



## **Bey-Douglas LLC Investment Counsel**

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**February 29, 2024**

### **FORM ADV PART 2A BROCHURE**

This Brochure provides information about the qualifications and business practices of Bey-Douglas, LLC Investment Counsel. If you have any questions about the contents of this Brochure, please contact us at (770) 858-0001 or [info@bey-douglas.com](mailto:info@bey-douglas.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state authority.

Bey-Douglas, LLC Investment Counsel is an investment advisory firm registered with the appropriate regulatory authority. Registration does not imply a certain level of skill or training. Additional information about Bey-Douglas, LLC Investment Counsel also is available on the SEC's website at [www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).

## Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated February 23, 2023 we have the following material changes to report:

- Rutledge Partners, L.P. (the "Fund") closed on June 30, 2023. As such, George Beylouni, President of Bey-Douglas, no longer serves as a Co-General Partner of the Fund. This disclosure has been removed from *Item 6 Performance-Based Fees and Side-By-Side Management*; *Item 8 Methods of Analysis, Investment Strategies and Risk of Loss*; *Item 10 Other Financial Industry Activities and Affiliations*; *Item 15 Custody*.
- TD Ameritrade, Inc. has merged with Charles Schwab & Co., Inc. ("Schwab"). All existing TD Ameritrade, Inc. accounts were transferred to Schwab's platform. As such, disclosures have been removed from *Item 12 Brokerage Practices* and *Item 14 Client Referrals and Other Compensation*.
- Bey-Douglas also recommends that clients establish brokerage accounts with Interactive Brokers LLC.

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## Item 4 Advisory Business

### General Information

Bey-Douglas, LLC Investment Counsel ("Bey-Douglas") was formed in 2000 when Bey Associates merged with Douglas Capital Management. Bey-Douglas provides portfolio management services to its clients.

George Beylouni is the sole principal owner of Bey-Douglas. Please see Brochure Supplements for more information on Mr. Beylouni and other individuals who formulate investment advice and have direct contact with clients, or have discretionary authority over client accounts.

As of December 31, 2023, we provide continuous management services for \$125,446,833 in client assets on a discretionary basis, and \$8,432,812 in client assets on a non-discretionary basis.

### **SERVICES PROVIDED**

At the outset of each client relationship, Bey-Douglas spends time with the client, asking questions, discussing the client's investment experience and financial circumstances, and reviewing options for the client. Based on its reviews, Bey-Douglas generally develops with each client:

- a financial outline for the client based on the client's financial circumstances and goals, and the client's risk tolerance level (the "Financial Profile" or "Profile"); and
- the client's investment objectives and guidelines (the "Investment Plan" or "Plan").

The Financial Profile is a reflection of the client's current financial picture and a look to the future goals of the client. The Investment Plan outlines the types of investments Bey-Douglas will make or recommend on behalf of the client to meet those goals. The Profile and the Plan are discussed regularly with each client, but are not necessarily written documents.

### Portfolio Management

As described above, at the beginning of a client relationship, Bey-Douglas meets with the client, gathers information, and performs research and analysis as necessary to develop the client's Investment Plan. The Investment Plan will be updated from time to time when requested by the client, or when determined to be necessary or advisable by Bey-Douglas based on updates to the client's financial or other circumstances. In accordance with the Investment Plan for each client, Bey-Douglas will primarily invest client assets in the Disciplined Investment System ("DIS"). DIS is a US-based large cap core equity value/growth management style utilizing companies primarily from the S&P 500. The portfolio will consist of 20-30 large-cap stocks. Preservation of capital and growth of principal are the two main tenets in this philosophy. An ancillary benefit of investing in these well established companies is a small income aspect to the portfolio.

If you participate in our discretionary portfolio management services, we require you to grant us discretionary authority to manage your account. Subject to a grant of discretionary authorization, we have the authority and responsibility to formulate investment strategies on your behalf. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without obtaining your approval prior to each transaction. We will also have discretion over the broker or dealer to be used for securities transactions, and over the commission rates to be paid. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms.

We may also offer non-discretionary portfolio management services. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account. You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis. Generally non-discretionary accounts are limited to that portion of a client's account that is invested in private limited partnership investments.

As part of our portfolio management services, in addition to other types of investments (see disclosures below in this section), we may invest your assets according to one or more model portfolios developed by our firm. These models are designed for investors with varying degrees of risk tolerance ranging from a more aggressive investment strategy to a more conservative investment approach. Clients whose assets are invested in model portfolios may not set restrictions on the specific holdings or allocations within the model, nor the types of securities that can be purchased in the model. Nonetheless, clients may impose restrictions on investing in certain securities or types of securities in their account. In such cases, this may prevent a client from investing in certain models that are managed by our firm.

Notwithstanding the foregoing, clients may impose certain written restrictions on Bey-Douglas in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments in an investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship. Each client should note, however, that restrictions imposed by a client may adversely affect the composition and performance of the client's investment portfolio. Each client should also note that his or her investment portfolio is treated individually by giving consideration to each purchase or sale for the client's account. For these and other reasons, performance of client investment portfolios within the same investment objectives, goals and/or risk tolerance may differ and clients should not expect that the composition or performance of their investment portfolios would necessarily be consistent with similar clients of Bey-Douglas.

#### Wrap Fee Programs

We are a portfolio manager to and sponsor of a wrap fee program, which is a type of investment program that provides clients with access to several money managers or mutual fund asset allocation models for a single fee that includes administrative fees, management fees, and commissions. If you participate in our wrap fee program, you will pay our firm a single fee, which includes our money management fees, certain transaction costs, and custodial and administrative costs. We receive a portion of the wrap fee for our services. The overall cost you will incur if you participate in our wrap fee program may be higher or lower than you might incur by separately purchasing the types of securities available in the program.

To compare the cost of the wrap fee program with non-wrap fee portfolio management services, you should consider the frequency of trading activity associated with our investment strategies and the brokerage commissions charged by or other broker-dealers, and the advisory fees charged by investment advisers. For more information concerning the Wrap Fee Program, see *Appendix 1* to this Brochure.

#### Retirement Plan Advisory Services

Establishing a sound fiduciary governance process is vital to good decision-making and to ensuring that prudent procedural steps are followed in making investment decisions. Bey-Douglas will provide Retirement Plan consulting services to Plans and Plan Fiduciaries as described below. The particular services provided will be detailed in the consulting agreement. The appropriate Plan Fiduciary(ies) designated in the Plan documents (e.g., the Plan sponsor or named fiduciary) will (i) make the decision to retain our firm; (ii) agree to the scope of the services that we will provide; and (iii) make the ultimate decision as to accepting any of the recommendations that we may provide. The Plan Fiduciaries are

free to seek independent advice about the appropriateness of any recommended services for the Plan. Retirement Plan consulting services may be offered individually or as part of a comprehensive suite of services.

The Employee Retirement Income Security Act of 1974 ("ERISA") sets forth rules under which Plan Fiduciaries may retain investment advisers for various types of services with respect to Plan assets. For certain services, Bey-Douglas will be considered a fiduciary under ERISA. For example, Bey-Douglas will act as an ERISA § 3(21) fiduciary when providing non-discretionary investment advice to the Plan Fiduciaries by recommending a suite of investments as choices among which Plan Participants may select. Also, to the extent that the Plan Fiduciaries retain Bey-Douglas to act as an investment manager within the meaning of ERISA § 3(38), Bey-Douglas will provide discretionary investment management services to the Plan. With respect to any account for which Bey-Douglas meets the definition of a fiduciary under Department of Labor rules, Bey-Douglas acknowledges that both Bey-Douglas and its Related Persons are acting as fiduciaries. Additional disclosure may be found elsewhere in this Brochure or in the written agreement between Bey-Douglas and Client.

#### Fiduciary Consulting Services

##### *Investment Selection Services*

Bey-Douglas will provide Plan Fiduciaries with recommendations of investment options consistent with ERISA section 404(c). Plan Fiduciaries retain responsibility for the final determination of investment options and for compliance with ERISA section 404(c).

##### *Non-Discretionary Investment Advice*

Bey-Douglas provides Plan Fiduciaries and Plan Participants general, non-discretionary investment advice regarding asset classes and investments.

##### *Investment Monitoring*

Bey-Douglas will assist in monitoring the plan's investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformation to the guidelines set forth in the investment policy statement and Bey-Douglas will make recommendations to maintain or remove and replace investment options. The details of this aspect of service will be enumerated in the engagement agreement between the parties.

#### Non-Fiduciary Services

##### *Participant Education*

Bey-Douglas will provide education services to Plan Participants about general investment principles and the investment alternatives available under the Plan. Plan Participants are responsible for implementing transactions in their own accounts.

#### IRA Rollover Recommendations

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you. When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries 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. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

### Types of Investments

We offer advice on equity securities, corporate debt securities (other than commercial paper), municipal securities, mutual fund shares, United States government securities, money market funds, ETFs and interests in partnerships investing in real estate.

Additionally, we may advise you on various types of investments based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

Since our investment strategies and advice are based on each client's specific financial situation, the investment advice we provide to you may be different or conflicting with the advice we give to other clients regarding the same security or investment.

## **Item 5 Fees and Compensation**

### General Fee Information

Clients enter into one of two fee arrangements. Generally, clients elect to pay management fees to Bey-Douglas separately from the brokerage expenses of the account. Accordingly, client accounts pay a management fee, plus the brokerage expenses incurred in the account. The brokerage expenses may take the form of asset-based pricing, meaning that the broker/dealer charges the account a flat-rate percentage to cover all brokerage expenses, or these expenses may be assessed on a per-trade basis. In such an arrangement, fees paid to Bey-Douglas are exclusive of all custodial and transaction costs paid to the client's custodian, brokers or other third party consultants.

Alternatively, clients may elect to participate in the Bey-Douglas Wrap Program (the "Program"). The Program fee structure includes the brokerage expenses (e.g., commissions, ticket charges, etc.) of the account as well as the management fee paid to Bey-Douglas. Under this inclusive billing alternative, Bey-Douglas will assess one client fee that captures the management, brokerage and administrative portions collectively. In as much as Bey-Douglas pays to the broker/dealer the transaction and execution costs associated with client accounts, this can create a disincentive for Bey-Douglas to trade securities in accounts.

In either of these arrangements, the fees noted above are separate and distinct from the internal fees and expenses charged by mutual funds, ETFs (exchange traded funds) or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials). The client should review all fees charged by funds, brokers,

Bey-Douglas and others to fully understand the total amount of fees paid by the client for investment and financial-related services. Portfolio Management Fees Bey-Douglas offers two types of investment strategies, which are described in more detail in the *Methods of Analysis, Investment Strategies and Risk of Loss* section of this brochure. Each strategy has a different fee schedule.

The **Disciplined Investment System** annual fee is based on a percentage of assets under management, as follows:

First \$5,000,000	1.00%
Over \$5,000,000	0.75%

For example, if an account is valued at \$1,500,000, the first \$1,000,000 will be charged 1.00% annually, while the balance of \$500,000 will be assessed the lower fee of 0.75%.

The **Diversified Allocation Method** is offered through Bey-Douglas' Wrap Program. Its fee schedule is outlined below.

The minimum portfolio value for all three strategies is generally set at \$300,000. Minimum annual fees may apply. Bey-Douglas may, at its discretion, make exceptions to the foregoing or negotiate special fee arrangements where Bey-Douglas deems it appropriate under the circumstances.

Portfolio management fees are generally payable quarterly, in advance. If management begins after the start of a quarter, fees will be prorated accordingly. With client authorization, fees are normally debited directly from client account(s). In limited instances, Bey-Douglas may agree to provide an invoice for fees which is payable upon receipt.

Either Bey-Douglas or the client may terminate their Portfolio Management Agreement at any time, subject to any written notice requirements in the agreement. In the event of termination, any paid but unearned fees will be promptly refunded to the client based on the number of days that the account was managed, and any fees due to Bey-Douglas from the client will be invoiced or deducted from the client's account prior to termination.

#### Wrap Program Fees

As described above, clients may participate in Bey-Douglas' Wrap Program. Clients participating in the Program will pay the fees listed below, but do not separately pay brokerage expenses in the account(s) managed by Bey-Douglas. The Program annual fee schedule, based on a percentage of assets under management, is as follows:

Up to \$250,000	1.50%
\$251,000 - \$750,000	1.35%
\$750,001 - \$1,250,000	1.25%
\$1,250,001 - \$5,000,000	1.00%
Portfolios valued above \$5,000,000	Negotiable

For example, if an account is valued at \$600,000, the entire account would be assessed 1.35% annually.

#### Other Compensation

Adam Hill is a registered representative at American Wealth Management, an SEC registered broker/dealer and member of FINRA and SIPC, and is also licensed to sell insurance in Georgia. As such, he is entitled to receive commissions or other remuneration on the sale of insurance and other



investment products which provide an incentive to recommend such products based on compensation received, rather than on a client's specific individual needs. In order to protect client interests, Bey-Douglas' policy is to disclose all forms of compensation before any such transaction is executed. Clients will not pay both a commission to an individual at Bey-Douglas and also pay an advisory fee to the firm on assets held in the same account. These fees are exclusive of each other. Clients are not obligated to purchase recommended investment or insurance products and may utilize our services or those of other brokers or agents in their sole discretion.

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

Bey-Douglas does not accept performance-based fees or participate in side-by-side management.

Performance-based fees are fees that are based on a share of a capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the *Fees and Compensation* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

Bey-Douglas serves individuals, including high net worth individuals, pension and profit-sharing plans, charitable organizations, corporations, trusts, and estates. In general, we require a minimum of \$300,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size.

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

Bey-Douglas' approach is to invest each portfolio in accordance with the Plan that has been developed specifically for each client. Accounts are fully invested at all times according to the current allocation of the strategy or strategies selected in accordance with the client's Investment Plan.

### Methods of Analysis

In making selections of individual stocks for client portfolios, Bey-Douglas generally focuses on fundamental and technical analysis.

**Fundamental Analysis** – involves review of the business and financial information about an issuer. Without limitation, the following factors generally will be considered:

- Financial strength ratios;
- Price-to-earnings ratios;
- Dividend yields; and
- Growth rate-to-price earnings ratios

**Technical Analysis** – involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.

Mutual funds and ETFs are generally evaluated and selected based on a variety of factors, including, without limitation, past performance, fee structure, portfolio manager, fund sponsor, overall ratings for safety and returns, and other factors.

From time to time, fixed income investments may be used as a strategic investment, as an instrument to fulfill liquidity or income needs in a portfolio, or to add a component of capital preservation. Bey-Douglas will generally evaluate and select individual bonds or bond funds based on a number of factors including, without limitation, rating, yield and duration.

#### Investment Strategies

In accordance with the Investment Plan for each client, Bey-Douglas will either invest client assets in the Disciplined Investment System ("DIS"), which is an all-stock portfolio or in the Diversified Allocation Method ("DAM"), which is a combination of stocks, mutual funds and ETFs.

DIS is a US-based large cap core equity value/growth management style utilizing companies primarily from the S&P 500. The portfolio will consist of 20-30 large-cap stocks. Preservation of capital and growth of principal are the two main tenets in this philosophy. An ancillary benefit of investing in these well established companies is a small income aspect to the portfolio. The DIS is tax aware, in that there is generally less than 25% annual turnover of the portfolio.

The Diversified Allocation Method utilizes a mix of "risk assets," fixed income assets and money market. Risk assets include domestic stocks, foreign stocks, real estate and commodities while fixed income assets include individual bonds and bond funds. The mix of assets is tactically adjusted based on macro-economic factors. Individual risk assets are generally screened and selected using a relative strength analysis, while income and dividend oriented holdings are screened for value and yield. This method holds individual stocks, individual bonds and notes, exchange traded funds, mutual funds and closed end funds.

#### Risk of Loss

While Bey-Douglas seeks to diversify clients' investment portfolios across various asset classes consistent with their Investment Plans in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money.

Below is a description of several of the principal risks that client investment portfolios face.

*Management Risks.* While Bey-Douglas manages client investment portfolios based on Bey-Douglas' experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that Bey-Douglas allocates client assets to individual securities and/or asset classes that are adversely affected by unanticipated market movements, and the risk that Bey-Douglas' specific investment choices could underperform their relevant indexes.

*Risks of Investments in Mutual Funds, ETFs and Other Investment Pools.* As described above, Bey-Douglas may invest client portfolios in mutual funds, ETFs and other investment pools ("pooled investment funds"). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

*Equity Market Risks.* Bey-Douglas will invest portions of client assets directly into equity investments, either individual stocks or into pooled investment funds that invest in the stock market. As noted above, while pooled investments have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to

the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

***Fixed Income Risks.*** Bey-Douglas will invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

***Bonds.*** Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

***Real Estate.*** Real estate is increasingly being used as part of a long-term core strategy due to increased market efficiency and increasing concerns about the future long-term variability of stock and bond returns. In fact, real estate is known for its ability to serve as a portfolio diversifier and inflation hedge. However, the asset class still bears a considerable amount of market risk. Real estate has shown itself to be very cyclical, somewhat mirroring the ups and downs of the overall economy. In addition to employment and demographic changes, real estate is also influenced by changes in interest rates and the credit markets, which affect the demand and supply of capital and thus real estate values. Along with changes in market fundamentals, investors wishing to add real estate as part of their core investment portfolios need to look for property concentrations by area or by property type. Because property returns are directly affected by local market basics, real estate portfolios that are too heavily concentrated in one area or property type can lose their risk mitigation attributes and bear additional risk by being too influenced by local or sector market changes.

***Money Markets.*** A money market fund is technically a security. The fund managers attempt to keep the share price constant at \$1 per share. However, there is no guarantee that the share price will stay at \$1 per share. If the share price goes down, you can lose some or all of your principal. The U.S. Securities and Exchange Commission ("SEC") notes that "While investor losses in money market funds have been rare, they are possible." In return for this risk, you should earn a greater return on your cash than you would expect from a Federal Deposit Insurance Corporation ("FDIC") insured savings account (money market funds are not FDIC insured). Next, money market fund rates are variable. In other words, you do not know how much you will earn on your investment next month. The rate could go up or go down. If it goes up, that may result in a positive outcome. However, if it goes down and you earn less than you expected to earn, you may end up needing more cash. A final risk you are taking with money market funds has to do with inflation. Because money market funds are considered to be safer than other investments like stocks, long-term average returns on money market funds tends to be less than long term average returns on riskier investments. Over long periods of time, inflation can eat away at your returns.

## **Item 9 Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of Bey-Douglas or the integrity of Bey-Douglas' management. Bey-Douglas has no disciplinary events to report.

## Item 10 Other Financial Industry Activities and Affiliations

Bey-Douglas has entered into an agreement with Suncoast Equity Management, Inc., and Donald R. Jowdy, President in order to gain access to the Disciplined Investment System. Mr. Jowdy serves as an advisor to Bey-Douglas, primarily focusing on the Disciplined Investment System.

### Registrations with Broker-Dealer

Mr. Hill is a registered representative with American Wealth Management a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. See the *Fees and Compensation* section in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

### Licensed Insurance Agents

Mr. Hill is licensed as an independent insurance agent. Mr. Hill will earn commission-based compensation for selling insurance products, including insurance products he sells to you. Insurance commissions earned by Mr. Hill are separate from our advisory fees. See the *Fees and Compensation* section in this brochure for more information on the compensation received by insurance agents who are affiliated with our firm.

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

### Code of Ethics and Personal Trading

Bey-Douglas has adopted a Code of Ethics ("the Code"), the full text of which is available to you upon request. Bey-Douglas' Code has several goals. First, the Code is designed to assist Bey-Douglas in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisers Act of 1940, Bey-Douglas owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires persons associated with Bey-Douglas (managers, officers and employees) to act with honesty, good faith and fair dealing in working with clients. In addition, the Code prohibits such associated persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for Bey-Douglas' associated persons. Under the Code's Professional Standards, Bey-Douglas expects its associated persons to put the interests of its clients first, ahead of personal interests. In this regard, Bey-Douglas associated persons are not to take inappropriate advantage of their positions in relation to Bey-Douglas clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. From time to time, Bey-Douglas' associated persons may invest in the same securities recommended to clients. Under its Code, Bey-Douglas has adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for limitations on personal securities transactions of associated persons, reporting and review of such trading and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.

### Participation or Interest in Client Transactions

Because associated persons may invest in the same securities as those held in client accounts, Bey-Douglas has established a policy requiring its associated persons to pre-clear transactions in some types of securities with the Chief Compliance Officer. The goal of this policy is to avoid any conflicts of

interest that arise in these situations. Some types of securities, such as CDs, treasury obligations and open-end mutual funds are exempt from this pre-clearance requirement. However, in the event of other identified potential trading conflicts of interest, Bey-Douglas' goal is to place client interests first.

Consistent with the foregoing, Bey-Douglas maintains policies regarding participation in initial public offerings ("IPOs") and private placements to comply with applicable laws and avoid conflicts with client transactions. If a Bey-Douglas associated person wishes to participate in an IPO or invest in a private placement, he or she must submit a pre-clearance request and obtain the approval of the Chief Compliance Officer.

Finally, if associated persons trade with client accounts (i.e., in a bundled or aggregated trade), and the trade is not filled in its entirety, the associated person's shares will be removed from the block, and the balance of shares will be allocated among client accounts in accordance with Bey-Douglas' written policy.

## **Item 12 Brokerage Practices**

When given discretion to select the brokerage firm that will execute orders in client accounts, Bey-Douglas seeks "best execution" for client trades, which is a combination of a number of factors, including, without limitation, quality of execution, services provided and commission rates. Therefore, Bey-Douglas may use or recommend the use of brokers who do not charge the lowest available commission in the recognition of research and securities transaction services, or quality of execution. Research services received with transactions may include proprietary or third party research (or any combination), and may be used in servicing any or all of Bey-Douglas' clients. Therefore, research services received may not be used for the account for which the particular transaction was effected.

Bey-Douglas recommends that clients establish brokerage accounts with Charles Schwab & Co., Inc. ("Schwab") and Interactive Brokers LLC (whether one or more "Custodian"), FINRA registered broker-dealers, members SIPC, as the qualified custodian to maintain custody of clients' assets. Bey-Douglas will also effect trades for client accounts at Schwab or Interactive Brokers, or may in some instances, consistent with Bey-Douglas' duty of best execution and specific agreement with each client, elect to execute trades elsewhere. Although Bey-Douglas may recommend that clients establish accounts at Schwab or Interactive Brokers, it is ultimately the client's decision to custody assets with Schwab or Interactive Brokers. Bey-Douglas is independently owned and operated and is not affiliated with Schwab or Interactive Brokers.

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

For Bey-Douglas client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts. Schwab Advisor Services also makes available to Bey-Douglas

other products and services that benefit Bey-Douglas 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 Bey-Douglas accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist Bey-Douglas in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide pricing and other market data; (iv) facilitate payment of Bey-Douglas' fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting. Schwab Advisor Services also offers other services intended to help Bey-Douglas manage and further develop its business enterprise. These services may include: (i) technology, compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Bey-Douglas.

Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Bey-Douglas. Schwab Advisor Services may also provide other benefits such as educational events or occasional business entertainment of Bey-Douglas personnel. In evaluating whether to recommend that clients custody their assets at Schwab, Bey-Douglas may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which create a conflict of interest.

#### Research and Other Soft Dollar Benefits

We do not have any soft dollar arrangements.

#### Directed Brokerage

Clients may direct Bey-Douglas to use a particular broker for custodial or transaction services on behalf of the client's portfolio. In directed brokerage arrangements, the client is responsible for negotiating the commission rates and other fees to be paid to the broker. Accordingly, a client who directs brokerage should consider whether such designation may result in certain costs or disadvantages to the client, either because the client may pay higher commissions or obtain less favorable execution, or the designation limits the investment options available to the client.

The arrangements that Bey-Douglas has with Schwab and Interactive Brokers are designed to maximize efficiency and to be cost effective. By directing brokerage arrangements, the client acknowledges that these economies of scale and levels of efficiency are generally compromised when alternative brokers are used. While every effort is made to treat clients fairly over time, the fact that a client chooses to use the brokerage and/or custodial services of these alternative service providers can in fact result in a certain degree of delay in executing trades for their account(s) and otherwise adversely affect management of their account(s).

By directing Bey-Douglas to use a specific broker or dealer, clients who are subject to ERISA confirm and agree with Bey-Douglas that they have the authority to make the direction, that there are no provisions in any client or plan document which are inconsistent with the direction, that the brokerage and other goods and services provided by the broker or dealer through the brokerage transactions are provided solely to and for the benefit of the client's plan, plan participants and their beneficiaries, that the amount paid for the brokerage and other services have been determined by the client and the plan

to be reasonable, that any expenses paid by the broker on behalf of the plan are expenses that the plan would otherwise be obligated to pay, and that the specific broker or dealer is not a party in interest of the client or the plan as defined under applicable ERISA regulations.

#### Aggregated Trade Policy

Bey-Douglas typically directs trading in individual client accounts as and when trades are appropriate based on the client's Investment Plan, without regard to activity in other client accounts. However, from time to time, Bey-Douglas may aggregate trades together for multiple client accounts, most often when these accounts are being directed to sell the same securities. If such an aggregated trade is not completely filled, Bey-Douglas will allocate shares received (in an aggregated purchase) or sold (in an aggregated sale) across participating accounts on a pro rata or other fair basis; provided, however, that any participating accounts that are owned by Bey-Douglas or its officers, directors, or employees will be excluded first.

#### Mutual Fund Share Classes

Mutual funds are sold with different share classes, which carry different cost structures. Each available share class is described in the mutual fund's prospectus. When we purchase, or recommend the purchase of, mutual funds for a client, we select the share class that is deemed to be in the client's best interest, taking into consideration the availability of advisory, institutional or retirement plan share classes, initial and ongoing share class costs, transaction costs (if any), tax implications, cost basis and other factors. We also review the mutual funds held in accounts that come under our management to determine whether a more beneficial share class is available, considering cost, tax implications, and the impact of contingent or deferred sales charges.

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

Managed portfolios are reviewed at least quarterly, but may be reviewed more often if requested by the client, upon receipt of information material to the management of the portfolio, or at any time such review is deemed necessary or advisable by Bey-Douglas. These factors generally include but are not limited to, the following: change in general client circumstances (marriage, divorce, retirement); or economic, political or market conditions. George Beylouni, Bey-Douglas' President, and/or Marty Lysaght, Director, review all accounts.

Account custodians are responsible for providing monthly or quarterly account statements which reflect the positions (and current pricing) in each account as well as transactions in each account, including fees paid from an account. Account custodians also provide prompt confirmation of all trading activity, and year-end tax statements, such as 1099 forms. In addition, Bey-Douglas provides at least an annual report for each managed portfolio. This written report normally includes a summary of portfolio holdings and performance results. Additional reports are available at the request of the client.

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

#### Charles Schwab & Co., Inc - Institutional

Bey-Douglas receives an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. You do not pay more for assets maintained at Schwab as a result of these arrangements. However, we benefit from the referral arrangement because the cost of these services would otherwise be borne directly by us. You should consider these conflicts of interest when selecting a custodian. The products and services provided by Schwab, how they benefit us, and the related conflicts of interest are described above (see the *Brokerage Practices* section).

#### Client Referrals and Other Compensation

Bey-Douglas does not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with your account custodian.

### **Item 15 Custody**

Your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

### **Item 16 Investment Discretion**

As described in the *Advisory Business* section, Bey-Douglas will accept clients on either a discretionary or non-discretionary basis. For discretionary accounts, a Limited Power of Attorney ("LPOA") is executed by the client, giving Bey-Douglas the authority to carry out various activities in the account, generally including the following: trade execution; the ability to request checks on behalf of the client; and, the withdrawal of advisory fees directly from the account. Bey-Douglas then directs investment of the client's portfolio using its discretionary authority. The client may limit the terms of the LPOA to the extent consistent with the client's investment advisory agreement with Bey-Douglas and the requirements of the client's custodian.

If clients enter into non-discretionary arrangements with Bey-Douglas, Bey-Douglas will obtain the client's approval prior to the execution of any transactions for client account(s). Clients have an unrestricted right to decline to implement any advice provided by Bey-Douglas on a non-discretionary basis.

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

Bey-Douglas will determine how to vote proxies based on our reasonable judgment of the vote most likely to produce favorable financial results for you. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders. Generally, proxy votes will be cast against proposals having the opposite effect. However, we will consider both sides of each proxy issue. Unless we receive specific instructions from you, we will not base votes on social considerations.

In the event you wish to direct our firm on voting a particular proxy, you should contact our main office at the phone number on the cover page of this brochure with your instruction.



In general, Bey-Douglas believes that voting proxies in accordance with the following guidelines, with respect to such routine items, is in the best interests of our clients. Accordingly, Bey-Douglas generally votes **for**:

- The election of directors (where no corporate governance issues are implicated);
- Proposals that strengthen the shared interests of shareholders and management;
- The selection of independent auditors based on management or director recommendation, unless a conflict of interest is perceived;
- Proposals that Bey-Douglas believes may lead to an increase in shareholder value;
- Management recommendations adding or amending indemnification provisions in charter or by-laws; and Proposals that maintain or increase the rights of shareholders.

Bey-Douglas will generally vote against any proposals that Bey-Douglas believes will have a negative impact on shareholder value or rights. If Bey-Douglas perceives a conflict of interest, Bey-Douglas' policy is to notify affected clients so that they may choose the course of action they deem most appropriate.

A copy of our complete policy, as well as records of proxies voted; are available to clients upon request. As required under the Advisers Act, such records are maintained for a period of five (5) years.

## **Item 18 Financial Information**

Bey-Douglas does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to clients. Bey-Douglas does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore has no disclosure required for this item.

## **Item 19 Requirements for State-Registered Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.