

**Item 1: Cover Page**

**BCS PRIVATE WEALTH MANAGEMENT**

**Form ADV, Part 2**

**Firm Brochure**

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**This brochure provides information about the qualifications and business practices of BCS Private Wealth Management. If you have any questions about the contents of this brochure, please contact us at (732) 291-7272. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about BCS Private Wealth Management also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2: Material Changes**

This Disclosure Brochure is a new Disclosure Brochure. It was prepared by the Company to reflect the new office address

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## **Item 4: Advisory Business**

### **A. The Firm and its Owners.**

BCS Private Wealth Management (the “Company” or the “Firm”) is the primary business name of Bernard Caroli Wealth Management, Inc., a New Jersey corporation that was formed in June 2009. The Company submitted its application for investment adviser registration with the United States Securities and Exchange Commission in April 2015.

The issued and outstanding shares of the Company’s common stock are owned by John Arthur Caroli, Christopher Paul Bernard, David Baker “Scott” Schiff, and Craig David Cummings. The Company’s President is John Arthur Caroli, Vice President and Chief Compliance Officer is Christopher Paul Bernard, and Secretary is Scott Schiff. All owners are also members of the Company’s Board of Directors.

### **B. The Firm’s Services.**

As discussed below in this Disclosure Brochure, the Company offers discretionary investment management services, financial planning services, and divorce mediation services.

1. Investment Management Services. The Company’s investment management services are defined as giving ongoing and continuous investment advice to a client based on the client’s investment objectives and financial situation. Through personal discussion in which goals and objectives based on a client’s particular circumstances are established, the Company, in conjunction with the client, will ascertain the client’s financial situation, risk tolerance, and investment objectives. We then use various fixed income and equity vehicles in managing client assets. The Company’s investment management services offering also includes financial planning services, the details of which are set forth in Section 4.B.2 below, provided, however, that in the event that the client does not take advantage of all elements of the Company’s investment management services offering, the Company shall not offer any discount of its fees to account for the Client not taking full advantage of all such elements.

The Company provides investment advice primarily with respect to various equity securities (such as exchange-listed, securities traded over-the-counter, and foreign issuers), exchange traded funds, warrants, corporate debt securities, certificates of deposit, options, mutual fund shares, and other securities. Although the Company’s investment advice is typically limited to those investment categories, the Company may provide advice with respect to other investment opportunities in response to a client request or where the Company determines that it would be in the interests of the client to pursue those other investment opportunities.

2. Financial Planning Services. The Company’s financial planning services are comprised of ongoing financial counseling services for client accounts which can include estate planning, investment planning, cash flow planning, income tax planning, retirement planning, and risk management, including property and casualty, and life insurance. The Company will gather relevant information about its financial planning client through interviews with the client and a review of various documents that the client will produce. The Company will typically either develop a financial plan for a client or a multi-item financial checklist that presents conclusions

and recommendations. If requested by the client, The Company will assist the client with the implementation of the financial plan while working with the client's attorney, accountant, tax advisor, and/or insurance agent, and the Company may also recommend the services of other professionals if asked by the client. The client is under no obligation to engage the services of any such recommended professional and retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Company. These financial planning services may be provided by the Company as part of its investment management services, or on a stand-alone basis for clients who do not wish to engage the Company for investment management services.

3. Divorce Mediation Services. The Company, through John Caroli, may be hired to provide divorce mediation services of a financial planning nature.

4. To the extent that a client wishes for the Company to provide any services or assistance that is outside the scope of the specific services mentioned herein, and to the extent that the Company agrees to provide such services, the Company and the client shall collectively determine the scope of, and the compensation payable to the Company for, such services.

### **C. Miscellaneous Information About the Firm's Services.**

In connection with the provision of the Company's services, (1) the Company tailors its advisory services to the client's individual needs, (2) clients may impose reasonable restrictions on the Company's services, which may include restrictions on investing in certain securities or types of securities, (3) the client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation from the Company, (4) the Company is authorized to rely on any and all information that is provided to the Company by the client or any of the client's other professionals (such as the client's attorney or accountant), and shall not be required to independently verify any such information, and (5) each client is responsible to promptly notify the Company if there is ever any change in their financial situation or investment objectives so that the Company is positioned to review, evaluate and possibly revise its previous recommendations and/or services.

### **D. The Firm's Assets Under Management.**

As of December 31, 2018, the amount of the firm's discretionary assets under management is \$126,657,356 and the amount of the firm's non-discretionary assets under management is \$756,134.

## **Item 5: Fees and Compensation**

### **A. The Firm's Fees and Compensation for Services.**

The Company's compensation differs based upon the services that it provides to a client.

### 1. Investment Management Services.

The annual fee for investment management services will be charged as a percentage of assets under management, according to the schedule below:

<b><u>Annual Fee</u></b>	<b><u>Assets Under Management</u></b>
<b>1.00 %</b>	<b>Initial \$5,000,000</b>
<b>0.75 %</b>	<b>All amounts between \$5,000,000 up to and including \$10,000,000</b>
<b>0.50 %</b>	<b>All amounts exceeding \$10,000,000</b>

Clients will be invoiced in advance at the end of each calendar quarter based upon the market value of the average daily balance of the assets in the client's account as of the last business day of the previous quarter. For clients with multiple accounts, the Company, in its sole discretion, may combine the amount of assets in more than one account in determining the fee to be charged to that client for services on the client's total amount of assets. The Company, in its sole discretion, may charge a different management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, type of services required, account composition, negotiations with client, etc.). In the event of termination of the Company's services before the end of a billing period for which the Firm received a pre-paid fee, the Firm shall pro-rate its fee through the date of termination and promptly return any unearned portion of that pre-paid fee to the client.

2. Financial Planning Services. For stand-alone financial planning services, the Company will collect (in advance) and bill against a retainer of \$2,500 in hourly fee increments of \$250. In the event of a termination of the Company's services, the Company will refund any unearned portion of the Client's fee. In the event the Client and the Company cannot agree on the amount of the "unearned portion of the Client's fee", the Company's opinion shall prevail provided that such opinion is supported by and is not in violation of applicable law.

3. Divorce Mediation Services. The Company will collect (in advance) and bill against a retainer of \$2,500 in hourly fee increments of \$250 for this service.

### **B. Compensation for the Sale of Insurance Products and Annuities**

1. Certain of the Company's personnel are also licensed insurance producers/agents with several insurance companies in various states. In such capacity, each such personnel may recommend the purchase of certain insurance or annuity products where they will receive a share of revenue derived from the sale of such insurance or annuity products. For further discussion concerning these activities, see Item 10.A of this Disclosure Brochure.

2. The activity disclosed in Item 5.B.1 above represents a potential conflict of interest and gives the Company personnel engaging in such insurance activities an incentive to recommend the purchase of insurance or annuity products for a client account based on their ability to receive compensation from such a purchase, rather than based on a client's needs. However, the Firm addresses this potential conflict by (a) requiring that any such transaction be on commercially reasonable terms that are generally consistent with industry standards, and (b) neither requiring

nor expecting that a client will purchase any such insurance or annuity products from or through Firm personnel. In addition, any such Firm personnel must maintain compliance with applicable rules and regulations that govern the sale of such insurance or annuity products.

3. Clients have the option to purchase investment or annuity products that the Company recommends through other brokers or agents that are not affiliated with the Company.

4. The Company's advisory fee is in addition to any commission that Company personnel may receive and the Company will not reduce its advisory fee to offset such commission. The Company does not charge advisory fees on the value of the insurance or annuity contract after it has been purchased by Firm personnel.

### **C. General Information on Fees.**

1. All fees are negotiable.

2. The Company's fees shall be deducted from the client's account by the client's account custodian, or, in the alternative, the client may pay the Company's fee directly.

With respect to the Company's investment management services, the client will also incur charges imposed directly by the custodian of the client's account, transaction charges imposed by the broker-dealer executing securities transactions for the client's account, and fees and expenses imposed directly by mutual funds held in or for the client's account (the Company, in its sole discretion, may choose to absorb fees related to a particular transaction for a client account). For further discussion concerning the Company's brokerage practices, please see Item 12 of this Disclosure Brochure. All fees paid to the Company for its services are separate and distinct from the fees and expenses charged directly by the client's custodian, the broker-dealer, and mutual funds. The fees and expenses imposed by mutual funds are described in each fund's prospectus, and will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. The client should review both the fees charged by the funds and the fees charged by the Company to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

In addition, as discussed in the disclosure in Item 10.A pertaining to other compensation that may be received by Company personnel who hold other registrations, the client may also incur charges in connection with the activities of such Company personnel (for example, if the client purchases an insurance policy through one of the Company's personnel in their individual capacity as a licensed insurance agent, the client will be responsible for the costs that are associated with the purchase of that insurance policy, in addition to the compensation that is payable to the Company for the Company's services).

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

The Company does not have any information to disclose in response to this Item 6.



## **Item 7: Types of Clients**

### **A. The Firm's Clients.**

The firm's client base is comprised of individuals, high net worth individuals, one or more pooled investment vehicles, and corporations or other business entities.

### **B. Requirements for Opening or Maintaining an Account.**

1. Advisory Agreement. Each client will be required to sign a servicing agreement with the Company that sets forth the terms and conditions of their relationship with the Company.

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

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

1. Methods of Analysis. In connection with servicing client accounts, the firm utilizes the following methods of analysis: (a) charting, (b) fundamental, and (c) technical. The main sources of the information that the firm's personnel use in their investment decision-making process include financial newspapers and magazines, research materials prepared by others, corporate rating services, company press releases, and annual reports, prospectuses, filings with the Securities and Exchange Commission.

2. Multiple Investment Strategies. The firm utilizes various investment strategies for servicing client accounts, and does not primarily weight one strategy over another strategy. Although used infrequently, and then only where the benefits to the client outweigh the burdens to the client, the firm may engage in frequent trading of securities, which carries an additional risk that frequent trading can affect investment performance particularly through increased brokerage and other transaction costs and taxes.

3. Risk of Loss. Investing in securities involves risk of loss that each client should be prepared to bear.

4. Security related risks. The Company does not recommend any specific type of security over any other type of security. Every type of security is subject to various risks appurtenant to that type of security, which the Company can discuss with each client upon request.

## **Item 9: Disciplinary Information**

The Company does not have any information to disclose in response to this Item 9.

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

### **A. Other Registrations.**

1. As mentioned in the discussion to Item 5.B of this Disclosure Brochure, certain of the Firm's personnel are also licensed insurance producers/agents with various insurance companies in various states. In such capacity, each such individual may recommend the purchase of certain

insurance or annuity products where they will receive a share of revenue derived from the sale of such insurance or annuity products. This activity represents a potential conflict of interest and gives Firm personnel an incentive to recommend the purchase of insurance or annuity products for a client account based on their ability to receive compensation from such a purchase, rather than based on a client's needs. However, the Firm seeks to address this potential conflict by (a) requiring that any such transaction will be on commercially reasonable terms that are generally consistent with industry standards, and (b) neither requiring nor expecting that a client will purchase any such insurance or annuity products from or through Firm personnel. In addition, Firm personnel must comply with applicable rules and regulations that govern the sale of such products. Clients have the option to purchase investment products that the Firm recommends through other brokers or agents that are not affiliated with the Firm.

#### **B. Other Financial Industry Activities.**

See the discussion in Item 10.A ("Other Registrations") of this Disclosure Brochure discussing the registrations held by certain Firm personnel. When Firm personnel act in the capacity of insurance producers/agents, they will engage in other financial industry activities that are commensurate with such other registrations.

#### **C. Other Financial Industry Affiliations.**

Please see the response in this Disclosure Brochure to Item 10.A above ("Other Registrations").

#### **D. Other Activities**

Mr. Schiff is involved with the following other entities: Monolith Capital, LLC (a private family limited liability company that holds a family real estate asset); Sprout Foods, Inc. (a company involved in the organic baby food business); Kuhn, Loeb & Co. (a private family partnership); Silas Capital (a pooled investment vehicle that is involved with private equity investments); and Rabbit Hollow Partners (a private family partnership), and various not-for-profit board positions. He is also involved with various charitable and volunteer organizations. One Company client is also an investor in Sprout Foods, Inc., a venture in which Mr. Schiff is also involved and an investment in which the client became involved at the client's sole request and at a time that predated the Company's registration. Sprout Foods, Inc. is not under the management or service of the Company.

Mr. Schiff is also a notary public and may act in such capacity if requested by clients. The Company does not charge any special compensation in connection with Mr. Schiff's activities as a notary public.

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

#### **A. Description of the Firm's Code of Ethics**

The Company has adopted a Code of Ethics pursuant to SEC Rule 204A-1, which serves to establish a standard of business conduct for all of the firm's personnel that is based upon

fundamental principles of openness, integrity, honesty and trust. The Company is a fiduciary and therefore has the responsibility to render professional, continuous, and unbiased investment advice. As a fiduciary, the Company must act at all times in its clients' best interest and must avoid or disclose conflicts of interest. It is the purpose of the Company's Code of Ethics to emphasize and implement these fundamental principles within its operations.

Information concerning the identity of security holdings and financial circumstances of clients is to be confidential. Failure to comply with the Code of Ethics may result in disciplinary action, which may include termination of employment.

The Company will provide a copy of the Code of Ethics to any client or prospective client upon request.

## **B. Investing by the Firm and its Personnel**

1. The purchase or sale of the same securities as for the client. The Company and Company personnel may purchase, sell or hold the same securities for each of its and their own accounts as are purchased or sold for client accounts. In addition, any person affiliated with the Company may directly or indirectly hold the same securities as the Company recommends to clients. These investment activities present a potential conflict of interest in the sense that the Company, or its personnel, may benefit financially from a transaction effected for a client account.

The firm believes that it has addressed this potential conflict of interest through its internal compliance policies. Initially, each such person will be required to report to the Chief Compliance Officer of the Company all securities transactions during the preceding quarter in which she or he had a direct or indirect beneficial interest, and the Chief Compliance Officer will be required to report his securities transactions to other Firm personnel. Next, employees, officers and directors of the Company are prohibited from using any information acquired in their capacities as such to affect any trade or undertake any activity that may adversely affect the Company's clients or their interests. All are similarly prohibited from furnishing such information to others or otherwise improperly using such information for their own benefit. Further, the Company emphasizes the overarching right of the client to decline to implement any advice rendered. Lastly, the Company requires that all personnel act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to termination.

2. The purchase or sale of same securities at or about the same time as in a client's account. The Company, and/or any person related to the Company, may recommend securities to clients, or buy or sell securities for client accounts, at or about the same time that the Company or the person related to the Company buys or sells the same securities for the account of the Company or the Company's related person (including, for example, through participation in the same block transaction as is entered for client accounts). This presents a potential conflict of interest because the Company or the related person may benefit financially as a result of transactions in that same security that occur in the client account. Similarly, the value of the security held in the client's account may be detrimentally impacted by transactions in that same security that occur in the Company's account or the account of the Company's related person.

The firm believes that it has addressed this potential conflict of interest through its internal compliance policies as described in Item 11.B.1.

## **Item 12: Brokerage Practices**

### **A. Factors the Firm Considers in Selecting a Broker-Dealer.**

1. Selection Criteria. In placing orders for the purchase and sale of securities and selecting brokers to effect these transactions, the Company will utilize broker-dealers that it reasonably believes will provide “best execution”. In seeking “best execution”, the determinative factor is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution. The Company will seek prompt execution of orders at the most favorable prices reasonably obtainable under the circumstances. In doing so, the Company will consider a number of factors including, without limitation, execution capability, commission rates, and responsiveness. The Company will weigh the amount of the broker’s compensation against the other criteria it considers in selecting the broker to execute client securities transactions to determine whether the broker’s compensation is reasonable in light of those other factors. Accordingly, although the Company will seek competitive commission rates, it may not necessarily obtain the lowest possible commission rates for account transactions.

2. Research and other soft dollar benefits. Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, the Company may take into consideration the investment research services that are available from a broker-dealer when determining whether to execute through that broker-dealer. The Firm participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. (“TD Ameritrade”) member FINRA/SIPC/NFA. TD Ameritrade is an SEC-registered broker-dealer independent of and unaffiliated with the Firm. TD Ameritrade and the Firm are separate and unaffiliated. TD Ameritrade offers services to independently registered investment advisors which include custody of securities, trade execution, and clearance and settlement of transactions (“Institutional Program”). The Firm receives some benefits from TD Ameritrade through its participation in the Institutional Program.

The Firm may recommend TD Ameritrade to clients for custody and brokerage services. The Company receives economic benefits (“Program Benefits”) through its participation in the Institutional Program, which may include investment research and support services and/or products other than execution from the broker in connection with client securities transactions. The Firm, through its participation in the Institutional Program, may receive discounts on compliance, marketing, technology, and practice management products or services provided to the Firm by third party vendors. These benefits received by the Firm, or its associated persons, do not depend on the amount of brokerage transactions directed to TD Ameritrade.

Commissions, rates and fees applicable to your account may be based on the scope and nature of the business that the Firm transacts with you, including the current and future expected amount of the Firm’s assets custodied with TD Ameritrade. The Program Benefits are provided to all advisers, including the Firm, that participate in the Institutional Program. These benefits include various technological tools, items, and products that assist the Firm in managing and servicing its

clients' accounts. The Firm's receipt of Program Benefits does not depend on the amount of brokerage transactions it directs to TD Ameritrade, but the Firm's receipt of Program Benefits creates potential conflicts of interest between the Firm and its clients (for example, the receipt of Program Benefits by the Firm may indirectly influence the Firm's recommendation of TD Ameritrade's custodial and brokerage services).

However, the Company anticipates that the Company's ability to obtain investment research services from the broker as a result of the Company executing client securities transactions through such broker will be utilized primarily to benefit client portfolios. Such research generally will be used to service all of the Company's clients, but brokerage commissions paid by a client may be used to pay for research that is not used in managing the client's account, and may in fact benefit a client who did not pay for the use of that research.

Except as indicated above, the Company's clients do not pay more for investment transactions effected and/or assets maintained at a particular broker-dealer or custodian as a result of this arrangement. Further, and except as indicated above, there is no corresponding commitment made by the Company to any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as result of the above arrangement.

The foregoing represents a potential conflict of interest. When the Company uses client brokerage commissions to obtain research or other products or services, the Company receives a benefit because the Company does not have to produce or pay for the research, products or services. The Company has an incentive to select or recommend a broker-dealer based on the Company's interest in receiving the research or other products of services, rather than on the client's interest in receiving most favorable execution. It is possible that clients may pay higher commission costs due to the Company's use of that research, or those products or services. The Firm's receipt of any of the foregoing items does not diminish the Firm's duty to act in the best interests of its clients, including to seek best execution of trades for client accounts.

During this fiscal year, the Company anticipates acquiring products and services with client brokerage commissions consistent with the above disclosure. Nonetheless, the Company anticipates that the products and services the Firm will receive will generally be available to other investment advisers in a similar position as the Firm. The Company does not believe that the receipt of the items mentioned in Section 12.A.2 compromises its ability to service its clients in an unbiased manner and will not prevent the Company from changing the broker-dealer/custodian if the Company believes that a different broker-dealer/custodian would provide better execution and custodial services taking into consideration all of the direct and indirect benefits to the client from use of that custodian.

Please also see the discussion within Item 14 to this Disclosure Brochure.

### 3. Directed brokerage.

The Company does not generally recommend that a client direct it to execute transaction through a specified broker-dealer. Nonetheless, the Company may, in its sole discretion, permit a client to request that the Company effect securities transaction for that client's account through a

particular broker-dealer. A client's direction of brokerage can limit or eliminate the Company's ability to negotiate commissions (which could result in higher commission costs) and otherwise obtain most favorable execution of client transactions. In addition, the Company may be unable to aggregate orders to reduce transaction costs. If the client directs brokerage, the client will negotiate terms and arrangements for the account with that broker-dealer, and the Company will not seek better execution services or prices from other broker-dealers. As a result, the client may pay higher commissions or other transaction costs or incur greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. In other words, directing brokerage may cost a client more money.

4. No Company client is required to implement the Company's investment recommendations through, or purchase and/or sell insurance products from or through, the Company or from or through any of the Company's personnel in their separate capacities as insurance agents.

## **B. Aggregation.**

Transactions for each client account generally will be effected independently, unless Registrant decides to purchase or sell the same securities for several clients at approximately the same time. Registrant 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 Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among Registrant's clients in proportion to the purchase and sale orders placed for each client account on any given day. To the extent that Registrant determines to aggregate client orders for the purchase or sale of securities, including securities in which Registrant's principals and/or associated persons may invest, Registrant shall generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Incorporated*. Registrant shall not receive any additional compensation or remuneration as a result of the aggregation. In the event that the Firm elects not to aggregate or batch client securities transactions when it has the opportunity to do so, the client may receive a higher price per transaction than if the Firm had aggregated the subject transaction.

## **Item 13: Review of Accounts**

### **A. Account Reviews.**

1. Investment Management Services. The Company will review accounts periodically. Each client account will be monitored by that client's adviser, and reviewed whenever significant economic events, changes in market conditions or important new developments concerning a security affect any individual account. If warranted, Firm personnel will take appropriate action consistent with the goals and objectives of each account.

2. Financial Planning Services. Financial planning accounts are typically not reviewed on a subsequent basis unless the client specifically engages the Firm to provide this follow-up service. Where a financial planning account is also an investment management account, the financial planning services is revisited as part of the Company's reviews.

3. Divorce Mediation Services. The Company does not provide any reviews in connection with its divorce mediation services.

## **B. Account Reports.**

1. Investment Management Services. Clients will receive written reports and confirmations of all transactions from broker-dealers on a monthly basis for securities transactions. The Company will issue periodic written reports. All such reports are issued as an accommodation only and the client should rely upon the reports issued by the broker-dealer/custodian of the assets.

2. Financial Planning Services. After delivery of the financial plan or the Company's conclusions to a client, the Company will not provide any additional reports to the client relative to financial planning services.

3. Divorce Mediation Services. The Company does not provide any reports in connection with its divorce mediation services, other than those that are required by the parties to that mediation.

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

### **A. Non-Clients providing an Economic Benefit to the Company.**

See the discussion in this Disclosure Brochure regarding benefits received by the Company from the broker in connection with execution of client securities transactions. As disclosed under Item 12 above, the Firm participates in TD Ameritrade's institutional customer program and may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between the Firm's participation in the program and the investment advice it gives to its clients, although the Firm receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Firm participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to the Firm by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by the Firm's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit the Firm but may not benefit its client accounts. These products or services may assist the Firm in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help the Firm manage and further develop its business enterprise. The benefits received by the Firm or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, the Firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by the Firm or its related persons in and of itself creates a

potential conflict of interest and may indirectly influence the Firm's choice of TD Ameritrade for custody and brokerage services.

#### **Item 15: Custody**

The client's assets are maintained with a qualified custodian. The qualified custodian is authorized by the client to deduct and direct payment of the Company's advisory fee directly from the client's custodial account. Each client will receive account statements directly from the broker on at least a quarterly basis. Each client should carefully review those statements. In the event that a client also receives an account statement from the Company, each client is urged to compare the account statement they receive from the qualified custodian with the account statement they receive from the Company, and to rely solely on the account statement received from the qualified custodian.

#### **Item 16: Investment Discretion**

It is expected that the majority of the activities of the Company will involve individual investment advice provided to individual clients. This advice will be discretionary in that the Company will have written authority to determine the securities to be bought or sold, the amount of securities to be bought or sold, the broker or dealer to be used and the commission rates to be paid. Clients may (but typically do not) place limitations on the Company's discretionary authority; such limitations will be considered by the Company on a case-by-case basis.

The Company's servicing contract, and the agreement between the client and the custodian/broker-dealer for the account, grant discretionary authority to the Company. The client's written agreement with the custodian also grants a limited power of attorney to the Company relative to transactions in the client's custodial account.

#### **Item 17: Voting Client Securities**

The Company does not vote client proxies for client accounts. Therefore, although the Company may provide investment advisory services relative to client investment assets, the Company's clients maintain exclusive responsibility for (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings and other type events pertaining to the client's investment assets. The Company and/or the client shall correspondingly instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. The Company generally does not advise clients on questions regarding a particular solicitation.

#### **Item 18: Financial Information**

The Company does not have any information to disclose in response to this Item 18.