portfolio, the investment advisory fees that are due and payable to the Money Manager are set forth in the investment management agreement between the client and the Money Manager. The fees for those money management services are negotiable, but generally range from 0.25% to 2.00%. The final fee is determined in conjunction with the program selected, the size of the account, and the services covered. The final fee and other charges exclusive of fees such as brokerage, clearance, custody, and administrative services will be fully disclosed in the Money Manager's investment management agreement. Beacon will receive referral fees from Money Managers depending on the type of program that you select.

The Money Manager's investment management fees are billed in accordance with the terms set forth in the Money Manager's investment management agreement. As outlined in that investment management agreement, the fees typically will be deducted directly from the client's account on a monthly basis in arrears.

The investment manager will collect Beacon's fees with the investment management fees billed by the Money Manager. These fees are payable in arrears as of the first business day of the month and calculated before any accrual for or payment of the Management Fee. The Management Fee will be appropriately prorated to reflect any withdrawals and/or contributions which occur during a quarter and shall be paid to the Firm regardless of the account's profitability. Clients are urged to read the terms and conditions regarding fees and compensation contained in the Money Manager's investment management agreement and firm brochure.

## **4) *Consulting Services***

Beacon provides consulting services on investment-related matters (including estate planning, portfolio review, etc.) on a stand-alone separate fee basis. The consulting fee is based on a minimum hourly rate of \$250 per hour. Depending upon the complexity and scope of the engagement, a higher fee may be charged. Fees are payable monthly in arrears or at the completion of the services.

## **5) *Benefit Plan Services***

For participant directed retirement plans, fees will be billed for consulting advice as either a percentage of assets under advisement or a fixed fee.

The asset-based fee is used exclusively for consulting services to 401(k) 401(A), 403(b), 457(b), and Money Purchase retirement plans. This fee will be range from .25% to 1.00% per annum and is payable quarterly. Asset-

based fees are paid in advance, or arrears – depending on the record keeper. Minimum fees may also apply. For asset-based fees paid in advance, Beacon will refund any unearned fees upon a 30-day written notice of the termination of services.

Consulting services offered for a fixed annual fee will be invoiced and the fee shall be payable quarterly in arrears. Fixed fees are based on the complexity of the services to be performed and will range from \$1,200 to \$15,000 per annum. The minimum fee is \$1,200 per year. Beacon will refund any unearned fees upon a 30-day written notice of the termination of services. Fixed fees are negotiable in certain circumstances. Beacon will consider all relationships and services being offered to the client and work with the client to establish the fee arrangements in advance of providing the services. All fee arrangements are detailed in the client's benefit plan servicing agreement.

### ***6) Transition Management Services***

These services will be subject to a fee when no asset management services are provided. The applicable fee is negotiable and will be based upon the scope and complexity of the engagement and the specific needs identified by the client. These services will require a deposit of 50% of the negotiated fee upon signing the agreement with the balance being due and payable within three (3) months following completion of the transition management services, unless otherwise agreed upon, in writing, between Beacon and the client.

## **OTHER FEES & EXPENSES**

Advisory fees payable to us do not include all the fees you will pay when Beacon purchases or sells securities for your Account(s). There may be additional costs. Clients may incur 12b-1 distribution fees and certain deferred sales charges on previously purchased mutual funds. IRAs can incur certain charges imposed by third parties in connection with investments made through the account, including but not limited to annual maintenance fees. The following list of fees or expenses are what you may pay directly to third parties only, whether a security is being purchased, sold or held in your Account(s) under our management:

- Transaction fees;
- SEC fees;
- Custodial Fees;
- Transfer taxes;
- Wire transfer and electronic fund processing fees;
- Account closing fees.

Please be sure to read the section 12 entitled "Brokerage Practices," which follows later in this brochure.

## **OTHER COMPENSATION**

Beacon Capital Management employees are licensed insurance agents and, in this capacity, are permitted to receive fees and commissions in connection with the sale of insurance products. These fees and commissions

are in excess of Beacon Capital Management's advisory fees charged to the client. Receipt of these fees and commissions may create a conflict of interest by giving the Beacon employee an incentive to recommend insurance products based on compensation received by the employee, rather than on the client's needs. Beacon seeks to address this conflict of interest by disclosing to clients the receipt of fees and compensation by employees in connection with the sale of insurance products. Clients have the option to purchase insurance products recommended by Beacon through other agents that are not affiliated with Beacon. For further information about our brokerage practices please refer to item 12- Brokerage Practices

a. **PRODUCTS AND SERVICES NOT EXCLUSIVE**

Clients or prospective clients of Beacon are under no obligation to act upon the recommendations of the Firm. Furthermore, if clients decide to accept our recommendations, they are certainly under no obligation to affect a transaction or purchase insurance products through Beacon.

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

Performance based fees are based on a share of the capital gains or capital appreciation of the assets of a client. Fees based on performance means that Beacon would participate directly in the account's results. "Side-by-Side Management" refers to a situation in which the same investment adviser manages accounts that are billed based on a percentage of assets under management and, at the same time, manages other accounts for which fees are assessed based on client account performance. Beacon does not charge performance-based fees and does not conduct side-by-side investment product management.

## **ITEM 7 TYPES OF CLIENTS**

Beacon provides investment advice to individuals and high net-worth individuals.

*Portfolio Management Services:* The minimum account size for separately managed accounts is generally \$100,000. Beacon Capital Management reserves the right, in its sole discretion, to waive the minimum initial investment threshold referenced above.

*Third-Party Money Management Services:* The minimum account size for third-party money managers will depend on the terms and conditions of each Money Manager to whom Beacon will refer clients. The minimum account size will be outlined in the investment management agreement of each Money Manager.

## **ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS**

### **A. METHODS OF ANALYSIS**

Beacon employs fundamental analysis and technical analysis when analyzing securities to achieve the investment objectives and goals of its clients.

Fundamental analysis involves analyzing a company's financial statements and health, its management and

competitive advantages, and its competitors and markets. Fundamental analysis is performed on historical and present data but with the goal of making financial forecasts. There are several possible objectives: to conduct a company stock valuation and predict its probable price evolution; to make a projection on its business performance; to evaluate its management and make internal business decisions; and to calculate its credit risk. Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the issuer.

Technical analysis is a method of evaluating securities by relying on the assumption that market data, such as charts of price, volume and open interest can help predict future (usually short-term) market trends. Technical analysis assumes that market psychology influences trading in a way that enables predicting when a stock will rise or fall. The technical indicators that the Firm may consider include, but are not limited to, price, volume, momentum, relative strength, sector/group strength and moving averages. Technical analysis does not consider the underlying financial condition of a company. This presents a risk that a poorly-managed or financially unsound company may underperform regardless of market movement.

Analysis consists of identifying an investment area or macro opportunity where a market dislocation has occurred and/or where an extraordinary risk/reward potential exists, identifying prospective best of breed emerging managers in the identified investment area, and analyzing quantitative measurements to determine a potential fit for Beacon's needs and expectations.

***Third-Party Money Management Services:*** Although Beacon will seek to select only Money Managers who will invest client assets with the highest level of integrity, Beacon will have no control over the day-to-day operations of any of its selected Money Managers. Beacon does, however, perform due diligence on all Money Managers chosen. Sources of information include, but are not limited to, past performance numbers, risk metrics, background checks, audit checks and reference interviews. Nonetheless, Beacon would not necessarily be aware of certain activities at the underlying Money Manager level, including without limitation the Money Manager's engagement in unreported risks, investment "style drift" or even fraud. As a result, there can be no assurance that Money Managers will conform their conduct in a manner that is consistent with Beacon's expectations.

Please note that the Money Managers develop their own investment analyses and strategies. Each Money Manager will provide to the client a copy of its Form ADV Part 2A brochure, which includes information regarding methods of analysis and investment strategies.

## **B. INVESTMENT STRATEGIES**

### *1. Portfolio Management Services*

Beacon strives, at all times, to meet the individual investment objectives of each of our clients. During an interview with a new client, a Beacon IAR will seek to understand the client's goals and time horizon while also evaluating the client's risk tolerance through discussion and feedback. The specific methods used to meet client investment objectives will vary but, in general, Beacon will construct well-diversified investment portfolios that are comprised of low expense ratio, institutional share class mutual funds, exchange traded funds ("ETFs"), individual stocks, and other securities that are deemed to be appropriate, given the investment profile of a particular client.

### *2. Third-Party Money Management Services*

The Money Managers available through Beacon employ various investment strategies to help clients meet their investment objectives and goals. Recommendations consist of diversifying assets over several different asset classes. This diversification process includes equities, mutual funds, bonds, annuities, and alternative investments of different companies in diverse industry sectors. The Firm does not make a practice of recommending Money Managers that recommend short sales or margin transactions but will employ these strategies upon the request of our clients. Short- term trading, short sales, margin transactions, and options writing typically entail greater levels of risk and clients should be aware that, when utilizing these strategies, there is an increased risk of loss of investment principal.

### **C. RISK OF LOSS**

Every effort is made by Beacon to ensure positive outcomes for our clients. Beacon wants you to be aware that there are many different events that can affect the value of your assets or portfolio including, but not limited to, changes in financial status of companies, market fluctuations, changes in exchange rates, trading suspensions and delays, economic reports, and natural disasters. All investment programs have certain risks that are borne by the investor. Investors may face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic, and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar will be worth more today than a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

While this information provides a synopsis of the events that may affect your investments, this listing is not exhaustive. We want you to understand that there are inherent risks associated with investing and depending on the risk occurrence, you may suffer a loss of all or part of your principal investment.

***Third-Party Money Management:*** Clients should read the firm brochure of the Money Manager to understand the investment strategies and methods of analysis employed by that Money Manager, and the associated risks. Prospective investors should carefully consider all risks, as there can be no assurance that the asset management programs by utilized by the Money Managers will achieve their respective investment objectives or avoid substantial losses.

## **ITEM 9      DISCIPLINARY INFORMATION**

The Firm is required to disclose whether there are legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Beacon and its employees have not been involved in legal or disciplinary events related to past or present investment clients that is required to be disclosed in this brochure.

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

Beacon is not a registered broker-dealer, futures commission merchant, commodity pool operator or commodity trading advisor and does not have an application pending to register in any of those capacities. None of Beacon's management or supervised persons are registered as, or has an application pending to register, as a futures commission merchant, commodity pool operator, or commodity trading advisor.

### **OTHER AFFILIATIONS**

Beacon is not an insurance company, but our supervised persons are also insurance agents who may conduct business through various insurance agencies. In our capacities as insurance agents, we will receive separate, yet customary compensation for insurance product sales. As a prospective client or client, you are not obligated to effect securities transactions through our firm or purchase insurance product offerings. Some of our supervised persons are shared with Beacon Accounting & Tax, LLC that is not affiliated with the Firm. Beacon believes this arrangement is beneficial to all parties.

Acting in dual capacities creates potential conflicts of interest or can give the perception of conflicts of interest due to the receipt of compensation for effecting transactions and commissions for the sale of insurance products. Any conflicts of interest or perceived conflicts of interest will be disclosed to the client in writing and in advance of effecting such transactions.

## **COMPENSATION, AND AFFILIATIONS**

We will explain the specific costs associated with any recommended investments upon request. Additionally, you have the option to purchase investment and insurance products through brokers or agents who are not affiliated with us.

As previously disclosed in Item 5, we receive advisory or referral fees from Money Managers, depending on the program selected. This situation creates a conflict of interest. When we refer a client to a Money Manager, our main determining factor will be the client's best interest. Each client will be provided a copy of the firm brochure or similar disclosure document of each Money Manager to whom the client is referred. The firm brochure or similar disclosure document of each Money Manager will disclose specific details of the referral arrangement and the fees that will be paid.

Please refer to Item 5 for full details regarding the fees that are charged by Money Managers that manage client assets.

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

We have adopted a Code of Ethics ("Code") to address the securities-related conduct of our IARs and employees. The Code includes our policies and procedures developed to protect your interests in relation to the following: the duty at all times to place your interests ahead of ours; that all personal securities transactions of our IARs and employees be conducted in a manner consistent with the Code and avoid any actual or potential conflict of interest, or any abuse of an IAR's or employee's position of trust and responsibility; that IARs may not take inappropriate advantage of their positions; that information concerning the identity of your security holdings and financial circumstances are confidential; and that independence in the investment decision-making process is paramount.

The Code of Ethics set forth procedures and limitations that govern the personal securities transactions of our employees in accounts held in their own names as well as accounts in which they have indirect ownership. All employees are subject to the Code of Ethics. Compliance with the Code of Ethics is a condition of employment and requires quarterly affirmation by all employees.

In general, the Code of Ethics contains various reporting, disclosure and approval requirements regarding an employee's personal securities transactions based on the nature of their business activities. All employees are required to report their personal securities transactions. Employees are prohibited from participating in initial public offerings without pre-approval by the Firm's Chief Compliance Officer, as well as trading futures, options and short selling securities. Employees must also obtain approval before transacting in privately offered securities. The Code of Ethics requires employees who have access to certain information to pre-clear personal securities transactions and imposes certain limitations on the timing of such transactions.

We will provide a copy of the Code to you or any prospective client upon request.

Beacon IARs and employees may buy or sell for themselves securities that are also recommended to clients. In addition, our IARs and employees are permitted to buy or sell the same securities for their personal and family

accounts that are bought or sold for your account(s). Our securities transactions and the personal securities transactions of IARs and employees may raise potential conflicts of interest when they trade in a security that is: owned by you or considered for purchase or sale for you.

We have adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures: require our IARs and employees to act in your best interest, prohibit favoring one client over another, and provide for the review of transactions to discover and correct any same-day trades that result in an IAR or employee receiving a better price than a client.

Our IARs and employees must follow our procedures when purchasing or selling the same securities purchased or sold for you.

## ITEM 12      **BROKERAGE PRACTICES**

### **A.      SELECTION AND RECOMMENDATION**

#### *1.      Portfolio Management Services*

Beacon recommends broker-dealers or custodians with whom it has established arrangements or agreements. Beacon intends to maintain brokerage and custodial arrangements with TD AMERITRADE Institutional, a Division of TD AMERITRADE, Inc., is a FINRA/SIPC/NFA member; and, CNB Custody, a division of Community National Bank. These arrangements are designed to maximize efficiency, enhance the ability to monitor positions, and to be cost effective for our clients. By recommending that clients use the specified custodian(s), we seek to achieve the most favorable execution of client transactions.

Beacon does not have discretion with respect to broker-dealer selection. In making brokerage recommendations, Beacon will consider a number of judgmental factors, including, without limitation: 1) clearance and settlement capabilities; 2) quality of confirmations and account statements; 3) the ability of the broker to settle the trade promptly and accurately; 4) the financial standing, reputation and integrity of the broker-dealer; 5) the broker-dealer's access to markets, research capabilities, market knowledge, and any "value added" characteristics; 6) Beacon's past experience with the broker- dealer; 7) Beacon's past experience with similar trades; and 8) any other relevant factors. Recognizing the value of these factors, clients may pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction. Beacon recognizes that "best execution," which is a combination of price, quality of execution and other factors, is not synonymous with lowest brokerage commission.

Because the amount of our compensation or the products or services we receive may vary depending on the broker-dealer we recommend for our clients to use, we may have a conflict of interest in making that recommendation. Our recommendation of a specific broker-dealer may be based in part on the products and services we receive and not solely on the nature, cost or quality of custody and brokerage services provided to you and our other clients. Nevertheless, in accordance with our Code, we place your interests ahead of ours. In addition to brokerage and custody services, these products and services may include access to account information; access to investments generally available to institutional investors; research, software and educational opportunities.

Our Chief Compliance Officer performs reviews on a quarterly rotation for the review of brokerage practices to evaluate the execution performance, efficiency, and commission rates, and other factors of the brokerage services.

#### *2.      Third-Party Money Management Services*

Beacon provides access to investment management programs in which client accounts are managed by independent third-party investment advisors. Please refer to 12-a-1 portfolio management service above for details. As part of the agreements with the money managers, Beacon has available to them research and performance reporting from the money managers. We seek to recommend and/or use money managers who are in our clients best interest. We consider a wide range of factors, including, among others:

- Capabilities of the managers, their systems and technology
- Breadth of investment strategies, risk tolerance and liquidity
- Past performance, competitiveness to the industry and age of the portfolio
- Competitiveness of the price of the services
- Reputation, financial strength and stability of the company

## **B. SOFT DOLLAR BENEFITS**

Our clients may use TD Ameritrade (TD), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and not affiliated with TD Ameritrade. TD will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we may recommend that you use TD you will decide whether to do so and open your account with TD. When you open an account with TD you enter into an account agreement directly with them.

TD provides certain services to Beacon, in addition to the execution of client orders. The availability of these services from TD benefits Beacon because we do not have to produce or purchase with them. We do not have to pay for TD's services, including some software, services to automate account onboarding and comply with electronic record retention rules. We are not required to effect a minimum volume of transactions or maintain a minimum dollar value of client assets to receive these services. However, commissions and other fees for transactions executed through the TD Ameritrade may be higher than commissions and other fees available if you use another broker-dealer to execute transactions and maintain custody of your account. We believe, however, that the overall level of services and support provided to our clients by TD Ameritrade outweighs the benefit of possible lower transactions cost which may be available under other brokerage arrangements. Beacon, nevertheless, acknowledges its duty to seek best execution of trades for client accounts. TD's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of clients' assets. The investment products available through TD include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. TD's services described in the I paragraph generally benefit you and your account.

## **C. BROKERAGE FOR CLIENT REFERRALS**

Beacon does not receive client referrals from broker-dealers or third parties in exchange for using their services.

## **D. DIRECTED BROKERAGE**

The Money Managers, at times, aggregates sale and purchase orders of securities for advisory accounts with similar orders in order to obtain the best pricing averages and minimize trading costs. This practice is reasonably likely to result in administrative convenience or an overall economic benefit to our clients. Clients can also benefit from better purchase or sale execution prices, lower commission expenses or beneficial timing of transactions or a combination of these and other factors. Our policies and procedures mandate aggregating multiple orders. Aggregated orders will be allocated to client accounts in a systematic non-preferential manner. Beacon will aggregate or "bunch" transactions for a client's account with those of other clients in an effort to obtain the best execution under the circumstances.

## **ITEM 13      REVIEW OF ACCOUNTS**

### **A.          PERIODIC REVIEWS**

Our criteria for reviewing client accounts are as follows:

#### **1.            PORTFOLIO REVIEWS**

Reviews are performed annually or more often upon your request. We initially review your information to determine whether a particular advisory program or investment strategy is suitable for you. The purpose of all these reviews is to ensure that the investment plan continues to be implemented in a manner which matches your objectives and risk tolerances. We also review and update your financial status, goals and objectives on an annual basis to document continued suitability.

Your IAR is responsible for reviewing your account. You are urged to notify us of any changes in your personal circumstances. The reviews are monitored by our Chief Compliance Officer.

#### **2.            MONITORING OTHER ADVISERS**

Beacon reviews the Third-Party Money Managers' investment strategies including current portfolio holdings on a continual basis. We review the investment programs of the Third-Party Money Managers to analyze whether your portfolio is aligned with your investment goals and objectives. We may at times monitor the performance of the Money Managers and if necessary, recommend replacing a Money Manager with a different Money Manager.

### **B.          INTERMITTENT REVIEW FACTORS**

Intermittent reviews may be triggered by substantial market fluctuation, economic or political events, or by changes in your financial status (such as retirement, termination of employment, relocation, or inheritance). Clients are advised to notify Beacon promptly if there are any material changes in their financial situation, investment objectives, or if they wish to place restrictions on the management of their account.

### **C.          CLIENT REPORTS**

You will receive an account statement at least quarterly from the broker-dealer or custodian. The statements will be mailed by, or made available electronically through, the account custodian. Please review the account statements carefully by comparing asset values, holdings, and advisory fees to that in previously received statements, and confirmations.

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

### **A.          ECONOMIC BENEFITS FOR REFERRALS PROVIDED**

Beacon has arrangements with Third-Party Money Managers. We receive compensation from them for client referrals.

## **B. COMPENSATION FOR CLIENT REFERRALS**

Beacon does not compensate any third party for client referrals.

## **ITEM 15 CUSTODY**

### **A. CUSTODIAN OF ASSETS**

#### *1. Portfolio Management Services*

Custody means holding, directly or indirectly, client funds or securities, or having any authority to obtain possession of them. Beacon does not have physical custody of any client funds or securities. Our firm has custody of your funds and securities by virtue of our ability to deduct advisory fees. While Beacon does not have physical custody of client funds or securities, fees are paid by the custodian from the custodial brokerage account that holds client funds pursuant to the client's account application.

Prior to permitting the direct debiting of fees, each client provides written authorization permitting fees be made available for debiting directly from the custodian. As part of the billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. The custodian does not calculate the amount of the fee to be deducted and does not verify the accuracy of Beacon's calculation of the advisory fee. Therefore, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact Beacon directly if they believe that there may be an error in their statement.

As noted, Beacon will not maintain physical possession of client funds and securities. Instead, client's funds and securities are held by a qualified custodian. Please refer to Item 12 for information regarding our Brokerage Practices.

#### *2. Third-Party Money Management Services*

Client assets are held by qualified custodians utilized by our recommended Third-Party Money Managers.

### **B. ACCOUNT STATEMENTS**

Although we are your investment adviser, your statements will be mailed by the account custodian. In addition, clients with accounts managed by a Money Manager may receive additional account statements from the Money Manager, if available. When you receive these statements, please review them carefully. Please compare asset values, holdings, and fees on such statements to those in the statements received directly from the account custodian.

## **ITEM 16 INVESTMENT DISCRETION**

### *1. Portfolio Management Services*

It is Beacon's customary policy to have full discretionary authority in order to supervise and direct the investments of your accounts. You grant this authority upon execution of our Agreement. This authority is for the purpose of making and implementing investment decisions without your prior consultation.

Generally, clients will grant to Beacon complete trading discretion and authority to make all investment decisions with respect to the types of securities to be bought or sold and the amount of securities to be bought or sold. Our discretionary authority does not give authority to take or have possession of any assets in your account or to direct delivery of any securities to our Firm. Furthermore, our authority by agreement does not allow us to direct the disposition of securities or funds to anyone except the account owner, except for the authority granted to us to direct the account custodian to debit client accounts for the payment of advisory fees. Notwithstanding the foregoing, all discretionary trades made by Beacon on behalf of a client will be in accordance with that client's articulated investment objectives and goals, and, as such, could be subject to various limitations.

There can be no assurance that the trading strategies employed by Beacon will be successful.

### *2. Third-Party Money Management Services*

When appropriate, as discussed in Item 4 above, Beacon will allocate a portion of the assets of its clients among a relatively concentrated group of Third-Party Money Managers. The selection and allocation of assets among the Third-Party Money Managers will be in the sole and exclusive discretion of Beacon. You grant us this authority upon execution of our Agreement.

The Money Managers will be granted discretionary trading authority to provide investment management services for that portion of clients' portfolios allocated to each particular Money Manager. Beacon, at all times, retains the authority to terminate the relationship with a Money Manager or to add new Money Managers. Beacon's role will be to monitor the overall financial situation of the client portfolios, and to monitor the investment approach and performance of the Money Manager.

The Third-Party Money Managers will trade independently of one another. There can be no assurance that the trading strategies employed by a Third-Party Money Manager will be successful. The Third-Party Money Managers make investment decisions regarding the selection of securities types and specific securities. The Third-Party Money Managers will also rebalance and reallocate your accounts when they determine that such rebalancing or reallocating is appropriate. Please note that Beacon will not make any decisions regarding the selection of any securities types or specific securities for the accounts managed by the Third-Party Money Managers.

## **ITEM 17 VOTING CLIENT SECURITIES**

Beacon and its representatives do not participate in proxy voting on behalf of clients. Our clients are responsible for proxy voting with respect to the proxies solicited by issuers of securities. You are responsible for making elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings and other types of events pertaining to the securities in your account. You will receive proxy and other solicitation information by mail from the

broker-dealer. You must follow the solicitation instructions for voting included with the information.

## **ITEM 18 FINANCIAL INFORMATION**

### **A. BALANCE SHEET REQUIREMENT**

Beacon does not require or solicit prepayment of fees for our services.

### **B. FINANCIAL CONDITION**

Beacon does not have any financial impairment that will preclude it from meeting contractual commitments to clients.

### **C. BANKRUPTCY PETITION FILINGS**

Beacon has not been the subject of a bankruptcy petition at any time.

# PRIVACY POLICY



Rev. 02/2018

## Privacy Notice

### FACTS

WHAT DOES BEACON CAPITAL MANAGEMENT, LLC  
DO WITH YOUR PERSONAL INFORMATION?

#### Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

#### What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number
- Investment Experience
- Retirement Assets
- Transaction History
- Employment Information
- Risk Tolerance
- Account Balances
- Account Transactions
- Wire Transfer Instructions

When you are no longer our customer, we continue to share your information as described in this notice.

#### How?

All financial companies need to share customer's personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons the Beacon Capital Management, LLC chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Beacon Capital Management, LLC Share?	Can you limit this sharing?
For our everyday business purposes – Such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes – to offer our products and services to you	Yes	No
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes – information about your transactions and experiences	No	We don't share
For our affiliates' everyday business purposes – information about your creditworthiness	No	We don't share
For our affiliates to market to you	No	We don't share
For nonaffiliates to market to you	No	We don't share

### Questions?

Call 1.615.224.9794 or go to [www.beaconcm.com](http://www.beaconcm.com)

<b>Who we are</b>	
Who is providing this notice?	Beacon Capital Management, LLC
<b>What we do</b>	
How does Beacon Capital Management, LLC protect my personal information?	<p>To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.</p> <p>Our service providers are held accountable for adhering to strict policies and procedures to prevent any misuse of your nonpublic personal information.</p>
How does Beacon Capital Management, LLC collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> <li>▪ Open an account</li> <li>▪ Provide account information</li> <li>▪ Give us your contact information</li> <li>▪ Make deposits or withdrawals from your account</li> <li>▪ Make a wire transfer</li> <li>▪ Seek advice about your investments</li> <li>▪ Give us your income information</li> <li>▪ Show your government-issued ID</li> <li>▪ Enter into an investment advisory contract with us</li> </ul> <p>We also collect your personal information from other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> <li>▪ Sharing for affiliates' everyday business purposes – information about your creditworthiness</li> <li>▪ Affiliates from using your information to market to you</li> <li>▪ Sharing for nonaffiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p>
<b>Definitions</b>	
Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>▪ Beacon Capital Management, LLC has no affiliates.</li> </ul>
Nonaffiliates	<p>Companies not related by common ownership or control.</p> <p>They can be financial and nonfinancial companies</p> <ul style="list-style-type: none"> <li>▪ Beacon Capital Management, LLC does not share with nonaffiliates so they can market to you.</li> </ul>
Joint marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> <li>▪ Beacon Capital Management, LLC does not jointly market.</li> </ul>
<b>Other Important Information</b>	