

## Brochure



### Berman McAleer

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This Brochure (Part 2A of Form ADV) provides you with information about the business practices, qualifications, and advisory services of Berman McAleer, LLC dba Berman McAleer.

Our firm is an investment adviser firm registered with the Securities and Exchange Commission. Registration does not imply a certain level of skill or training, only that we have filed registration documents in the appropriate jurisdictions and with the respective governmental entities. 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 Berman McAleer can be found on the Investment Adviser Public Disclosure website at [adviserinfo.sec.gov](http://adviserinfo.sec.gov) using our CRD identification number 332906. If you have any questions about the content of this brochure, please contact us at the telephone number or email address shown above.

## Item 2. Material Changes

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***This version of our Brochure dated December 17, 2024, is our initial brochure filing. We will amend this Brochure at least annually.***

For future filings, this section of the Disclosure Brochure will address only those “material changes” that have been incorporated since our initial Brochure or last annual update.

You can find our current Brochure at any time on the SEC’s public disclosure website, the Investment Adviser Public Disclosure (“IAPD”) database, located at [adviserinfo.sec.gov](https://adviserinfo.sec.gov). We may, at any time, update this Disclosure Brochure and send a copy to you with a summary of material changes, or send you only a summary of material changes that includes an offer to send you a copy of the full brochure either by email or in hard copy form.

If you would like another copy of this Disclosure Brochure, please download it from the SEC website as indicated above or contact our Chief Compliance Officer, William F. Bruns III at 410-560-9960 or via email at [clientrelations@bmcplanning.com](mailto:clientrelations@bmcplanning.com).

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#### **Item 4. Advisory Services**

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Berman McAleer, LLC (“BMc” “We” “Our” or “Firm”) is a Maryland limited liability company which was founded in 2002. BMc registered as a Registered Investment Adviser in 2025. BMc maintains its principal place of business in Maryland.

David L. Berman is the Chief Executive Officer of Berman McAleer, LLC; William F. Bruns, III is the Chief Compliance Officer. J. Joseph McAleer is BMc’s Chief Personnel Officer.

Berman McAleer offers investment advisory services in addition to financial planning and consulting services. BMc clients consist of, without limitation: Individuals, business entities, trusts, and estates.

##### **A. Types of Advisory Services:**

Berman McAleer provides advice that is tailored to the individual needs of the client based on the financial information and the investment objective(s) communicated by the client. We use a team approach to enhance client service, consisting of one or more financial advisors supported by our financial planning department, investment management department, operations professionals, and client service professionals.

We believe that successful investing requires a consistent process, based on the investor’s particular financial plan, crafted to account for the investor’s specific circumstances, such as needs, goals, time horizon, and risk tolerance.

BMc offers the following types of advisory services:

##### **1. Portfolio Management Services**

Utilizing information gleaned from the financial planning process, our advisors develop an investment strategy with the client. Among the elements that help us develop the investment strategy are the client’s goals, time horizon, risk tolerance, need for income, and exposure to outside risk factors.

BMc will then develop a portfolio customized to the specific needs of the client based on discussions with the client and review of the client questionnaire. Clients are given the ability to impose reasonable restrictions on their accounts, including specific investment selections and sectors. However, BMc will not enter into an investment advisor relationship with a client whose investment objectives may be considered incompatible with BMc’s investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

The portfolio may be comprised of stocks, bonds, preferred securities, publicly traded partnerships, ETFs, mutual funds, interval funds, separately managed accounts, listed options on ETFs and stocks, cash or cash equivalents and select alternative or private investments.

Berman McAleer receives discretionary authority from the client at the outset of an advisory relationship to select the identity and quantity of securities to be bought or sold. This discretionary authority is set forth in the advisory agreement and is also incorporated in the account documents submitted by the client to the broker-dealer custodian. In all cases in which discretion is used, it will be exercised in a manner consistent with the stated investment objectives for the particular client account.

### *Ongoing Portfolio Monitoring*

BMc will also monitor the client's accounts to ensure that they are meeting the client's investment objectives and other requirements over time. When changes to the client's investments are needed, BMc will either make the changes or recommend the changes to the client. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash or some liquid alternative. The client may at any time place reasonable restrictions on the types of investments BMc may use on the client's behalf, or on the allocations to each security asset class or industry. The client will receive written or electronic confirmations from the client's account Custodian after any changes are made to the client's account. The client will also receive statements at least quarterly from the client's account Custodian. Clients may access portfolio performance and summaries anytime using BMc's client portal powered by Addepar. Our Investment Advisory Agreement outlines the responsibilities of both the client and BMc.

We recommend that our clients stay invested in their selected portfolio unless their personal circumstances change. We do not recommend changes of allocation based on economic cycles, market fluctuations, and/or political developments. We do not believe anyone can consistently time the market in the short term, so we prefer to focus on a long-term investment strategy. To accommodate shorter-term needs and goals, we may purchase fixed-income securities and/or cash management securities available through the Custodian.

### *Portfolio Rebalancing*

Portfolio changes over time are driven by changes to the client's goals or circumstances. Our focus remains on whether the client is on track to meet their financial goals. We review client accounts on an ongoing basis and rebalance the portfolio to its target allocation when necessary based on our internal guidelines such as drift parameters and tax sensitivity. We rebalance as often as necessary, not based on the calendar. A disciplined rebalancing approach helps to keep the client's investment allocation aligned with the client's investment strategy.

Rebalancing also serves as an opportunity to take profits from investments that have outperformed others and add to investments that have underperformed. This can help counter the tendency of many investors to sell low out of panic and buy high out of fear of missing out, and maintains the target risk/return profile as originally outlined.

We offer each client a comprehensive wealth management review at least annually. During this review, we update the client's information. If needs or goals have changed, we may suggest a modification of the investment plan.

### *Coaching Client Behavior*

We believe that successful investing requires adherence to a disciplined process. In our experience, successful investors tend to be patient, resist temptation, and do not try to time the market in response to short-term events. Berman McAleer believes that one of our most valuable roles is as our clients' behavioral coach.

We remind our clients that short-term volatility is to be expected and sometimes can provide beneficial investment opportunities. We believe that getting in or out of the markets in reaction to, or anticipation of, market and economic events is likely to detract from long-term investment success.

## **2. Selection of Other Investment Advisers**

In managing the client's portfolio, BMC may utilize the services of various third-party investment advisory firms, money managers, platform providers, third-party managers, portfolio specialists, investment model providers, or sub-advisers (collectively, "Sub-Advisers") for the management of client accounts. Before selecting a Sub-Adviser, BMC will ensure that it is properly licensed or registered if so required by law and will conduct additional due diligence on the Sub-Adviser's management style, performance and other relevant factors. With BMC's discretionary authority, the firm has the ability to hire and/or fire any such Sub-Adviser, or to allocate or reallocate investments among or between various Sub-Advisers. If a Sub-Adviser is used in the management of a client's account, we will review Sub-Adviser performance on an ongoing basis.

When BMC recommends the use of a Sub-Adviser, Clients may be requested to execute a separate client services agreement with the Sub-Adviser that authorizes participation on the platform.

## **3. Financial Planning and Consulting Services**

Berman McAleer's advisors utilize a broad range of personalized, dynamic financial planning and consulting services. We believe that financial planning is the cornerstone of wealth management, and should drive investment and portfolio decision making. Recommendations made in any financial plan are based on the client's financial goals and objectives. This planning or consulting may encompass advice regarding:

**RETIREMENT PLANNING:** We may analyze current strategies and investment plans to help the client achieve his or her retirement goals. This primarily consists of a forward-looking projection to illustrate future cash flows and ascertain the likelihood of success. These projections are monitored and updated regularly to ensure that the client remains on target.

**PERSONAL PLANNING:** We may review family records, budgeting, personal liability, estate information and financial goals.

**TAX PLANNING & CASH FLOW:** We may analyze the client's income tax and spending profile from past, current and future years to illustrate the impact various strategies and investments may have on their planning. Tax planning is done in coordination with the client's outside tax professional(s).

**INVESTMENT PLANNING:** We may analyze investment alternatives and their effect on the client's portfolio.

**INSURANCE PLANNING:** We may review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile. We will recommend changes as needed, and assist in the follow-up and implementation whenever possible.

**DEATH & DISABILITY:** We may review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.

**ESTATE PLANNING:** Working closely with the client's outside estate planning attorney, we may assist the client in assessing and developing long-term strategies such as living trusts, wills, irrevocable trusts, gifting strategies, powers of attorney, asset protection plans, and long-term care planning.

**MORTGAGE / DEBT PLANNING:** We may review current debt types and amounts and recommend changes based on client circumstances and market conditions.

**CHARITABLE PLANNING:** In conjunction with the client's tax advisors, we may review and recommend various strategies to efficiently accomplish their charitable desires and intentions.

**EDUCATION PLANNING:** We may conduct a review and assessment of future education funding needs and recommend tax-efficient strategies to fund them.

Implementation of any recommendations contained in the financial plan will be at the discretion of the client. Clients are free to implement recommendations through another financial advisor or firm and are under no obligation to implement the recommendations through us.

#### **4. Retirement Plan Rollovers**

BMc may recommend that a client roll over assets that are held in an existing tax-qualified retirement account to be managed by BMc in an Individual Retirement Account ("IRA") or other similar account. A client or prospective client leaving an employer typically has four options regarding an existing retirement plan, and may engage in a combination of these options: (i) leave the money in the former employer's plan, if permitted; (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted; (iii) roll over to an Individual Retirement Account ("IRA"); or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences and/or penalties).

When BMc provides investment advice to clients regarding their retirement plan account or Individual Retirement Account, it does so as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. If BMc recommends that a client roll over their retirement assets into an account to be managed by BMc, such a recommendation creates a conflict of interest if BMc will earn an advisory fee on the rolled-over assets. We address this conflict of interest by ensuring that any such recommendations are in the client's best interest. No client is under any obligation to roll over retirement assets to an account to be managed by BMc.

#### **5. Retirement Plan Consulting**

BMc offers retirement plan consulting services to employer-sponsored retirement plans subject to the Employee Retirement Income Security Act of 1974 ("ERISA") and non-ERISA retirement plans. Retirement plan consulting services include, but are not limited to, the following services:

##### Fiduciary Consulting Services

- Investment Policy Statement Preparation. BMc may assist clients in the development or review of an investment policy statement ("IPS"). The IPS establishes the investment policies and objectives for the plan. Clients have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the investment policy statement.
- Discretionary Investment Advice. In a discretionary arrangement, the Firm selects, monitors, and (if necessary) replaces investment options to be offered within the Plan, consistent with the IPS and the investment option selection provisions of ERISA section 404(c) and the regulations thereunder. Clients have the ultimate responsibility to comply with the requirements of Section 404(c), to monitor Section 404(c) compliance, and to follow the terms of the Plan document.
- Investment Monitoring and Reports. BMc assists clients in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformance to the guidelines set forth in the IPS and make

recommendations to maintain or remove and replace investment options. The Firm will meet with clients on a periodic basis to discuss the reports and the investment recommendations.

The specific services to be provided will be listed in the Firm's agreement with each retirement plan. The Firm acknowledges that in performing the retirement plan consulting services listed above it is acting as a "fiduciary" as such term is defined under ERISA Section 3(38) for purposes of providing the discretionary investment management services only. BMC acts in a manner consistent with the requirements of a fiduciary under ERISA if, based upon the facts and circumstances, such services cause the Firm to be a fiduciary as a matter of law.

## **6. Publication of Periodicals or Newsletters**

We publish an annual report each year providing interested parties with an update on our firm, calling out both successes and failures for the year. We outline goals for the following year and highlight each department.

We also publish a newsletter several times a year with timely updates. The newsletter is focused on the firm and planning topics and does not provide specific investment advice or recommendations.

We will conduct several webinars on various topics throughout the year focused on planning strategies, the economy, markets or tax updates. No specific investment recommendations are provided.

We publish additional, more targeted newsletters through our Wealthcare for Women<sup>®</sup> initiative. No specific investment recommendations are provided.

## **7. Educational Seminars and Workshops**

We provide educational seminars and workshops, sometimes with outside speakers, to our clients. Topics may include economic updates, market updates, timely planning strategies or other subjects related to wealth management. We do not make specific investment recommendations or address specific investments in these events.

## **B. Regulatory Assets Under Management**

This is the first filing of this form ADV, so BMC's initial client assets under management are \$0. We will update this figure as soon as possible after the launch.

## **Item 5. Fees and Compensation**

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In addition to the information provided in Item 4 Advisory Services, this section provides additional details regarding the Firm's services along with descriptions of each service's fees and compensation arrangements. It should be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms will be outlined in the agreement between the client and the Firm.



## **1. Fees and Compensation for Portfolio Management Services**

BMc charges a portfolio management fee ("Advisory Fee") to investment management clients based on a percentage of the client's assets under management. The specific fees charged by the Firm for its advisory services will be outlined in each client's Investment Advisory Agreement.

Advisory Fees are calculated and paid monthly in advance based on the value of the account the last day of the prior month. Additions and withdrawals over the course of the month will not result in additional fees being charged or refunded. Upon termination of an advisory agreement, the accounts will be refunded on a pro-rata basis for the number of days left in the month.

Berman McAleer's fee schedule for advisory services is as follows:

\$0-\$2,500,000	1.00%
\$2,500,000-\$7,500,000	0.75%
\$7,500,000-\$15,000,000	0.50%
\$15,000,000-\$25,000,000	0.30%
\$25,000,000 +	0.20%

A supplemental fee of 0.40% will be added for clients with total assets under management less than our \$1,500,000 minimum.

Advisory Fees are negotiable depending upon the complexity of the client's financial situation and the scope of services rendered. Please note these fees have "tiers," meaning that if your assets exceed the maximum of the first tier, your overall fee will be a blended percentage rate that is the result of being charged the corresponding fee for the first level of assets, plus the different corresponding fee for the next level of assets, and so on.

Advisory Fees will be deducted from the client's account(s) at the Firm's request by the qualified custodian ("Custodian"), a process that clients authorize by signing the Investment Advisory Agreement. Client agrees to be responsible for all additional expenses and charges for which client becomes obligated under any separate agreement with the Custodian. Said fees, expenses or charges will be paid out of the assets in the Account(s) or billed separately to the client. These may include brokerage commissions, transaction charges, handling fees, custodial fees, service charges, ticket charges and other similar charges, if any. Berman McAleer does not receive compensation from any such expenses incurred. Clients will also typically pay, indirectly, charges imposed by the manager of a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus. Examples include fund management fees, excess trading fees, annuity fees, IRA and qualified retirement plan fees, and other fund expenses. Clients may also be responsible for mark-ups and mark-downs on fixed income trading, spreads paid to market makers, wire transfer fees, ADR fees, overnight check fees, close-out fees, activity assessment fees and taxes on brokerage accounts and securities transactions. All clients will be delivered a current and accurate schedule of fees charged by the custodian, and are encouraged to carefully review those documents. Our Firm does not receive any portion of these fees. For more information regarding brokerage practices, see Item 12.

The Custodian will deliver an account statement, at least quarterly, directly to the client, showing all holdings, values, pricing, additions and disbursements from the account. The client is encouraged to review all account statements for accuracy. Berman McAleer will receive access to a duplicate copy of the statement that was delivered to the client.

The Firm has a separate fee schedule for management of 529 plans and their underlying investments. The Advisory Fee for these investments is 0.50% annually regardless of the size of the account(s) or other portfolio assets.

The fee charged each client will be stipulated within each client's advisory agreement and applies to the assets within the portfolio or household (as defined in the agreement). In some circumstances, some assets might be excluded from the fee calculation or may be charged a lower fee; this might apply, for example, to certain cash holdings or specific securities being held at the client's request that are not being managed by Berman McAleer.

If a client uses margin lending or securities backed loans, the assets pledged as collateral are included when calculating Berman McAleer's fees. In other words, advisory fees are calculated on the value of the assets in the account, and not on the net liquidating value of the account. Clients who use margin will pay margin interest. Berman McAleer does not receive any additional compensation when a client uses margin or other portfolio-based lending.

The Firm's receipt of an asset-based fee presents an inherent conflict of interest, because the more assets there are in the client's account, the more the client will pay in fees. We address this conflict of interest by ensuring all recommendations are in the client's best interest.

## **2. Fees for Selection of Sub-Advisers**

If a Sub-Adviser is used, fees and compensation for using a Sub-Adviser are described in more detail in the platform provider's disclosure brochure or, if applicable, in a separate disclosure BMc delivers to you describing customized pricing. Clients are responsible for any transaction charges imposed by the Custodian for trades executed in their accounts by a Sub-Adviser. Berman McAleer would not receive any portion of these fees, if applicable.

## **3. Fees for Financial Planning and Consulting Services**

BMc will charge clients on a flat fee basis for initial financial planning and/or consulting services to be provided. Flat fees are a minimum of \$3,500. Hourly fees may be charged for specific engagements outside the normal scope of our financial planning engagement, ranging from \$450-\$700/hour. Our planning fees are negotiable based on the scope and complexity of the engagement with the client. BMc reserves the right to waive the financial planning fee or include financial planning services for portfolio management clients in its sole discretion. After the initial financial planning process, we do not charge additional flat fees for planning. Berman McAleer prefers to enter into long-term, holistic relationships with clients, in which its financial planning services are part of its overall engagement for investment management services.

## **4. Fees for Retirement Plan Consulting**

BMc may charge an annual advisory fee for ERISA retirement plan consulting services, not to exceed 1.25% of the total plan assets placed under our advisement. The exact annual fee and method of payment will be specified in the Retirement Plan Consulting Agreement. Fees are negotiable.

## **5. Fees for Publication of Periodicals or Newsletters**

BMc does not charge fees for publication of periodicals or newsletters.

## **6. Fees for Educational Seminars and Workshops**

BMc does not charge fees for educational seminars and workshops.

### **Compensation for Sale of Securities or Other Investment Products**

#### Commissionable Insurance Sales

Some of our investment adviser representatives (“IARs”) are licensed to sell insurance related products with various insurance companies. IARs in such cases will earn typical and customary commission for the sale of insurance products purchased. This represents a conflict of interest in that IARs may recommend purchasing insurance products based on compensation rather than on the needs of the client. To mitigate this conflict of interest, We require all representatives who are licensed to offer insurance products to Our clients to assure that the issuing insurer reviews the potential sale of any products for the purpose of determining adherence to applicable insurance suitability standards. We fully disclose to a client when a particular transaction will result in the receipt of commissions or other associated fees, and We require all representatives to seek prior approval of any outside employment activity so that We may ensure that any conflicts of interest in such activities are properly disclosed. Insurance products may be available through other channels, and the client is not obligated to purchase products recommended by Our representatives. Clients may purchase insurance products through agents We recommend who are not affiliated with Us.

#### Commissionable Securities Sales

Our Firm and representatives do not sell securities for a commission in advisory accounts. Some of Our IARs are registered representatives of Kestra (“Kestra”), Member FINRA/SIPC, in connection with transitioning clients to BMc. These IARs will remain registered with Kestra until all clients have signed paperwork to move their accounts to BMc. BMc and Kestra are not affiliated. The client’s IAR may recommend securities and earn commissions in his or her separate capacity as a registered representative of Kestra. This represents a conflict of interest in that IARs may recommend purchasing securities based on compensation rather than on the needs of the client. For more information, please see Item 10 of this Brochure.

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

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BMc does not accept performance-based fees, nor does it engage in side-by-side management. Performance-based fees are based on a share of capital gains on or capital appreciation of the client’s assets. Side-by-side management occurs when advisers manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee.

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

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BMc provides investment advisory services to individuals, high net worth individuals, business entities, trusts, and estates.

The minimum relationship opening balance is \$1,500,000, which may be negotiable at the discretion of the Firm.

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

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### **A. Methods of Analysis**

Investing in securities involves risk of loss that clients should be prepared to bear. Historical results are never a guarantee of investment success, and diversification does not guarantee against loss.

Our investment methods and strategies are constructed in the belief that markets and economic factors cannot be predicted with enough consistency to add value through market timing or aggressive tactical shifting. To capture the full potential of the markets and/or enhance the probability of avoiding inappropriate losses, BMC's strategy is designed to allocate capital based on projected cash flow needs, determine a volatility profile, actively rebalance based on drift parameters to predetermined targets, incorporate global macro trends, and minimize behavioral mistakes.

Each client portfolio is customized to their specific needs and circumstances. Berman McAleer's Investment Committee has developed an array of portfolio sleeves based on volatility profiles that are implemented at the total portfolio level as opposed at the individual account level. The portfolio is constructed by combining these sleeves to create a customized risk/return profile that we believe is appropriate for accomplishing the client's goals. Most portfolios are further customized by integrating additional holdings that may be held for tax purposes or to meet the needs and preferences of the client. We believe that the resulting asset allocation is ultimately more important to the long-term success of a portfolio than the selection of specific investments themselves. The changing of the allocation between the sleeves will be based on updates to the client's goals and objectives as opposed to changing market conditions.

- Asset Classes may include: Domestic Equity, International & Emerging Markets Equity, Real Assets (e.g. Public REITs, Commodities, Precious Metals, MLPs), Private Equity, Private Debt, Specialty Growth (e.g. Liquid Cryptocurrency ETFs), Allocation/Balanced, High Income – Domestic & Global, Multi-Strategy, Private Real Estate, Fixed Income – Domestic & Global, and Cash & Cash Equivalents.
- Investment Styles: Active management utilizing sub-advisors, passive management, quantitative management, Tactical management, Domestic & International, Growth & Value, Fixed Income Durations, and Uncorrelated Investments.
- Investment Vehicles: Individual Equities, ADRs, Individual Bonds & Notes (Corporate, Government, Foreign, & Municipal), Mutual Funds, Interval Funds, Exchange Traded Funds (ETFs), Exchange Traded Notes (ETNs), Master Limited Partnerships (MLPs), Private Equity funds, Private Real Estate funds, Business Development Corporations (BDCs), and Variable Annuity Sub-Accounts.

Berman McAleer's Investment Committee executes its research and due diligence process utilizing a variety of tools including but not limited to Morningstar, YCharts, periodic analysis by third party firms, and discussions directly with managers and analysts. We use these resources to develop both quantitative and qualitative perspectives to help us create a selection of allocations within each portfolio sleeve. We are agnostic to the type of investment vehicles, asset classes, and position types used to construct what we believe is the most suitable portfolio for a given client.

Our evaluation and monitoring processes includes regularly scheduled meetings of the Investment Committee, conference calls with managers and analysts, and occasional on-site visits to sub-advisors. For each investment we use or monitor, we research their process, changes or potential changes to the advisory team (when applicable), and their current perspective on recent economic and market developments.

We will consider the Custodian's proprietary products no differently than we will consider other products. No preference is given to any company's products. Our portfolios are intentionally constructed with multiple investment vehicles as this provides the greatest opportunity to factor in the full array of investing inputs, such as trading costs, tax implications, cash flow needs, and liquidity. For each investment, we attempt to utilize the lowest-cost share class available through the Custodian. We identify investments that meet the diversification criteria and then select the appropriate investment that we believe comes closest to meeting as many of our guidelines as possible.

Berman McAleer's Investment Committee believes investment discretion is necessary for efficient portfolio management and execution. Discretion may be exercised with regard to individual security selection or replacement, portfolio rebalancing, tax loss harvesting, and other changes that fall within the confines of the agreed-upon risk/return profile for each client.

We believe that investing is both an art and a science. Therefore, we identify and tailor the client's model portfolio in a manner that we believe best suits the client's needs and circumstances. Once we have implemented the portfolio, we generally intend that it stay in place unless the client's personal circumstances or goals change.

We may use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Fundamental Analysis.** We may attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced or overpriced. Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Quantitative Analysis.** We may use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

**Qualitative Analysis.** We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement. A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

**Asset Allocation.** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will

change over time due to market movements and, if not corrected, will no longer be appropriate for the client's goals. Diversification does not guarantee investment success or prevent loss.

**Mutual Fund and/or ETF and/or Third-Party Manager Analysis.** We examine the experience and track record of the manager of the mutual fund, ETF or third party manager in an attempt to determine if that manager has demonstrated an ability to invest effectively over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund, ETF or third-party managed account in an attempt to determine if there is significant overlap with the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy. We may review the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we may survey the manager's compliance and business enterprise risks.

A risk of mutual fund and/or ETF and/or third-party manager analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

**Risks for All Forms of Analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### **INVESTMENT STRATEGIES**

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate for the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases.** We typically purchase securities with the idea of holding them in the client's account for a year or longer. We employ this strategy when we want exposure to a particular asset class over time, regardless of the current projection for this class. A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline in value before we make the decision to sell.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to match a client's short-term needs with appropriate securities to meet those needs. A short-term purchase strategy poses risks that the anticipated price stability or change may not materialize; which could result in keeping a long-term investment in a security that was intended to be a short-term purchase, or potentially taking a loss. In addition, this strategy may involve more frequent trading than does a longer-term strategy, and may

result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

#### Client Obligations

It is the client's responsibility to provide Berman McAleer with accurate, current information about the client's financial situation and investment objectives, and to notify Berman McAleer promptly upon any material change in the client's financial situation or investment objectives. If the client does not provide this notice or information, Berman McAleer will not be in a position to perform an accurate review, evaluation, or revision of its previous recommendations and/or services. In performing its services, we are not required to verify any information received from the client or from the client's other professionals (e.g., attorneys and accountants), and we are authorized to rely on that information.

#### Investment Risks

There are risks associated with investing in securities. Different types of investments involve varying degrees of risk. Market movements are difficult to predict and are influenced by a number of factors, including: general economic conditions, government fiscal and monetary policies, changing supply and demand relationships, international political and economic events, catastrophic acts of nature, company specific factors, and the inherent volatility of the marketplace. Asset allocation and diversification do not ensure a profit or guarantee against loss. Historical results do not predict future performance. No one should assume that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by BMc) will be profitable or equal any specific performance level(s).

In addition to market risks, the material risks involved with the investment strategies employed by Berman McAleer may include but are not limited to the following:

- Concentration Risk. To the extent a portfolio is concentrated in assets related to a particular industry or geographic region, the portfolio will be subject to additional volatility risks associated with such industry or region. In addition, concentrating in a single industry or group of industries may be more susceptible to any single economic, market, political or regulatory occurrence affecting that industry or group of industries.
- Currency Risk. Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- Interest Rate Risk. Movements in interest rates may directly cause prices of fixed income and other securities to fluctuate. These changes can be unpredictable and may cause the loss of principal that would be otherwise unexpected.
- Credit Risk. If debt obligations held by an account are downgraded by ratings agencies or go into default, or if management action, legislation or other government action reduces the ability of issuers to pay principal and interest when due, the value of those obligations may decline, and an account's value may be reduced. Because the ability of an issuer of a lower-rated or unrated obligation (including particularly "junk" or "high yield" bonds) to pay principal and interest when due is typically less certain than for an issuer of a higher-rated obligation, lower rated and unrated obligations are generally more vulnerable than higher-rated obligations to default, to ratings downgrades, and to liquidity risk.

- Purchasing Power Risk. Purchasing power risk is the risk that an investment's value will fail to keep pace with the price of goods and services (inflation). The investment's value itself does not necessarily decline, but its relative value does. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- Liquidity Risk. Liquidity is the ability to readily convert an investment into cash. Some securities are highly liquid while others are highly illiquid. Illiquid investments carry more risk because it can be difficult to sell them. Liquid investments can become less liquid during times of market stress or factors related to the specific security.
- Political Risk. Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- Regulatory/Legislative Developments Risk. Regulators and/or legislators may promulgate rules or pass legislation that places restrictions on, adds procedural hurdles to, affects the liquidity of, and/or alters the risks associated with certain investment transactions or the securities underlying such investment transactions. Such rules/legislation could adversely affect the value associated with such investment transactions or underlying securities. Future legal, tax and regulatory changes could occur that may adversely affect business and require additional reporting for registered investment advisors. The SEC, other regulators and self-regulatory organizations and exchanges have taken various actions in connection with market events and may take additional actions. Registered investment advisers may also be adversely affected by changes in the enforcement or interpretation of existing laws, rules and regulations, including tax laws, by federal, state and non-U.S. agencies, courts, authorities or regulators.
- Risks Related to Investment Term. If the client requires a liquidation of their portfolio during a period in which the price of the security is low, the client will not realize as much value as they would have had the investment had the opportunity to regain its value, as investments frequently do, or had it been able to be reinvested in another security.
- Business Risk. Many investments contain interests in operating businesses. Business risks are risks associated with a particular industry or a particular company within an industry.
- Financial Risk. Many investments contain interests in operating businesses. Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- Default Risk. This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk.
- Reinvestment Risk. This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- Independent Manager Risk. As stated above, the Firm may select certain Independent Managers to manage a portion of its clients' assets. In these situations, we continue to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment



strategies. In addition, we do not have the ability to supervise the Independent Managers on a day-to-day basis. Finally, In certain instances, the agreement between the Firm and Independent Managers may limit the Independent Manager's liability with respect to advice provided to the client's account or otherwise limit the client's rights.

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

Shares of mutual funds are distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share NAV, plus any shareholders fees. The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their *pro rata* NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist.

- Cybersecurity Risk. The Firm's information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by its professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although we have implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, we may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in our operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to Client accounts. Such a failure could harm the Firm's reputation or subject it or its affiliates to legal claims and otherwise affect their business and financial performance. Any failure of our information, technology or security systems could have an adverse impact on our ability to manage the client accounts referred to herein.
- Economic Conditions Risk. Changes in economic conditions, including, for example, interest rates, inflation rates, currency and exchange rates, industry conditions, competition, technological developments, trade relationships, political and diplomatic events and trends, tax laws and innumerable other factors, can affect substantially and adversely the investment performance of a client's account. Economic, political and financial conditions (including military conflicts and financial sanctions), or industry or economic trends and developments,

may, from time to time, and for varying periods of time, cause volatility, illiquidity or other potentially adverse effects in the financial markets. Economic or political turmoil, a deterioration of diplomatic relations or a natural or man-made disaster in a region or country where the Firm's clients' assets are invested may result in adverse consequences to such clients' portfolios. None of these conditions is or will be within the control of the Firm, and no assurances can be given that we will anticipate these developments.

- Epidemic Risk. An epidemic outbreak and reactions to such an outbreak could cause uncertainty in markets and businesses, including the Firm's business, and may adversely affect the performance of the global economy, including causing market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees and vendors to work at external locations, and extensive medical absences. The Firm has policies and procedures to address known situations, but because a large epidemic may create significant market and business uncertainties and disruptions, not all events that could affect the Firm's business and/or the markets can be determined and addressed in advance.
- Custody Risk. The Firm maintains client assets with a qualified custodian. Clients may incur a loss on securities and cash held in custody in the event of a custodian's or sub-custodian's insolvency, negligence, fraud, poor administration or inadequate recordkeeping. Generally, deposits maintained at a bank do not become part of a failed bank's estate. However, the Firm's operations could be impacted by the bank's insolvency in that there may be a delay in access to liquidity, trade settlement, delivery of securities, etc. Establishing multiple custodial relationships could mitigate custodial risk in the event of a bank failure.
- Exposure to Material, Non-Public Information Risk. From time to time, The Firm's employees receive material, non-public information with respect to an issuer of publicly traded securities resulting from professional and/or personal channels. In such circumstances, our clients may be prohibited, by law, and policies and procedures for a period of time from (i) unwinding a position in such issuer, (ii) establishing an initial position or taking any greater position in such issuer, and (iii) pursuing other investment opportunities related to such issuer.
- Counterparty Risk. The Firm and/or its clients may be subject to credit and liquidity risk with respect to the counterparties. Exposure to credit and liquidity risk from counterparties can occur through a wide range of activities when dealing with, including but not limited to, service providers, banks, brokers, insurance providers, trading counterparties, or other entities. Should a counterparty become bankrupt or otherwise fail to perform its obligations under a contract due to financial difficulties, there may be significant delays in obtaining any or limited recovery under a contract in a bankruptcy court or other reorganization proceeding. The lack of any independent evaluation of such counterparties' financial capabilities, and the absence of a regulated market to facilitate settlement or provide access to capital will increase the potential for losses by the Firm and/or clients especially during unusually adverse market conditions.
- Cryptocurrency ETF Risk. - Investments into Bitcoin and other digital asset products involve a high degree of risk, including but not limited to the factors listed below:

*Infancy of Asset* - Bitcoin is an asset class that has only been in existence since 2009. Other Cryptocurrency has been in existence less time. The medium to long term value is influenced by a wide variety of factors that are uncertain and difficult to evaluate.

*Extreme Volatility* - Bitcoin is susceptible to extreme volatility. Events leading to extreme volatility may include changes to the Bitcoin supply or protocol, forks in the Bitcoin network, the adoption of Bitcoin as a store of value or medium of exchange, government monetary policy or regulation, among others. These or other events could have a materially adverse effect on investment interests, and they could lose all or substantially all of their value.

*Protocol Development* - Bitcoin transactions are irreversible, leaving users unable to seek reimbursement for error or theft. Such losses could result in adverse effects on the investment interests. Furthermore, because participation in the Bitcoin network is voluntary to anyone with an internet connection, advancements in cryptography and technology, such as quantum computing, could present risks to the Bitcoin mining process that could threaten the consensus mechanism that underpins the protocol. These threats could create vulnerabilities such as various security breaches and cyber-attacks in the Bitcoin network and result in materially adverse effects on the investment interests.

*Regulatory Uncertainty* - Current guidance by regulatory bodies is subject to change and future developments may have a materially adverse effect on the value of the investment interests. Furthermore, regulations issued by other country's governments may restrict the usage of digital assets and their networks, influencing global market and may have a materially adverse effect on the investment interests.

*Custody and Insurance* - A Virtual Asset Service Provider (VASP) is used to custody the underlying asset, Bitcoin. VASPs are not classified as broker-dealers and the assets held on their platforms will not benefit from SIPC insurance. Furthermore, VASPs are not classified or regulated as banking institutions or other members of the FDIC and the assets custodied through them will not benefit from the protections enjoyed by depositors with FDIC insurance.

THIS LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED IN CONNECTION WITH THE MANAGEMENT OF CLIENTS' ACCOUNTS. IN ADDITION, PROSPECTIVE CLIENTS SHOULD BE AWARE THAT, AS THE MARKET DEVELOPS AND CHANGES OVER TIME, INVESTMENTS OF BEHALF OF CLIENTS' ACCOUNTS MAY BE SUBJECT TO ADDITIONAL AND DIFFERENT RISKS.

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

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BMc is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. Neither our Firm nor our management have any required disclosures to report in response to this Item.

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

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BMc does not have a related person that is:

- A broker/dealer, municipal securities dealer or government securities dealer or broker
- An 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)
- A futures commission merchant, commodity pool operator or commodity trading advisor
- A banking or thrift institution
- An accountant or accounting firm

- A lawyer or law firm
- An insurance company or agency
- A pension consultant
- A real estate broker or dealer
- A sponsor or syndicator of limited partnerships

#### **Registered Representatives of a Broker Dealer and Investment Adviser**

Some of our IARs are registered representatives and investment adviser representatives of Kestra in connection with transitioning clients to BMc. These IARs will remain registered with Kestra until all clients have signed paperwork to move their accounts to BMc. Our IARs may recommend securities and earn commissions or advisory fees in his or her separate capacity as a registered representative and/or investment adviser representative of Kestra. This represents a conflict of interest in that IARs may recommend purchasing securities based on compensation rather than on the needs of the client. We mitigate this conflict of interest by disclosing it here and reviewing the suitability of any such recommendations. These securities may be available through other channels and the client is not obligated to purchase securities recommended by Our representatives. For more information about outside business activities of IARs, please see the individual's brochure supplement (ADV Part 2B).

#### Licensed Insurance Brokers

Some of our investment adviser representatives ("IARs") are licensed to sell insurance related products with various insurance companies. IARs in such cases will earn typical and customary commission for the sale of insurance products purchased. This represents a conflict of interest in that IARs may recommend purchasing insurance products based on compensation rather than on the needs of the client. To mitigate this conflict of interest, We require all representatives who are licensed to offer insurance products to Our clients to assure that the issuing insurer reviews the potential sale of any products for the purpose of determining adherence to applicable insurance suitability standards, We fully disclose to a client when a particular transaction will result in the receipt of commissions or other associated fees and We require all representatives to seek prior approval of any outside employment activity so that We may ensure that any conflicts of interest in such activities are properly disclosed. Insurance products may be available through other channels, and the client is not obligated to purchase products recommended by Our representatives. Clients may purchase insurance products through agents We recommend who are not affiliated with Us.

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

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BMc, its management and supervised persons (collectively "personnel"), subscribe to a strict Code of Ethics. The Code of Ethics is designed to comply with the investment advisory laws and regulations that require firms to act as fiduciaries in transactions with their clients. The Firm's inherent fiduciary duty requires that the Firm act solely in its clients' best interest and adhere to standards of utmost integrity in its communications and transactions. These standards ensure that clients' interests are preeminent.

Accordingly, BMc has implemented extensive policies, guidelines, and procedures that promote ethical practices and conduct by all of the Firm's personnel. The Firm's Code of Ethics specifies and prohibits certain types of transactions deemed to create conflicts of interest (or perceived conflicts of interest), as well as establishes reporting requirements and enforcement procedures relating to personal transactions by its personnel. The Code of Ethics specifically deals with professional standards, insider trading, personal trading, gifts and entertainment, and fiduciary duties. The Code establishes the Firm's ideals for ethical

conduct based upon fundamental principles of openness, integrity, honesty, and trust. The Firm will provide a copy of the complete Code of Ethics to any client or prospective client upon request.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Berman McAleer's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity. Berman McAleer and individuals associated with our firm are prohibited from engaging in principal transactions. Berman McAleer and individuals associated with our firm are prohibited from engaging in agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security or securities which may also be recommended to a client. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, if doing so may benefit the employee relative to the firm's advisory clients.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

- No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
- No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
- Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
- We maintain a list of all reportable securities holdings for our firm, and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
- We have established procedures for the maintenance of all required books and records.
- All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.

- We have established policies requiring the reporting of Code of Ethics violations to our senior management.
- Any individual who violates any of the above restrictions may be subject to termination.

## **Item 12. Brokerage Practices**

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### **A. Selection and Recommendation**

BMc recommends that clients utilize the brokerage and clearing services of Fidelity Brokerage Services, LLC ("Fidelity"). Fidelity is a qualified Custodian. Factors which the Firm considers in recommending Fidelity or any other broker-dealer to clients include their respective financial strength, breadth of service, technology, existing relationships, execution, pricing, research and resources available. Not all investment advisers recommend that a client use a particular broker-dealer.

### **B. Research and Additional Benefits**

Although not a material consideration when determining whether to recommend a particular broker-dealer or custodian, BMc receives support services and products from Fidelity without cost or at a discount, some of which assists BMc to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by BMc may be investment-related research, pricing information, market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings and other educational and/or social events, marketing support, computer hardware and /or software and /or other products used by BMc in furtherance of its investment advisory business operations.

Berman McAleer's clients do not pay more for investment transactions and/or assets maintained at Fidelity as a result of this agreement. There is no corresponding commitment made by BMc to Fidelity or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products.

As part of negotiating lower custodial pricing with Fidelity, BMc was informed that pricing could be affected by significant changes to the mix of asset types in our client portfolios. BMc may consider this impact when contemplating changes to our portfolios, consistent with our fiduciary duty. The current asset mix is approximately: Equities 6%, ETFs 28%, Fixed Income 1%, Alternative Investments 7%, Fidelity Mutual Funds 6%, NTF Funds 27%, TF Funds 22%, Cash 3%. Fidelity's lower custodial pricing also includes assumptions that BMc will maintain over 2200 accounts and over \$1.4 billion in client assets on the Fidelity platform.

BMc concluded that Fidelity and this approximate mix is in the best interest of its clients. BMc has an incentive to recommend its clients invest in the above investment mix in order to receive access to reduced custodial pricing fees from Fidelity on behalf of clients.

Fidelity Brokerage Services, LLC ("FBS") has also agreed to provide Berman McAleer with financial assistance related to certain legal, accounting and vendor expenses directly related to the transition of our client accounts to their platform. This support, which could total up to \$900,000, will be available during the first 24 months from the start of the Firms relationship with Fidelity. Upon initial conversion, FBS will reimburse up to \$107,125 in account termination fees charged to clients by the former custodian. This reimbursement will be available during the first 12 months from the start of BMc's relationship with

Fidelity. The above represents a conflict interest. BMc mitigates this conflict by conducting best execution reviews and ensuring each recommendation is in the best interest of the client. Additionally, receipt of lower custodial pricing benefits all of BMc's clients who use Fidelity.

BMc uses the services described above to benefit all of its clients. By agreement, Fidelity would charge an additional platform fee of \$2,500, if BMc's assets held with Fidelity should ever fall below \$25 million at the end of any calendar quarter. This fee may be waived at Fidelity's discretion. This presents a conflict as BMc has an incentive to ensure at least \$25 million in assets are held with Fidelity. BMc mitigates that conflict by conducting a best execution review of its relationship with Fidelity.

### **C. Brokerage for Client Referrals**

The Firm does not receive client referrals or compensation of any kind from broker-dealers or other third parties in exchange for using any particular broker-dealer.

### **D. Directed Brokerage**

We routinely recommend that the client direct our Firm to execute transactions through broker-dealers with which we have a business relationship. As such, we may be unable to achieve the most favorable execution of the client's transactions and the client may pay higher brokerage commissions than the client might otherwise pay through another broker-dealer that offers the same types of services.

In limited circumstances, our Firm will permit clients to utilize their own broker-dealer. Our Firm may be unable to achieve the most favorable execution of client transactions when we allow clients to direct brokerage. Additionally, Client-directed brokerage may cost clients more money. For example, in a directed brokerage account, clients may pay higher brokerage commissions because our Firm may not be able to aggregate orders to reduce transaction costs, or clients may receive less favorable prices.

### **E. Order Aggregation**

We may enter trades as a block where possible and when advantageous to clients whose accounts have a need to buy or sell shares of the same security. If a block trade occurs, the client typically will receive a price that represents the average of the prices at which all of the transactions in the block were executed. This blocking of trades permits the trading of aggregate blocks of securities from multiple client accounts, and allocation on a pro-rata basis between all accounts included in any such block. If average-price allocation is unavailable, we will apply another mechanism to assume equitable treatment of those participating in the block trade. Block trades may include employee transactions. Block trading allows Us to execute equity trades in a timelier, equitable manner, and may reduce overall costs to clients.

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

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Client account values are marked-to-market daily and portfolios are reviewed for performance, risk, and asset allocation on a continuous basis using technology we developed/adopted to monitor allocation drift, tax status, portfolio weightings and cash balances. We do not wait for the calendar to review or update portfolios, instead responding on an as-needed basis. Special market or news events may trigger extra or more frequent reviews.

BMc reviews accounts in detail with our clients on at least an annual basis for our portfolio management clients. The nature of these reviews is to learn whether client accounts are in line with their investment

objectives, appropriately positioned based on market conditions, and investment policies, if applicable. We attempt to understand anything that may have changed in our clients personal, professional, or financial situations.

BMc may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

Financial Planning or Consulting clients will receive reviews of their written plans at their request.

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

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BMc does not receive compensation, directly or indirectly, for from any third party for client referrals. BMC does not compensate others for referrals.

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**Item 15. Custody**

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Other than as described below, BMC does not maintain physical custody of client funds or securities. The Firm requires that a qualified custodian hold client assets. Information about the custodian we recommend is fully described in Item 12 Brokerage Practices. The Firm has implemented the safeguard requirements of SEC regulations by requiring safekeeping of clients' funds and securities by a qualified custodian.

BMc shall direct the custodian to debit client accounts for our advisory fees on a monthly basis, or no less frequently than quarterly. Client account statements are mailed or sent electronically by the account custodian. At least quarterly, clients are provided written transaction confirmation notices and regular written summary statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. This statement shall disclose to the client the amount of the fee and the client's assets upon which the fee was based. The account custodian does not verify the accuracy of BMC's Advisory Fee calculation. Clients are advised to review these statements carefully, comparing asset values, holdings, and advisory fees on account statements to that in previously received statements, confirmations, and fee invoices.

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**Item 16. Investment Discretion**

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Clients provide BMC with investment discretion on their behalf, pursuant to an executed investment advisory client agreement. By granting investment discretion, BMC is authorized to execute securities transactions, determine which securities are bought and sold, and the total amount to be bought and sold. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with BMC's written acknowledgement.

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**Item 17. Voting Client Securities**

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BMc does not vote proxies on client securities on behalf of its clients. We may express an opinion for a specific proxy vote but clients are responsible for making elections relative to election of directors, mergers, acquisitions, tender offers, bankruptcy proceedings and other type events pertaining to the securities in their accounts. Clients receive proxies directly from the issuer or the custodian.



**Item 18. Financial Information**

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Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered.

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. Currently, there are no such financial conditions that exist. Berman McAleer has not been the subject of a bankruptcy petition at any time during the past ten years.