

## **FORM ADV - Part 2A Investment Adviser Brochure**

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This brochure provides information about the qualifications and business practices of Bloom Advisors, Inc. (hereinafter "Adviser" or "Bloom Advisors"). If you have any questions about the contents of this brochure, please contact us at 248-932-5200 or [info@bloomassetmanagement.com](mailto:info@bloomassetmanagement.com). 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. Registration with the SEC, or with any state securities authority, does not imply a certain level of skill or training.

Additional information about Adviser is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Bloom Advisors is 106152.

## **Summary of Material Changes**

This is our Firm Brochure is prepared according to the United States Securities and Exchange Commission's ("SEC") current requirements and rules. Our Firm Brochure provides information about our advisory services, fees, investment strategies and risks, and conflicts of interests, among other things.

In the future, this Item will discuss specific material changes that are made to the Firm Brochure and provide clients with a summary of such changes.

Pursuant to the current SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our firm's fiscal year. We may further provide other updating disclosure information about material changes as necessary.

**At the time of this Firm Brochure, our firm has no material changes to disclose.**

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## **1. Advisory Business**

Bloom Advisors was founded in 1995 and is a Registered Investment Adviser that provides professional money management services for individual investors and businesses on a discretionary no-commission, fee-only basis. The firm was founded by Ken Bloom and Rick Bloom, who remain Bloom Advisors' principal owners.

We are a fee only financial adviser. This means we are not paid any commissions on the investments we purchase or sell on behalf of our clients. Nor do we receive any compensation or other forms of payments from any investments. Our sole compensation is the advisory fee paid by our clients for our services.

## **2. Money Management Services**

With our Money Management Services, we construct a broad-based diversified investment portfolio specifically designed to meet each client's individual financial situation, using only no-load mutual funds and exchange traded funds (ETFs). In selecting the specific investments for the portfolio, we emphasize a wide range of criteria, including: the performance of the funds; continuity of management; consistency of investment style and results; integrity of the investment company; tax efficiency and the overall costs of owning the fund.

Bloom Advisors uses third party financial institutions such as Fidelity Investments or Charles Schwab as broker-dealer / custodian of client assets. Whenever there is any activity in a client's account (for instance a purchase or a sale of a fund) a confirmation of the activity is sent by the custodian directly to the client. In addition, clients receive a consolidated, easy-to-understand statement directly from the custodian, showing the portfolio value and investment positions, including a summary of activity for the month. Bloom Advisors handles all of the paperwork and makes the investment decisions for our clients and manages client portfolios consistent with a client's goals and objectives.

Our minimum account size to enlist our Money Management services is \$250,000.

As of 12/31/2023, the amount of client assets managed by Bloom Advisors was \$1,305,417,356.

## **3. Fees and Compensation**

Our fees are assessed quarterly and are calculated, in arrears, based on the average daily balance of the portfolio. Accounts with assets from \$250,000 to \$1 million are charged an annual fee of 1%, pro-rated on a daily basis. Accounts that have an average daily balance in excess of \$1 million are charged an annual fee of .75% per annum. If a portfolio under management falls below our \$250,000 minimum account size, the client will be charged a fee of 1.5%. Clients receive a quarterly billing statement computing their average daily balance for the quarter and the amount of their fee which is then deducted from the account (unless other arrangements are made on an individual basis to pay the fee). Fees may be negotiable based on individual circumstances.

Bloom Advisors does not accept any performance-based fees, commissions or other compensation.

While these fees are the only compensation Bloom Advisors receives for the management of client portfolios, clients may incur other fees charged by the account custodian, such as transaction fees or short-term redemption fees on investments bought and sold within a short period of time. However, these fees will be charged directly from the custodian account, and Bloom Advisors does not receive any part of these fees.

If clients wish to purchase or sell stocks or other investments for their account, they will be responsible for their investment decisions and any transaction fees they may incur from the broker-dealer / custodian for these transactions.

#### **4. Performance Based Fees and Side-By-Side Management**

Some financial firms receive performance based fees based on a share of capital gains in the client's portfolio, or side-by-side fees, which is a combination of performance based fees and other types of fees, such as hourly or flat fees which presents conflicts of interests. Bloom Advisors does not accept either performance based or side-by-side fees, but instead only charges clients an advisory fee for its Money Management Services equal to a percentage of the portfolios assets as outlined in **Section 3, Fees and Compensation, above.**

In our opinion, charging clients performance based fees may cause the investment adviser to focus more on short-term gains rather than focusing on the client's long-term financial goals, which is our philosophy at Bloom Advisors.

#### **5. Types of Clients**

Bloom Advisors provides professional money management services for individuals, including high net worth clients, business owners and qualified retirement plans. Our minimum account for our Money Management Services is \$250,000.

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

At Bloom Advisors, we believe that investment selection is an integral part of our investment management process and is often overlooked by most investors. Our belief is that finding and using quality managers makes a meaningful difference.

Our primary aim is to find investments that we believe have the greatest potential to drive a portfolio's long-term performance by generating excess returns above that of its peers and for its particular benchmark. We use a variety of qualitative and quantitative screens to help us find those investments.

We measure individual manager performance against a benchmark (or set of benchmarks), Morningstar categories, and peer groups. Our aim is to fully understand the specifics of how a manager is deriving their performance and whether that positive performance can continue in the future.

*Areas of concern to us include:*

- Uncharacteristic performance slump
- Material changes to the investment process
- Excessive management turnover or key manager departure
- Excessive drift in investment style
- Organizational changes

We regularly evaluate the overall holdings within our portfolio models to make sure our allocations remain on target. Our investment team monitors the holdings within our portfolio models regularly to make sure performance and other goals are being met.

*Investment Strategies:*

Bloom Advisors' investment process comprises five integrated components:

1. Strategic asset allocation
2. Investment selection
3. Portfolio construction
4. Monitoring
5. Ongoing rebalancing

Our asset allocation targets strive to maximize the level of returns for any given risk level. Further, our investment strategies broadly diversify clients' assets, covering the full range of investment styles, sub-asset classes (such as U.S. large cap growth, foreign large cap value, fixed income, etc.), and regions. Our strategies include access to investments that possess qualities that we think will help drive performance. We believe those qualities include, but are not limited to, performance and style consistency, a reasonable manager tenure, low fees, organizational stability, and a clear, well thought out investment process.

Bloom Advisors' approach is to construct portfolios so they are better aligned with a client's risk profile. To help ensure that client portfolios continue to meet those expectations in a variety of market conditions, the investment team actively manages the portfolios' overall risks through a systematic rebalancing process. Our ongoing rebalancing methodology is instrumental in keeping the integrity of the risk/reward characteristics of our strategies intact.

Additionally, all of the portfolios are diversified across a range of investment/asset class categories to help reduce volatility, a measure of how much an investment's or portfolio's value fluctuates over time. And although diversification can help reduce volatility and risk, it can never eliminate it entirely. Further, our portfolios are designed with the objective of maximizing returns for any given risk level.

*Key Investment Tenets:*

- We do not engage in high frequency trading, or market timing strategies because they do not offer the risk/reward characteristics we seek in managing investment portfolios for clients.
- We remain fully invested through various market environments, using our stock and bond allocations as a way to control risk.

- We use a diversified, multi-asset class approach to managing portfolios, which generally entails using more than six to ten funds of various styles and sizes.

## **7. Disciplinary Information**

As a registered investment advisory firm, Bloom Advisors is subject to regulation by the Securities and Exchange Commission (SEC). We place a high priority on ethical conduct and compliance with the relevant rules and regulations that govern investment advisers. We are very proud to report that Bloom Advisors has **never** had any legal or disciplinary actions against the firm, our management team or our Financial Advisers.

## **8. Other Financial Industry Activities and Affiliations**

**Our firm is affiliated with Bloom & Bloom Associates, our legal services firm, specializing in 1) estate legal services, 2) small and family-owned businesses, 3) real estate and 4) tax planning.**

As a SEC Registered Investment Adviser, the firm is a “notice filer” with the State of Michigan and other states as appropriate. The firm’s Financial Advisers are registered as Investment Adviser Representatives (IAR) by the State of Michigan’s Financial and Insurance Regulation Division of the Department of Labor and Economic Growth.

An IAR is an individual associated with an investment adviser firm who provides investment advice to clients. To qualify as a Michigan IAR an advisor must pass the Series 65 exam (which tests the subject matter knowledge and competency of investment professionals) or have the CFP® designation and satisfy other requirements of the Office of the Financial and Insurance Regulation.

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

### ***Code of Ethics***

Bloom Advisors has a Code of Ethics (Code) that establishes rules of professional conduct for all employees. The Code is based on the principle that Bloom Advisors and our employees owe a fiduciary duty to our clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid:

1. Serving their own personal interests ahead of clients;
2. Taking inappropriate advantage of their position with the firm; and
3. Any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

Bloom Advisors and its employees are prohibited from engaging in fraudulent, deceptive or manipulative conduct and are subject to the following specific fiduciary obligations when dealing with clients:

1. The duty to have reasonable, independent basis for the investment advice provided;

2. The duty to ensure that investment advice is suitable to meeting the client's individual objectives, needs and circumstances; and
3. A duty to be loyal to clients.

A copy of the entire Code of Ethics is available upon written request to: Kenneth J. Bloom, Bloom Advisors, Inc., 31275 Northwestern Hwy. Suite 145, Farmington Hills, MI 48334.

### ***Participation or Interest in Client Transactions and Personal Trading***

Members of the Bloom Advisors staff may buy the same or different investments for their investment portfolios that we recommend for our clients. These transactions are of a strictly personal nature, and do not present a conflict of interest with regard to our recommendations for our clients.

### **10. Brokerage Practices**

Because Bloom Advisors is not a broker-dealer, any mutual fund, ETF or stock trades in the portfolios of our managed clients are conducted by the broker-dealer / account custodian. Bloom Advisors does not receive any fees from the custodian for these trades. Any mutual fund, ETF or stock trades for investments outside of the accounts managed by Bloom Advisors are at the discretion of the client to choose which broker-dealer / custodian they want to handle these transactions.

Our firm endeavors to select brokers-dealers to custody clients' accounts that will provide the best services at the lowest costs possible. In addition, we consider the firm's reputation, ability to provide professional services, competitive costs and fees, research, trading platform, and other services which will help our firm in providing investment management services to clients.

Our clients establish individual custodian accounts with an independent FINRA registered broker-dealer and SIPC member firm, such as Charles Schwab & Co., Inc. ("Schwab") or Fidelity ("Fidelity") to maintain custody of clients' assets and to effect trades for their accounts. Although we may recommend a specific custodian, it is the client's decision to custody assets with one of the firms. Our firm is independently owned and operated and not affiliated with Schwab or Fidelity.

For our client accounts maintained with Schwab or Fidelity, these firms generally do not charge separately for custody services. These firms may also make available to Bloom Advisors other products and services that benefit our firm but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts.

### **Soft Dollars**

Additionally, Bloom Advisors does not receive research, products or services other than execution from third parties or broker-dealers (often referred to as "soft dollar benefits").

### **Principal & Agency Cross Transactions**



As a matter of policy and procedures, our firm does not engage in any principal trading or agency cross transactions on behalf of Adviser for any advisory clients.

## **11. Review of Accounts**

Clients' accounts are periodically reviewed on an on-going basis and by the firm's Financial Advisers throughout the year. Additional account reviews may be caused by any of the following:

- Changes in market conditions
- Changes in tax laws or fundamentals of investing
- Changes in client's financial situation, objectives or investment risk tolerance

A review may also be scheduled whenever a client requests a review of their account. This review is generally a personal meeting with the client and is scheduled with one of our Financial Advisers. The specific Financial Adviser that will meet with the client is normally determined according to the client's preferences as to scheduling and availability factors.

Reports, other than monthly account statements provided directly from the third-party financial institutions that act as broker – dealer / custodian of the account, are provided to clients upon request.

## **12. Client Referrals and Other Compensation**

Bloom Advisors currently has an agreement with other professional firms who refer clients for investment advisory services. In those cases, we will pay these professional firms a portion of the management fee earned by Bloom Advisors for the referred client. Clients do not incur extra fees or costs with respect to these referral arrangements.

In addition, Bloom Advisors is affiliated with Bloom, Bloom & Associates, our legal services firm, and may refer clients to the law firm for specific legal services.

Likewise, Bloom & Bloom Associates may refer their legal clients in need of advisory services to Bloom Advisors. In these situations, clients do not have any obligation to use Bloom, Bloom & Associates for their legal matters or Bloom Advisors for advisory services. If clients do choose to use Bloom, Bloom & Associates for any legal services, those services are billed through the law firm and are not connected in any way with Bloom Advisors' fees or compensation. At client's request legal fees may be debited from client's account.

Likewise, if legal clients choose to use Bloom Advisors for any advisory services, those services are billed through the advisory firm and not connected in any way with Bloom & Bloom Associates' legal fees.

For the referral of any advisory or legal clients between our affiliated firms, there are no referral fees paid or received by either firm.

### **13. Custody of Accounts**

All client accounts are held by third party “qualified custodians” such as Schwab or Fidelity and are totally independent from Bloom Advisors. Clients receive account statements directly from these custodians, not from Bloom Advisors, and are encouraged to carefully review these statements for accuracy. Statements are delivered by U.S. mail unless the client prefers to receive their statement online. Bloom Advisors does not determine the method of delivery of the monthly statements. Clients also have access to view their accounts online via the broker-dealer / custodian’s websites.

Our firm is deemed to have “constructive custody” as a result of a) many clients authorize our firm to directly debit our advisory fees from their custodian accounts and b) certain clients provide us with their user and password information to allow us to access their 401(k) and 403(b) accounts to view balances and performance and make investment purchases and sales, change asset allocations and update investment elections.

Consistent with regulatory guidance, our firm engages an independent CPA firm to perform an annual surprise exam for those accounts for which we have client personal information to access and manage their 401(k) and 403(b) accounts.

### **14. Investment Discretion**

We are granted discretionary authority by our clients to direct any account or investment action through a limited power of attorney that is completed by the client included in our Investment Management Agreement along with other account application forms. While we are granted this discretionary authority for all investments in a client’s managed portfolio, clients can elect to limit this authority in writing for specific investments at their discretion.

### **15. Voting Client Securities**

Bloom Advisors does not accept authority for any proxy voting for our clients’ investments. The authority for proxy voting rests solely with our clients, and clients will receive proxies for stocks, ETFs and mutual funds directly from the account custodian.

### **16. Financial Information**

Bloom Advisors fees are billed in arrears as outlined in Section 3-Fees and Compensation. We do not solicit or require prepayment of any fees.

Further and as a registered investment advisory firm, Bloom Advisors is subject to regulation by the Securities and Exchange Commission and are required to disclose any firm financial proceedings, bankruptcies or difficulties. We are very proud to report that we have **never** had any financial proceedings, bankruptcies or difficulties.