



## **Item 1: Cover Page**

Brochure

Form ADV Part 2A

**Bannerman Wealth Management Group, LLC**

**CRD #284677**

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November 11, 2019

This Brochure provides information about the qualifications and business practices of Bannerman Wealth Management Group, "BWMG". If you have any questions about the contents of this Brochure, please contact us at (248) 912-1150. 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.

Bannerman Wealth Management Group is a registered investment adviser. Registration of an investment advisor does not imply any level of skill or training.

Additional information about BWMG is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) which can be found using the firm's identification number 284677.

## **Item 2: Material Changes**

This is an annual updating amendment and it contains material changes from the last update of this brochure filed on October 15, 2018 and as a result of our initial registration with the Securities and Exchange Commission ("SEC"). The material changes can be found in:

Item 4 - Advisory Business - we updated our assets under management as of the ADV filing date

Additional revisions have been made throughout the brochure to streamline and clarify the information provided in each section.

We will continue to ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time, we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

## Item 3: Table of Contents

### Contents

[Item 1: Cover Page](#)

[Item 2: Material Changes](#)

[Item 3: Table of Contents](#)

[Item 4: Advisory Business](#)

[Item 5: Fees and Compensation](#)

[Item 6: Performance-Based Fees and Side-By-Side Management](#)

[Item 7: Types of Clients](#)

[Item 8: Methods of Analysis, Investment Strategies and Risk of Loss](#)

[Item 9: Disciplinary Information](#)

[Item 10: Other Financial Industry Activities and Affiliations](#)

[Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading](#)

[Item 12: Brokerage Practices](#)

[Item 13: Review of Accounts](#)

[Item 14: Client Referrals and Other Compensation](#)

[Item 15: Custody](#)

[Item 16: Investment Discretion](#)

[Item 17: Voting Client Securities](#)

[Item 18: Financial Information](#)

[Item 19: Requirements for State-Registered Advisors](#)

[Form ADV Part 2B – Brochure Supplement](#)

## **Item 4: Advisory Business**

### **Description of Advisory Firm**

Bannerman Wealth Management, LLC ("BWMG") was formed in 2009 and provides financial planning and investment management services to its clients.

Joshua K. Bannerman Revocable Trust is the sole owner of BWMG. Joshua K. Bannerman is the sole Trustee of the Joshua K. Bannerman Revocable Trust.

### **Client Assets Managed by BWMG**

As of November 11, 2019, BWMG's total Assets Under Management ("AUM") are \$50,724,240 for 418 accounts. Managed assets are \$48,092,948 in discretionary assets for 374 accounts and \$2,631,292 in non-discretionary assets for 44 accounts.

### **Assets Under Advisement by BWMG**

As of November 11, 2019, BWMG assets that an advisor provided consulting and/or financial planning services, but does not have any management, execution or trading authority, including AUM were \$69,254,168.

### **Types of Advisory Services**

#### **Investment Management Services**

We are in the business of managing individually tailored investment portfolios. Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy or an investment plan with an asset allocation target and create and manage a portfolio based on that policy and allocation target. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. We may also review and discuss a client's prior investment history, as well as family composition and background.

Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Fees pertaining to this service are outlined in Item 5 of this brochure.

#### **Comprehensive Financial Planning**

This service involves working one-on-one with a planner over an extended period of time. By paying a monthly/quarterly retainer, clients get continuous access to a planner who will work with them to design their plan. The planner will monitor the plan, recommend any changes and ensure the plan is up to date.

Upon desiring a comprehensive plan, a client will be taken through establishing their goals and values around money. They will be required to provide information to help complete the following areas of analysis: net worth, cash flow, insurance, credit scores/reports, employee benefit, retirement planning, insurance, investments, college planning and estate planning. Once the client's information is reviewed, their plan will be built and analyzed, and then the findings, analysis and potential changes to their current situation will be reviewed with the client. Clients subscribing to this service will receive a written or an electronic report, providing the client with a detailed financial plan designed to achieve his or her stated financial goals and objectives. If a follow up meeting is required, we will meet at the client's convenience. The plan and the client's financial situation and goals will be monitored throughout the year and follow-up phone calls and emails will be made to the client to confirm that any agreed-upon action steps have been carried out. On an annual basis there will be a full review of this plan to ensure its accuracy and ongoing appropriateness. Any needed updates will be implemented at that time.

We provide financial planning services on topics such as retirement planning, risk management, college savings, cash flow, debt management, work benefits, and estate incapacity planning.

Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. The key defining aspect of financial planning is that through the financial planning process, all questions, information and analysis will be considered as they impact and are impacted by the entire financial and life situation of the client.

In general, the financial plan will address any or all of the following areas of concern. The client and BWMG will work together to select the specific areas to cover. These areas may include, but are not limited to, the following:

- **Business Planning:** We provide consulting services for clients who currently operate their own business, are considering starting a business, or are planning for an exit from their current business. Under this type of engagement, we work with you to assess your current situation, identify your objectives, and develop a plan aimed at achieving your goals.
- **Cash Flow and Debt Management:** We will conduct a review of your income and expenses to determine your current surplus or deficit along with advice on prioritizing how any surplus should be used or how to reduce expenses if they exceed your income. Advice may also be provided on which debts to pay off first based on factors such as the interest rate of the debt and any income tax ramifications. We may also recommend what we believe to be an appropriate cash reserve that should be considered for emergencies and other financial goals, along with a review of accounts (such as money market funds) for such reserves, plus strategies to save desired amounts.
- **College Savings:** Includes projecting the amount that will be needed to achieve college or other post-secondary education funding goals, along with advice on ways for you to save the desired amount. Recommendations as to savings strategies are included, and, if

needed, we will review your financial picture as it relates to eligibility for financial aid or the best way to contribute to grandchildren (if appropriate).

- **Employee Benefits Optimization:** We will provide review and analysis as to whether you, as an employee, are taking the maximum advantage possible of your employee benefits. If you are a business owner, we will consider and/or recommend the various benefit programs that can be structured to meet both business and personal retirement goals.
- **Estate Planning:** This usually includes an analysis of your exposure to estate taxes and your current estate plan, which may include whether you have a will, powers of attorney, trusts and other related documents. Our advice also typically includes ways for you to minimize or avoid future estate taxes by implementing appropriate estate planning strategies such as the use of applicable trusts.

We always recommend that you consult with a qualified attorney when you initiate, update, or complete estate planning activities. We may provide you with contact information for attorneys who specialize in estate planning when you wish to hire an attorney for such purposes. From time-to-time, we will participate in meetings or phone calls between you and your attorney with your approval or request.

- **Financial Goals:** We will help clients identify financial goals and develop a plan to reach them. We will identify what you plan to accomplish, what resources you will need to make it happen, how much time you will need to reach the goal, and how much you should budget for your goal.
- **Insurance:** Review of existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **Investment Analysis:** This may involve developing an asset allocation strategy to meet clients' financial goals and risk tolerance, providing information on investment vehicles and strategies, reviewing employee stock options, as well as assisting you in establishing your own investment account at a selected broker/dealer or custodian. The strategies and types of investments we may recommend are further discussed in Item 8 of this brochure.
- **Retirement Planning:** Our retirement planning services typically include projections of your likelihood of achieving your financial goals, typically focusing on financial independence as the primary objective. For situations where projections show less than the desired results, we may make recommendations, including those that may impact the original projections by adjusting certain variables (i.e., working longer, saving more, spending less, taking more risk with investments).

If you are near retirement or already retired, advice may be given on appropriate distribution strategies to minimize the likelihood of running out of money or having to

adversely alter spending during your retirement years.

- **Risk Management:** A risk management review includes an analysis of your exposure to major risks that could have a significant adverse impact on your financial picture, such as premature death, disability, property and casualty losses, or the need for long-term care planning. Advice may be provided on ways to minimize such risks and about weighing the costs of purchasing insurance versus the benefits of doing so and, likewise, the potential cost of not purchasing insurance ("self-insuring").
- **Tax Planning Strategies:** Advice may include ways to minimize current and future income taxes as a part of your overall financial planning picture. For example, we may make recommendations on which type of account(s) or specific investments should be owned based in part on their "tax efficiency," with consideration that there is always a possibility of future changes to federal, state or local tax laws and rates that may impact your situation.

We recommend that you consult with a qualified tax professional before initiating any tax planning strategy, and we may provide you with contact information for accountants or attorneys who specialize in this area if you wish to hire someone for such purposes. We will participate in meetings or phone calls between you and your tax professional with your approval.

We offer the same suite of services to all of our clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

## **Retirement Plan Services**

BWMG may offer small businesses Retirement Plan Services including:

- Preparation of requests for proposal (RFP) packages
  - Due diligence, selection and benchmarking of fees/services of all Service Providers including, but not limited to, Custodian, Third Party Administrator and Record-keeper, and investment providers.
  - Billing and collection of Benefit Plan Investment Advisory Services fees for all services rendered to Client.
  - Calculation deduction and distribution of all fees charged to Clients.
  - Investment Advisory Services including, but not limited to, due diligence, selection of investments, portfolio design, identify appropriate Benefit Plan design/structure, monitoring Benefit Plan activity and preparation of Client review materials.
  - Design of materials to be used for education and marketing.
  - Regularly distribution of publications via e-mail and website to Clients and Participants.
- Client Tailored Services and Client Imposed Restrictions

- Distribution of summary plan description to Clients &/or Participants.
- Coordination of all year-end reporting and filing in regard to Client Benefit Plans.
- Serving as a 3(38) Fiduciary and provide, when selected by Client, the following: (a) Investment Options Due Diligence, Monitoring and Selection (b) Development of Model Portfolios (c) Discretionary Management Services (d) Discretionary Investment Selection Services
- Serving as a Named Fiduciary when so appointed by a Client as indicated in their Benefit Plan's prototype or volume submitter plan document.
- Conducting initial and ongoing benchmarking and due diligence of the Custodian, Recordkeeper and Third Party Administrator and only recommend initial and continued use of service providers which are in the best interest of Clients.

BWMG will perform initial enrollment, periodic educational meetings annual plan review and due diligence meetings with the plan sponsor and participants. BWMG receives a fee negotiated between the Company and BWMG. The fees charged by BWMG may be more or less than fees charged by other vendors providing similar services. Clients are under no obligation to use the services offered by BWMG and could choose any Benefit Plan provider they desire. If BWMG is not selected we may not have the access to information needed to continue to manage your accounts.

## **WealthBuilder Program**

We offer an automated investment program (the "Program") through which clients are invested in a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange-traded funds ("Funds") and a cash allocation. The client may instruct us to exclude up to three Funds from their portfolio. The client's portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. ("CS&Co"). We use the Institutional Intelligent Portfolios® platform ("Platform"), offered by Schwab Performance Technologies ("SPT"), a software provider to independent investment advisors and an affiliate of CS&Co., to operate the Program. We are independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co., or their affiliates (together, "Schwab"). We, and not Schwab, are the client's investment advisor and primary point of contact with respect to the Program. We are solely responsible, and Schwab is not responsible, for determining the appropriateness of the Program for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis. We have contracted with SPT to provide us with the Platform, which consists of technology and related trading and account management services for the Program. The Platform enables us to make the Program available to clients online and includes a system that automates certain key parts of our investment process (the "System"). The System includes an online questionnaire that can help us determine the client's investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that, if we use the online questionnaire, we will recommend a portfolio via the System in response to the client's answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but we then make the final decision and select a portfolio based on all the information we have about the client. The System also includes an automated investment engine through which we



manage the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects). We charge clients a fee for our services as described below under Item 5 Fees and Compensation. Our fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to CS&Co. as part of the Program. Schwab does receive other revenues in connection with the Program. We do not pay SPT fees for the Platform so long as we maintain \$100 million in client assets in accounts at CS&Co. that are not enrolled in the Program. If we do not meet this condition, then we pay SPT an annual licensing fee of 0.10% (10 basis points) on the value of our clients' assets in the Program. This fee arrangement gives us an incentive to recommend or require that our clients with accounts not enrolled in the Program be maintained with CS&Co.

The majority of our clients who invest less than \$400,000 with us will be directed toward the Program. Clients with assets more than \$400,000, or at our sole discretion, those with less than \$400,000, may receive different investment management services with similar or different investment recommendations.

### **Wrap Fee Programs**

We do not participate in wrap fee programs.

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

Please note, unless a client has received the firm's disclosure brochure at least 48 hours prior to signing the investment advisory contract, the investment advisory contract may be terminated by the client within five (5) business days of signing the contract without incurring any advisory fees. How we are paid depends on the type of advisory service we are performing. Please review the fee and compensation information below.

### **Investment Management Services**

Investment Management Services are charged as a percentage of assets under management. Fees range from 0.50% to 2.00% per year (the "Advisory Fees"), depending on account sizes, number of accounts, complexity of accounts, number of custodians, number of annual withdrawals from accounts, tax treatment of accounts and other factors as determined by BWMG in its sole discretion. The Advisory Fees may be modified on an annual basis with the consent of BWMG and the Client.

The Advisory Fees are negotiable and are pro-rated and paid in advance on a quarterly basis. The Advisory Fee is a negotiated flat rate, subject to the maximums listed above. For example, if the client portfolio value is \$200,000 and the negotiated rate is 1.50%, then the quarterly advisory fees are calculated as follows:  $\$200,000 \times 1.50\% = \$3,000 / 4 = \$750$ . No increase in the Advisory Fee shall be effective without agreement from the client by signing a new agreement or amendment to their current advisory agreement.

Advisory Fees are directly debited from client accounts. In limited arrangements will BWMG accept payment via invoice. Accounts initiated or terminated during a calendar quarter will be

charged a pro-rated fee based on the amount of time remaining in the billing period. An account may be terminated with 30-day written notice by either party. Advisory Fees are paid in advance, so BWMG will rebate the amount unearned by BWMG within 30 days. For example, if Client pays a fee of \$750 for the quarter and subsequently terminates the relationship half-way through the quarter, BWMG will refund the client 1/2 of the quarterly fee, in this case \$375.

BWMG will process any necessary refund either to a) the client's investment account from where it was originally paid, if the account is still open, or b) via check made payable to the account owner, sent via USPS within 30 days of account closure.

Our minimum Advisory Fee is generally \$900 per quarter, although it may be reduced at our discretion.

## **Financial Planning Fee**

Financial Planning will generally be offered on a fixed fee basis. Fixed fees will be determined on a case by case basis with the fee based on the complexity of the situation and the needs of the client. The fixed fee will be agreed upon before the start of any work. The fixed fee can range between \$600 - \$10,000 per year. The fee is negotiable. Our fees are generally continuous and ongoing and remain in force until either Client or BWMG terminate the relationship. BWMG will not bill an amount above \$500 more than 6 months in advance.

Our minimum financial planning fee is generally \$1,500 per year, although it may be reduced at our discretion.

## **Retirement Plan Services**

RPS is offered on an investment advisory fee basis. Quarterly, or negotiated fee is either a) deducted from plan assets, or b) invoiced through our record-keeper or BWMG to the client directly. Our fees are generally 1% of the plan assets, paid quarterly, subject to a \$625 quarterly minimum.

## **WealthBuilder Program**

As described in Item 4 Advisory Business, clients do not pay fees to SPT or brokerage commissions or other fees to CS&Co. as part of the Program. Schwab does receive other revenues in connection with the Program. Brokerage arrangements are further described below in Item 12 Brokerage Practices. Our investment management fee for the WealthBuilder Program is similar to that of our Investment Management Services listed above.

## **Other Types of Fees and Expenses**

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual fund and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees

and commissions are exclusive of and in addition to our fee, and we shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that we consider in selecting or recommending broker-dealers for client's transactions and determining the reasonableness of their compensation (e.g., commissions).

We do not accept compensation for the sale of securities or other investment products including asset-based sales charges or service fees from the sale of mutual funds.

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

We do not offer performance-based fees.

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

### **Signature Program Clients**

BWMG serves individuals, high net-worth individuals, pension and profit sharing plans, trusts and estates. With some exceptions, the minimum portfolio value is \$400,000. Under certain circumstances and at our sole discretion, we may take accounts and clients with lower balances.

### **WealthBuilder Program Clients**

Clients eligible to enroll in the WealthBuilder Program include individuals, IRAs, and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and clients that are subject to the Employee Retirement Income Security Act of 1974, are not eligible for the Program. The minimum investment required to open an account in the Program is \$5,000. The minimum account balance to enroll in the tax-loss harvesting feature is \$50,000.

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

In general, in determining an overall strategy, BWMG follows the guiding principles of Modern Portfolio Theory ("MPT"), the Efficient Market Hypothesis ("EMH") and a "buy and hold" approach to asset management. BWMG believes that no one can time the market and therefore should not attempt to do so.

BWMG adheres to the following investing principles:

- **The Dominant Determinant** of long-term, real-life investment returns is the behavior of the investor himself.
- **Markets Work:** Markets throughout the world have a history of rewarding investors for the capital they supply. Companies compete for investment capital, and millions of investors compete to find the most attractive returns. Markets quickly incorporate information from this competition into security prices.
- **Structure Determines Performance:** Decades of financial research have identified dimensions of higher expected returns in the global capital markets. Portfolios can be

structured around these dimensions, which are sensible, backed by data, and cost-effective to pursue in diversified portfolios.

- **Diversification Is Essential:** Diversification is an essential tool available to investors. It enables them to capture broad market forces while reducing the uncompensated risk associated with individual securities and increasing flexibility in trading.
- **Invest, Do Not Speculate:** Traditional investment approaches strive to beat the market by taking advantage of perceived pricing "mistakes" and attempting to predict the future. Too often, these approaches prove costly and futile. Predictions go awry and managers may hold the wrong securities at the wrong time, missing the strong returns that markets can provide. Meanwhile, capital based economies thrive not because markets fail but because they succeed.
- **Focus On Your Plan:** An investment plan based on the science of investing frees you to focus on what matters. Let markets work for you by taking advantage of sensible, well-diversified, low-cost portfolios back by decades of research and practical experience. As your financial advisor we can help create an investment plan for you.

BWMG primarily uses Dimensional Fund Advisors (DFA) funds as the core of all offered model portfolios. Because no two investors are alike, BWMG offers clients a range of Model Portfolios from which BWMG recommends the model designed to offer an optimized asset allocation based on varying levels of risk.

**Modern Portfolio Theory** says that through diversification, the process of spreading your money across numerous asset classes and investments, you may be able to reduce risk (volatility). Over long time frames, research shows that the potential for higher returns comes from riskier assets, which also entail additional short-term risk (volatility). If you desire the potential for higher long-term returns, then it is likely a recommendation will be made to allocate a higher percentage of your portfolio toward riskier assets.

**Efficient Market Hypothesis** states that the financial markets do not allow investors to earn above-average returns without accepting above-average risks. Over long periods of time, investment prices will accurately reflect the earnings growth of their underlying assets.

Following MPT and EMH does not protect an account, investment, or clients from investment losses, including the loss of the entire amount invested. Future security returns are unknown. Accounts may go down in value, and emotional decisions that are not in line with a client's long-term investment strategy may result in the client losing significant amounts of money. Similarly, even decisions that are in line with a client's long-term investment strategy may lead to the same result. Investing in securities involves risk of loss that clients should be prepared to bear.

## **Passive Investment Management**

We primarily practice passive investment management. Passive investing involves building portfolios that are comprised of various distinct asset classes. The asset classes are weighted in a manner to achieve a desired relationship between correlation, risk and return. Funds that passively capture the returns of the desired asset classes are placed in the portfolio. The funds that are used to build passive portfolios are typically index mutual funds or exchange traded funds.

Passive investment management is characterized by low portfolio expenses (i.e. the funds inside the portfolio have low internal costs), minimal trading costs (due to infrequent trading activity), and relative tax efficiency (because the funds inside the portfolio are tax efficient and turnover inside the portfolio is minimal).

In contrast, active management involves a single manager or managers who employ some method, strategy or technique to construct a portfolio that is intended to generate returns that are greater than the broader market or a designated benchmark. Academic research indicates most active managers underperform the market.

## **Material Risks Involved**

**All investing strategies we offer involve risk and may result in a loss of your original investment which you should be prepared to bear.**

Many of these risks apply equally to stocks, bonds, commodities and any other investment or security. Material risks associated with our investment strategies are listed below.

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

**Strategy Risk:** The advisor's investment strategies and/or investment techniques may not work as intended.

**Small and Medium Cap Company Risk:** Securities of companies with small and medium market capitalizations are often more volatile and less liquid than investments in larger companies. Small and medium cap companies may face a greater risk of business failure, which could increase the volatility of the client's portfolio.

**Turnover Risk:** At times, the strategy may have a portfolio turnover rate that is higher than other strategies. A high portfolio turnover would result in correspondingly greater brokerage commission expenses and may result in the distribution of additional capital gains for tax purposes. These factors may negatively affect the account's performance.

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

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

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

## **Risks Associated with Securities**

Apart from the general risks outlined above which apply to all types of investments, specific securities may have other risks.

**Commercial Paper** is, in most cases, an unsecured promissory note that is issued with a maturity of 270 days or less. Being unsecured the risk to the investor is that the issuer may default.

**Common stocks** may go up and down in price quite dramatically, and in the event of an issuer's bankruptcy or restructuring could lose all value. A slower-growth or recessionary economic environment could have an adverse effect on the price of all stocks.

**Corporate Bonds** are debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk.

**Bank Obligations** including bonds and certificates of deposit may be vulnerable to setbacks or panics in the banking industry. Banks and other financial institutions are greatly affected by interest rates and may be adversely affected by downturns in the U.S. and foreign economies or changes in banking regulations.

**Municipal Bonds** are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities. Municipal bonds pay a lower rate of return than most other types of bonds. However, because of a municipal bond's tax-favored status, investors should compare the relative after-tax return to the after-tax return of other bonds, depending on the investor's tax bracket. Investing in municipal bonds carries the same general risks as investing in bonds in general. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, and liquidity and valuation risk.

**Options and other derivatives** carry many unique risks, including time-sensitivity, and can result in the complete loss of principal. While covered call writing does provide a partial hedge to the stock against which the call is written, the hedge is limited to the amount of cash flow received when writing the option. When selling covered calls, there is a risk the underlying position may be called away at a price lower than the current market price.

**Exchange Traded Funds** prices may vary significantly from the Net Asset Value due to market conditions. Certain Exchange Traded Funds may not track underlying benchmarks as expected.

**Investment Companies Risk.** When a client invests in open end mutual funds or ETFs, the client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are delisted from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices)

halts stock trading generally. BWMG has no control over the risks taken by the underlying funds in which client's invest.

## **Item 9: Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of BWMG or the integrity of our management. We have no information applicable to this Item.

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

BWMG is an independent investment advisory firm and only provides investment advisory services and financial planning services. The firm is not engaged in any other business activities and offers no other services other than those described in the Disclosure Brochure.

BWMG is not and does not have a related company that is (1) broker/dealer, municipal securities dealer, government securities dealer or broker, (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund) (3) future commission merchant, commodity pool operator, or commodity trading advisor, (4) banking or thrift institution, (5) real estate broker or dealer, or (6) sponsor or syndicator of limited partnerships.

Although BWMG does not provide any services and is not involved in any other business activities, it does have related companies engaged in other activities and some of the firm's management personnel work for the related companies.

### **Insurance Activities through Bannerman Insurance Group, LLC**

BWMG has a related insurance agency.

Bannerman Insurance Group, LLC provides individual life, disability and long-term care coverage through various insurance companies.

Clients of BWMG may be referred to a related insurance agency. BWMG does not receive a referral fee; however, some of BWMG's personnel that are insurance agents may receive commissions for the sale of insurance products. The receipt of insurance commission is in addition to any advisory fees charged by BWMG.

Clients are never obligated or required to purchase insurance products from one of our affiliated insurance companies and may choose any independent insurance agent and insurance company to purchase insurance products. Regardless of the insurance agent selected, the insurance agent or agency will receive normal commissions from the sale.

## **Tax Preparation - Verios Advisory Group, LLC**

BWMG is under common ownership with Verios Advisory Group, LLC. Joshua Bannerman is the sole owner of Verios Advisory Group, LLC a firm which specializes in tax preparation.

Clients of BWMG may be referred to Verios Advisory Group, LLC for tax preparation. Due to the fact that they are related entities, both firms have an economic incentive to refer clients to each other in lieu of referring clients to other tax preparation firms or financial professionals. Neither BWMG nor Verios Advisory Group, LLC pays or receives any referral fees for such referrals and clients are always free to select their own tax preparation firm. There are other tax preparation firms that provide similar services and may provides those at less expensive rates. Whenever we recommend Verios Advisory Group, LLC you are encouraged to consider other tax preparation firms as well.

The services of BWMG and Verios Advisory Group, LLC are separate and distinct from one another, each with a separate compensation arrangement typical for the services rendered.

Joshua Bannerman currently is the owner and CEO of Bannerman Insurance Group, LLC, an insurance agency licensed in the state of Michigan. Mr. Bannerman spends less than 5 hours a month on this business. He is also the owner and CEO of Verios Advisory Group, LLC a tax-preparation firm. During the tax season, he prepares around 20 tax returns for select clients. From time-to-time, BWMG may refer clients to either Bannerman Insurance Group, LLC or Verios Advisory Group, LLC for their fixed insurance and/or tax preparation needs. This is inherently a conflict of interest; however, BWMG does not receive any referral fees for this activity and Client is under no obligation to do business with either or any firm. As the owner of both Bannerman Insurance Group, LLC and Verios Advisory Group, LLC Joshua Bannerman may receive compensation from the purchase or sale of those firm's products to Clients. This compensation is separate and distinct from any advisory fees earned by BWMG for investment advisory services and/or financial planning services.

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

As a fiduciary, our firm and its associates have a duty of utmost good faith to act solely in the best interests of each client. Our clients entrust us with their funds and personal information, which in turn places a high standard on our conduct and integrity. Our fiduciary duty is a core aspect of our Code of Ethics and represents the expected basis of all of our dealings. The firm also adheres to the Code of Ethics and Professional Responsibility adopted by the CFP® Board of Standards Inc., and accepts the obligation not only to comply with the mandates and requirements of all applicable laws and regulations but also to take responsibility to act in an ethical and professionally responsible manner in all professional services and activities.

This code does not attempt to identify all possible conflicts of interest, and literal compliance with each of its specific provisions will not shield associated persons from liability for personal trading



or other conduct that violates a fiduciary duty to advisory clients. A summary of the Code of Ethics' Principles is outlined below.

- Integrity - Associated persons shall offer and provide professional services with integrity.
- Objectivity - Associated persons shall be objective in providing professional services to clients.
- Competence - Associated persons shall provide services to clients competently and maintain the necessary knowledge and skill to continue to do so in those areas in which they are engaged.
- Fairness - Associated persons shall perform professional services in a manner that is fair and reasonable to clients, principals, partners, and employers, and shall disclose conflict(s) of interest in providing such services.
- Confidentiality - Associated persons shall not disclose confidential client information without the specific consent of the client unless in response to proper legal process, or as required by law.
- Professionalism - Associated person's' conduct in all matter shall reflect credit of the profession.
- Diligence - Associated persons shall act diligently in providing professional services.

We will, upon request, promptly provide a complete code of ethics.

Our firm and its "related persons" (associates, their immediate family members, etc.) may buy or sell securities the same as, similar to, or different from, those we recommend to clients for their accounts. A recommendation made to one client may be different in nature or in timing from a recommendation made to a different client. Clients often have different objectives and risk tolerances. At no time, however, will our firm or any related party receive preferential treatment over our clients.

In an effort to reduce or eliminate certain conflicts of interest involving the firm or personal trading, our policy may require that we restrict or prohibit associates' transactions in specific securities transactions. Any exceptions or trading pre-clearance must be approved by our Chief Compliance Officer in advance of the transaction in an account, and we maintain the required personal securities transaction records per regulation.

Additionally BWMG requires adherence to its Insider Trading Policy, and the CFA Institute's Asset Manager Code of Professional Conduct and Code of Ethics and Standards of Professional Conduct.

## **Item 12: Brokerage Practices**

### **Factors Used to Select Custodians and/or Broker-Dealers**

BWMG does not have any affiliation with Broker-Dealers. Specific custodian recommendations are made to client based on their need for such services. We recommend custodians based on the reputation and services provided by the firm.

### **Research and Other Soft-Dollar Benefits**

We currently do not receive soft dollar benefits.

## **Brokerage for Client Referrals**

We receive no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

## **Clients Directing Which Broker/Dealer/Custodian to Use**

BWMG requires that clients establish brokerage accounts with either TD Ameritrade ("TD") or Charles Schwab ("CS") a registered broker-dealer, member SIPC, as the qualified custodian to maintain custody of clients' assets. We are independently owned and operated and are not affiliated with TD nor CS. TD and/or CS will hold your assets in a brokerage accounts and buy and sell securities when we or you instruct them to. While we require that you use TD or CS as custodian, you will decide whether to do so and will open your account with TD or CS by entering into an account agreement directly with them.

TD and CS provide BWMG with access to their institutional trading, custody, reporting and related services, which are typically not available to TD or CS's retail clients. TD and CS also make available various support services. Some of those services help BWMG manage or administer our clients' accounts while other help BWMG grow and manage its business. These services are generally available to independent investment advisors on an unsolicited basis, at no charge to them. These services are not soft-dollar arrangements, but are part of the institutional platforms offered by TD and CS. TD and CS services include the execution of securities transactions, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Client accounts enrolled in the WealthBuilder Program are maintained at, and receive the brokerage services of, CS&Co., a broker dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. While clients are required to use CS&Co. as custodian/broker to enroll in the Program, the client decides whether to do so and opens its account with CS&Co. by entering into a brokerage account agreement directly with CS&Co. We do not open the account for the client. If the client does not wish to place his or her assets with CS&Co., then we cannot manage the client's account through the Program. CS&Co. may aggregate purchase and sale orders for Funds across accounts enrolled in the Program, including both accounts for our clients and accounts for clients of other independent investment advisory firms using the Platform.

Schwab Advisor Services™ (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. Through Schwab Advisor Services, CS&Co. provides us and our clients, both those enrolled in the Program and our clients not enrolled in the Program, with access to its institutional brokerage services— trading, custody, reporting, and related services—many of which are not typically available to CS&Co. retail customers. CS&Co. also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. CS&Co.'s support services described below are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. The availability to us of CS&Co.'s products and services

is not based on us giving particular investment advice, such as buying particular securities for our clients. Here is a more detailed description of CS&Co.'s support services:

CS&Co.'s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. CS&Co.'s services described in this paragraph generally benefit the client and the client's account.

CS&Co. also makes available to us other products and services that benefit us but may not directly benefit the client or its account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at CS&Co. In addition to investment research, CS&Co. also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts; provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping, and client reporting.

CS&Co. also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers.

CS&Co. may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. CS&Co. may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. CS&Co. may also provide us with other benefits such as occasional business entertainment of our personnel.

The availability of services from CS&Co. benefits us because we do not have to produce or purchase them. We don't have to pay for these services, and they are not contingent upon us committing any specific amount of business to CS&Co. in trading commissions or assets in custody. With respect to the Program, as described above under Item 4 Advisory Business, we do not pay SPT fees for the Platform so long as we maintain \$100 Million in client assets in accounts at CS&Co. that are not enrolled in the Program. In light of our arrangements with Schwab, we may have an incentive to recommend that our clients maintain their accounts with CS&Co. based on our interest in receiving Schwab's services that benefit our business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of

transactions. This is a potential conflict of interest. We believe, however, that our selection of CS&Co. as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality, and price of CS&Co.'s services and not Schwab's services that benefit only us.

### **Aggregating (Block) Trading for Multiple Client Accounts**

Generally, we combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportional to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion, regarding particular circumstances and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

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

Client accounts with the Investment Management Service will be reviewed regularly on a no less than annual basis by Joshua Bannerman or more frequently at the request of the client. During the regular review the account's performance is compared against like-managed accounts to identify any unacceptable performance deviation. Additionally, reasonable client imposed restrictions will be reviewed to confirm that they are being enforced. Events that may trigger a special review would be unusual performance, addition or deletions of client imposed restrictions, excessive draw-down, volatility in performance, or buy and sell decisions from the firm or per client's needs.

Clients will receive trade confirmations from TD or CS for each transaction in their accounts as well as monthly or quarterly statements and annual tax reporting statements from their custodian showing all activity in the accounts, such as receipt of dividends and interest.

In addition, clients are automatically enrolled in a client portal maintained by Orion Advisor Services ("Orion"). This service is an additional benefit for our clients, but is not a replacement for their actual statement from TD or CS or their other custodians. This is simply a value-add service and a convenience feature we offer our clients.

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

We receive an economic benefit from TD and CS in the form of the support products and services it makes available to us. These products and services, how they benefit us, and the related conflicts of interest are described above under Item 12 Brokerage Practices. The availability to us of TD's and CS's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

## **Item 15: Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented. It should be noted that authorization to trade in client accounts is not deemed by the regulators to be custody.

BWMG does not maintain custody of client funds or securities.

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. We urge you to carefully review such statements and compare such official custodial records to the account statements or reports that we may provide to you. Our statements or reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. When clients have questions about their account statements, they should contact us or the qualified custodian preparing the statement.

## **Item 16: Investment Discretion**

For those client accounts where we provide Investment Management Services, we maintain discretion over client accounts with respect to securities to be bought and sold and the amount of securities to be bought and sold. Investment discretion is explained to clients in detail when an advisory relationship has commenced. At the start of the advisory relationship, the client will execute a Limited Power of Attorney which will grant our firm discretion over the account. Additionally, the discretionary relationship will be outlined in the advisory contract and signed by the client. Clients may place reasonable limitations on investment selection, including but not limited to: including/excluding asset classes and/or including/excluding specific investment securities.

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

We do not vote Client proxies. Therefore, Clients maintain exclusive responsibility for: (1) voting proxies, and (2) acting on corporate actions pertaining to the Client's investment assets. The Client shall instruct the Client's qualified custodian to forward to the Client copies of all proxies and shareholder communications relating to the Client's investment assets. If the client would like our opinion on a particular proxy vote, they may contact us at the number listed on the cover of this brochure.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward you any electronic solicitation to vote proxies.

## **Item 18: Financial Information**

Registered investment advisors are required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding.

We do not have custody of client funds or securities or require or solicit prepayment of more than \$500 in fees per client six months in advance.