



# DISCLOSURE BROCHURE

THE INVESTMENT ADVISERS ACT OF 1940 RULE 204-3  
**Part 2A of Form ADV: Firm Brochure**

SEC File #: 801-55533  
Firm IARD/CRD #: 110295

Butensky & Cohen Financial Security, Inc.  
REGISTERED INVESTMENT ADVISOR

Cover Page **ITEM 1**

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This Disclosure Brochure provides information about the qualifications and business practices of Butensky & Cohen Financial Security, Inc., which should be considered before becoming a client. You are welcome to contact us should you have any questions about the contents of this brochure – our contact information is listed to the right. Additional information about Butensky & Cohen Financial Security, Inc is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The information contained in this Disclosure Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Administrator. Furthermore, the term "registered investment advisor" is not intended to imply that Butensky & Cohen Financial Security, Inc. has attained a certain level of skill or training.

BROCHURE  
DATED

**FEBRUARY 2024**

## MATERIAL CHANGES

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Since filing our last Annual Amendment in January 2023, we have updated Item 4 for changes to the percentage of ownership in B&C Financial Advisors.

Previous ownership arrangement:

- Allan Abraham Cohen, 26%
- Jacqueline Ann Bos, 30%
- Thomas Leonard Ellis, 30%
- Sean Guldi, 10%
- Adam Oerther, 4%

New ownership arrangement:

- Allan Abraham Cohen, 22%
- Jacqueline Ann Bos, 30%
- Thomas Leonard Ellis, 30%
- Sean Guldi, 12%
- Adam Oerther, 6%

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## BROCHURE SUPPLEMENTS

## ADVISORY BUSINESS

### Who We Are

Butensky & Cohen Financial Security, Inc. also doing business under the name B&C Financial Advisors (hereinafter referred to as “the Company”, “we”, “us” and “our”) is a fee-only registered investment advisor<sup>1</sup> incorporated in October of 1994 as a Florida corporation. We offer a wide range of financial management services designed to assist you, our client<sup>2</sup>, in achieving your financial goals and to protect what you have worked hard to create.

### Owners

The following persons are owners of the Company:

Name	Title	CRD#
Allan Abraham Cohen, 22%	President & CEO	720627
Jacqueline Ann Bos, 30%	Chief Compliance Officer & Vice President	2493047
Thomas Leonard Ellis, 30%	Vice President	4448624
Sean Guldi, 12%	Chief Investment Officer	5671586
Adam Oerther, 6%	Vice President	6129731

### Assets Under Management

As of December 31, 2022, our assets under management totaled:

Client Discretionary Managed Accounts .....	\$ 494,203,781
<u>Client Non-Discretionary Managed Accounts .....</u>	<u>\$ 494,203,781</u>
Total:	\$ 502,704,232

### Mission and Objective

Our mission is to develop a personal relationship with you in order to gain trust and confidence through actions of uncompromising service and unbiased asset management and financial and estate planning.

*“Our objective is to give you a good night’s sleep.”*

<sup>1</sup> The term “registered investment advisor” is not intended to imply that Butensky & Cohen Financial Security, Inc. has attained a certain level of skill or training. It is used strictly to reference the fact that we are “Registered” as an “Investment Advisor” with the United States Securities & Exchange Commission - and “Notice Filed” with such other State Regulatory Agencies that may have limited regulatory jurisdiction over our business practices.

<sup>2</sup> A client could be an individual, a corporation and/or small business, a trust, an estate, a charitable organization and/or another type of entity structure to give investment advice.

## What We Do

We provide investment management and financial planning services, which stress fiscal responsibility and disciplined economic decision-making, ultimately designed to protect your monetary needs for today, tomorrow, and in the future. We consider ourselves to specialize in wealth management and even hold ourselves out as wealth management specialists. Wealth management can best be described as a combination of investment management and financial planning services. It is important to note there is not one, commonly accepted definition for wealth management and there is no such thing as a Wealth Management Specialist designation or certification. Therefore use of the term should not be construed that we have attained a certain level of skill or expertise.

Our central duty is to assist you in achieving success and fulfillment in both your personal and financial life and to guide you in making intelligent, informed decisions on the complex financial options available in today's economic environment. We provide this service through:

- ❖ Advice on how to best navigate the current economic and investment environment.
- ❖ The construction of a financial plan, when necessary, to evaluate the investing and financial options available to you based upon your defined goals.
- ❖ The design of an asset allocation guideline unique to your predefined goals and objectives.
- ❖ Implementation of the investment and risk management strategies necessary to attain your financial goals.
- ❖ Monitoring the investment performance of such management strategies.

Earning your trust and confidence is a great compliment. We understand that when this is accomplished, you are at peace knowing your financial affairs are being managed with your best interest always in mind.

## How We Get to Know You

We get to know you through one-on-one consultations to discuss issues such as your current income and expenses, career, personal goals, investment return expectations and prior investment experience. In addition, you complete a profile questionnaire<sup>3</sup> that provides a picture of your financial needs.

With the complexity of today's marketplace, it is critical for us to understand who you are and what you want to accomplish financially. We must have a clear picture of your unique financial composition and risk tolerance so that we can develop a successful investment plan and tailored asset allocation guideline. If you have difficulty expressing your monetary needs or do not truly have a grasp of your overall personal finances, a financial plan may be suggested before proceeding with any investment services.

Our meetings with you to discuss your finances, and, if necessary, develop a financial plan, will help to eliminate much of the guesswork in achieving the security and independence you desire and simplify your financial alternatives. In return, we will have:

- ❖ Defined and narrowed objectives and investment options;
- ❖ Identified areas of greatest distress;
- ❖ Developed a strategy for addressing concerns about the future;
- ❖ Cultivated peace of mind; and,

<sup>3</sup> The profile questionnaire we use is an important tool in gathering information about your investment methodology, risk tolerance, income/tax bracket, liquidity, time horizons, etc. If you elect not to answer the questionnaire or choose to respond with limited input, it is possible that we could operate in a handicapped capacity contrary to your investment needs. Therefore, if you desire the most effective and accurate recommendations regarding your managed account(s), you should make every effort to provide us with your detailed personal needs and objectives, along with detailed financial and tax information.

- ❖ Created a unique picture of your overall economic personality.

Once your financial parameters have been identified, we will prepare an Investment Policy Statement that outlines what asset mix is most suitable for your unique investment expectations and risk tolerance. This Investment Policy Statement will guide us in the management of your account(s), and as a standard against which to measure future results and to make modifications when and where necessary.

## FEES & COMPENSATION

ITEM 5

### Portfolio Management

Portfolio management is provided on an asset-based fee arrangement. Our management fee is calculated based on the aggregate market value of your account on the last business day of the previous calendar quarter multiplied by one-fourth of the corresponding annual percentage rate (i.e.,  $1.50\% \div 4 = 0.375\%$ ).

We retain discretion to negotiate the management fee under 1.50% on a client-to-client basis. Generally, fee breaks occur as assets in your portfolio increase past the following tiers:

Account Balance	Annual Fee Rate Not to Exceed
Up to \$500,000 .....	1.50%
\$500,001 to \$1,000,000 .....	1.25%
\$1,000,001 to \$5,000,000 .....	1.00%
\$5,000,001 and up.....	0.75%

We generally require a minimum initial investment of \$100,000.00 to open a managed account; however, we retain the right to waive this minimum if we feel circumstances are warranted.

The portfolio management fee will be fully disclosed to you in an Investment Advisory Agreement prior to conducting any investment management services.

### Protocols for Investment Services

The following protocols establish how we handle our portfolio management accounts and what you should expect when it comes to: (i) managing your account; (ii) deposits and withdrawals in/from your account(s); (iii) your bill for investment services; (iv) other fees charged to your account(s); and (iv) termination.

#### Discretion

We will establish discretionary trading authority on all management accounts to execute securities transactions at anytime without your prior consent or advice.

At anytime however, you can impose restrictions, **in writing**, on our discretionary authority (i.e., limit the types/amounts of particular securities purchased for your account, exclude the ability to purchase securities with an inverse relationship to the market, limit our use of leverage, etc.)

### Billing

Your account will be billed quarterly **in advance** based on the above fee arrangements. Contributions to your account greater than \$25,000 made during the calendar quarter may be prorated (See “**Deposits & Withdrawals**” below for more information.). For **new managed accounts** opened in mid-quarter, our fee will be based on a pro-rated calculation of your assets to be managed for remainder of the existing quarter.

Advisory fees will be deducted first from any money market funds or cash balances. If such assets are insufficient to satisfy payment of such fees, a portion of the account assets will be liquidated to cover the fees.

### Deposits and Withdrawals

Assets deposited by you into your managed portfolio between billing cycles will **not** result in additional management fees being billed to you unless such deposits **exceed \$25,000**. Such deposits of this amount or greater, in most cases, will require modifications and adjustments to your investment allocation. Therefore, we reserve the right to bill your account a pro-rated fee based upon the number of days remaining in the current quarterly period for deposits exceeding the above amount.

Withdrawals made from your managed portfolio less than \$25,000, **will not receive a partial refund** of our management fees. Just as with deposits, withdrawals from your account may require modifications and adjustments to be made in the account to correct the allocation of assets in your portfolio.

### Fee Exclusions

The above fees for all of our management services are exclusive of any charges imposed by the custodial firm including, but not limited to: (i) any Exchange/SEC fees; (ii) certain transfer taxes; (iii) service or account charges, including, postage/handling fees, electronic fund and wire transfer fees, auction fees, debit balances, margin interest, certain odd-lot differentials and mutual fund short-term redemption fees; and (iv) brokerage and execution costs associated with securities held in your managed account. There can also be other fees charged to your account that are unaffiliated with our management services.

In addition, all fees paid to us for management services are separate from any fees and expenses charged on mutual fund shares by the investment company or by the investment advisor managing the mutual fund portfolios. These expenses generally include management fees and various fund expense, such as: 12b-1 fees, redemption fees, account fees, and purchase fees can occur but are the exception within managed accounts at institutional custodians. A complete explanation of these expenses charged by the mutual funds is contained in each mutual fund's prospectus. You are encouraged to carefully read the fund prospectus.

### Termination of Investment Services

To terminate investment advisory services, either party (you or us) by written notification to the other party, can terminate the Investment Advisory Agreement at any time. Such notification should include the date the termination will go into effect along with any final instructions on the account (i.e., liquidate the account, finalize all transactions and/or cease all investment activity).

In the event termination does not fall on the last/first day of a calendar quarter, you will receive a pro-rated refund of the prepaid quarterly management fee based upon the number of days remaining in the quarter after the termination notice goes into effect. Once the termination of investment advisory services has been implemented, neither party has any obligation to the other – we no longer earn management fees or give investment advice and you become responsible for making your own investment decisions.

## Financial Planning

Financial planning is one of the most important services that successful people use to create an extraordinary personal life and business career. However it requires a lifetime commitment, not only from us, the Financial Planner, but from you as well. The financial planning process helps to identify and/or clarify purpose, values, needs, and priorities and align your financial decisions with your goals in all areas of your life.

### What is a Financial Plan?

Financial planning is an evaluation of the investment and financial options available to you based upon your defined lifestyle choices. Planning includes: (i) attempting to make optimal decisions; (ii) projecting the consequences of these decisions for you in the form of a financial plan – a working blueprint; and (iii) implementing the protocol to achieve the objectives of the plan. Once complete, the plan is then used to compare future performance against the working blueprint.

### Financial Planning Composition

A financial plan can be comprehensive – a mutually defined review of your personal financial needs; or, targeted – a review, analysis and evaluation of a core area of financial need. In general, our financial planning encompasses one or more of the following areas of financial need as presented by you:

- ❖ Identify and clarify personal and family core values, mission, vision, and goals.
- ❖ Preparation of the financial plan/roadmap, which encompasses your:
  - Current financial situation.
  - Liquidity and asset preservation needs.
  - Wealth accumulation and growth.
  - Wealth distribution and transfer.

More specifically the financial plan/roadmap can include, but is not limited to the following modules:

  - Financial Statements – Cash Flow and Balance Sheet.
  - Savings and Emergency Reserves.
  - Asset Allocation and Investment Portfolio Analysis.
  - Potential Income Tax consequences in collaboration with your tax advisor.
  - Risk Management and Insurance Analysis.
  - Retirement and Income Analysis.
  - Long-Term Healthcare.
  - Estate and Family Legacy Planning.
  - Business Succession Planning.
- ❖ Outline of recommendations, strategies, solutions and resources.
- ❖ Prioritizing and implementing the written action plan.
- ❖ Investment consultations that allow us to create and implement a customized investment strategy tailored to your long-term investment goals.
  - Prepare a professional investment proposal that will include a written Investment Policy Statement.
  - Access to our open-architecture platform with a variety of investment management solutions.
- ❖ Informative periodicals, market commentaries and research via e-mail and website.
- ❖ Facilitate meetings with you and/or advisors or specialists within our professional network.
- ❖ Coordinate and facilitate meetings with family members, business associates, partners or other key individuals to assist with implementing your action plan.



## Financial Planning Development

We gather the necessary information to complete our analysis through personal interviews, review of various documents supplied by you, and completion of one or more profile questionnaires. Information gathered can include statements regarding your current financial status, a list of assets, insurance, wills and/or trust documents, income and expenses, Social Security eligibility, and other information<sup>4</sup> based on your financial status and future goals.

## Financial Planning Fees & Termination

How we charge to develop a financial plan depends on the size, complexity, and nature of your personal and financial situation and the amount of time it will take to analyze and summarize the plan and perform the services you desire.

### Comprehensive Financial Planning

Comprehensive financial planning is a coordinated effort between you and us, the financial planner, to identify purpose, personal, and family core values, financial needs and life goals then integrate these ideals into various strategies – budgeting, tax planning, insurance, retirement and estate planning, investment management, and more depending on your desired needs.

The cost to prepare a comprehensive financial plan will not exceed \$2,500.00, for a 12 consecutive month period to complete the planning process. The fee will be fully disclosed up-front in a Financial Planning Agreement (“Agreement”), which will include the cost<sup>5</sup> to review your financial information and prepare the financial plan. We require one-half the fee be paid at the time the Agreement is signed, with the remaining balance due upon completion of the financial plan<sup>6</sup>.

### Targeted Planning Fee

Targeted financial planning focuses on review, analysis and evaluation of a core area of financial need as may be requested by you. The targeted planning fee will be billed at a rate not to exceed \$250.00 per hour and any clerical fees will not exceed \$50.00 per hour. All fees will be completely itemized in a billing statement to you, or as otherwise predetermined in a proposal, engagement letter and/or by retainer.

### Termination

You can terminate the Agreement at any time prior to the presentation of the any financial planning documents. We will be compensated through the date of termination for time spent in design of such financial documents at the hourly rate agreed upon in the Agreement. If you have prepaid any fees, such fees will be returned on a pro-rata basis. After the financial plan has been completed and presented to you, termination of the Agreement is no longer an option.

Targeted financial planning can be terminated at any time. We will bill you for any services rendered from the date of the last bill up to the date of termination at the agreed upon hourly rate.

<sup>4</sup> All information provided by and to you will be kept entirely confidential. Such information will be disclosed to third parties only with mutual written consent or as may be permitted by law.

<sup>5</sup> Rarely will a fee exceed those costs outlined in the Agreement. However, there can be instances where we did not contract with you to perform a particular task and therefore merit notifying you of the additional cost prior to beginning such services.

<sup>6</sup> The recommendations made in a financial plan are generally completed within 90 to 180 days from you signing the Agreement. However, implementing the plan using outside professionals (i.e., attorneys, CPAs, etc...) may require additional time that is out of our control. Therefore when we refer to the completion of the financial plan, we are referring to us (you and Butensky & Cohen Financial Security, Inc) finalizing your financial benchmarks/objectives before approaching any outside professional.

## PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT

We do not charge fees based on a share of capital gains or the capital appreciation of the assets held in your accounts.

## TYPES OF CLIENTS

The types of clients to whom we offer advisory services to are described above under “**Who We Are**” in the Advisory Business section. Our minimum account size for portfolio management is disclosed above under “**Portfolio Management**” in the Fees & Compensation section of this Brochure.

## METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

Our advisory business services are designed to build long-term wealth while maintaining risk tolerance levels acceptable to you. We combine your financial needs and investment objectives, time horizon, and risk tolerance, as outlined in your Investment Policy Statement, to yield an effective investment strategy. Your portfolio is then tailored to these unique investment parameters using primarily equities (stocks) and debt instruments (bonds), along with a mix of Exchange Traded Funds (“ETFs”) to design your unique investment strategy.

In addition, depending on your risk tolerance, we will also recommend using other investment vehicles to achieve your desired investment objective. However, these investment vehicles bring on a whole different risk dynamic. If we recommend investment in another vehicle, we will discuss with you the limitations of such security and the potential risk factors to your portfolio.

### Methods of Analysis

In analyzing stocks, bonds, mutual funds, and ETFs we will use both a fundamental and technical approach to gathering information and to guide us in our allocation decisions.

#### Fundamental Analysis

Fundamental analysis considers economic conditions, earnings, cash flow, book value projections, industry outlook, politics (as it relates to investments), historical data, price-earnings ratios, dividends, general level of interest rates, company management, debt ratios and tax benefits.

#### Technical Analysis

Technical analysis utilizes current and historical pricing information to help us identify trends in the broader domestic and foreign equity and fixed income markets, and in the underlying assets themselves. This may involve the use of various technical indicators, such as moving averages and trend-lines, among others.

Fundamental analysis provides us with a broad long-term view of a security that begins with determining a company’s value and the strength of its financials while technical analysis is short-term focusing on the statistics generated by market activity. Technical analysis looks to detect trends and momentum of stocks for ideal entry/exit points.

## Investment Strategy

We are not bound to a specific investment strategy or ideology for the management of your investment portfolio except for how such strategy might affect the risk tolerance levels we pre-defined for you during the getting-to-know-you process as well as in your Investment Policy Statement. However, our investment strategies generally incorporate these methodologies:

### Modern Portfolio Theory

Modern Portfolio Theory ("MPT")<sup>7</sup> is the analysis of a portfolio of stocks as opposed to selecting stocks based on their unique investment opportunity. The objectives of MPT is to determine your preferred level of risk then construct a portfolio that maximizes your expected return for that given level of risk. Our investment methodology follows five (5) basic premises, each of which is derived from MPT.

1. You, as with all clients, are inherently risk-averse.
2. The markets are basically efficient.
3. The focus of attention is shifted away from individual securities analysis to consideration of portfolios as a whole, predicated on explicit risk-reward parameters.
4. For any level of risk that you are willing to accept, there is a rate of return that should be targeted.
5. Portfolio diversification is not so much a function of how many issues are involved, but more a function of the relationships and proportions of each asset to its correlating asset.

### Asset Allocation

Asset Allocation is a broad term used to define the process of selecting a mix of asset classes and the efficient allocation of capital to those assets by matching rates of return to a specified and quantifiable tolerance for risk. From this there are more narrow and aggressive Asset Allocation derivatives that we may use.

We have developed five model portfolio structures that are used as Asset Allocation guideline models in designing your investment portfolio. Each model consists of a different "target" Asset Allocation comprised of stocks and bonds from twelve different predefined macro groups<sup>8</sup>. We will diversify your portfolio mix across these different macro groups and then from each group will select stocks and bonds that can achieve the greatest return with the least risk exposure based upon your investment parameters.

The macro group mix is uniquely designed to achieve your desired level of risk vs. reward. However, the selected equities and fixed income vehicles in your portfolio are typically diversified into many stocks and bonds that are common to all client accounts. This is the only common denominator; from that point the composition mix and quantity of stocks and bonds in any given account is completely subjective.

<sup>7</sup> Modern Portfolio Theory was developed and introduced by Harry M. Markowitz in his paper "Portfolio Selection" published in 1952 by the *Journal of Finance*.

<sup>8</sup> These macro groups represent companies with like products and/or services (i.e.; steel, paper, utilities, railroads, etc...) that could fall under a group titled, for example, Basic Materials.

Typical composition mix classifications:

ASSET ALLOCATION MODEL	PERCENTAGE OF...	
	Stocks	Bonds
Growth	65% or More	35% or Less
Balanced	40% - 65%	60% - 35%
Conservative	40% or Less	60% or More
Fixed/Income	0%	100%

Such allocation guidelines are a representation of a typical account composition but should not be construed as absolute. Ultimately, the exact composition makeup and allocation of securities are determined by your investment parameters, which can compose a more detailed and/or complex structure.

### Dollar-Cost Averaging

We sometimes use dollar-cost averaging, the technique of buying a fixed dollar amount of securities at regularly scheduled intervals, regardless of the price per share. This will gradually, over time, decrease the average share price of the security. Dollar-cost averaging lessens the risk of investing a large amount in a single investment at the wrong time.

### Managing Risk

The biggest risk to you is the risk that the value of your investment portfolio will decrease due to moves in the market. This risk is referred to as the market risk factor, which is made up of four primary risks:

- ❖ **Interest Rate Risk** – Interest rate risk affects the value of bonds more than stocks. Essentially, when the interest rate on a bond begins to rise, the value (bond price) begins to drop; and vice versa, when interest rates on a bond fall, the bond value rises.
- ❖ **Equity Risk** – Equity risk is the risk that the value of your stocks will depreciate due to stock market dynamics causing one to lose money.
- ❖ **Currency Risk** – Currency risk is the risk that arises from the change in price of one currency against that of another. Investment values in internationally securities can be affected by changes in exchange rates.
- ❖ **Commodity Risk** – Commodity risk refers to the uncertainties of future market values and the size of future income caused by the fluctuation in the prices of commodities (i.e., grains, metals, food, electricity, etc...).

The risk factors we have cited here are not intended to be an exhaustive list, but are the most common risks your portfolio will encounter. Other risks that we haven't defined could be political, over-concentration, and liquidity to name a few. However notwithstanding these risk factors, the most important thing for you to understand is that regardless of how we analyze securities or the investment strategy and methodology we use to guide us in the management of your investment portfolio, **investing in a security involves a risk of loss that you should be willing and prepared to bear; and furthermore, past market performance is no guarantee that you will see equal or better future returns on your investment.**

## DISCIPLINARY INFORMATION

ITEM 9

We have no legal or disciplinary events to report.

## OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS

ITEM 10

We are **not** and do **not** have a related person that is a broker/dealer, municipal securities dealer, 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), another investment adviser or financial planner, 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, and a sponsor or syndicator of limited partnerships.

We are an independent registered investment adviser and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure.

## CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING

ITEM 11

### Code of Ethics

As a fiduciary, the Company has an affirmative duty to render continuous, unbiased investment advice, and at all times act in your best interest. To maintain this ethical responsibility, we have adopted a Code of Ethics that establishes the fundamental principles of conduct and professionalism expected by all personnel in discharging their duties. This Code is a value-laden guide committing such persons to uphold the highest ethical standards, rooted in the most elementary maxim, which is: to deter inappropriate behavior and heighten awareness as to what is right, fair, just and good by promoting:

- ❖ Honest and ethical conduct.
- ❖ Full, fair and accurate disclosure.
- ❖ Compliance with applicable rules and regulations.
- ❖ Reporting of any violation of the Code.
- ❖ Accountability.

To help you understand our ethical culture and standards, how we control sensitive information and what steps have been taken to prevent personnel from abusing their inside position, a copy of our Code of Ethics is available for review upon request.

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## Client Transactions

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We have a fiduciary duty to ensure that your welfare is not subordinated to any interests of ours or any of our personnel. The following disclosures are internal guidelines we have adopted to assist us in protecting all of our clientele.

### Participation or Interest

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It is against our policies for any of our employees to invest with you or with a group of clients, or to advise you or a group of clients to invest in a private business interest or other non-marketable investment unless prior approval has been granted by Ms. Jacqueline A. Bos, our Chief Compliance Officer, and such investment is not in violation of any SEC and/or State rules and regulations.

### Class Action Policy

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The Company, as a general policy, does not elect to participate in class action lawsuits on your behalf. Rather, such decisions shall remain with you or with an entity you designate. We can assist you in determining whether you should pursue a particular class action lawsuit by assisting with the development of an applicable cost-benefit analysis, for example. However, the final determination of whether to participate, and the completion and tracking of any such related documentation, shall generally rest with you.

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## Personal Trading

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Employees of ours are permitted to personally invest their own monies in securities, which can also be, from time to time, recommended to you. Most of the time, such investment purchases are independent of, and not connected in any way to, the investment decisions made on your behalf. However, there can be instances where investment purchases for you can also be made in an employee's account. In these situations we have implemented the following guidelines in order to ensure our fiduciary integrity:

1. No employee acting as an Investment Advisor Representative, or who has discretion over your account, shall buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment, unless the information is also available to the investing public on reasonable inquiry. No employee of ours shall prefer his or her own interest to that of yours or any other advisory client.
2. We maintain a list of all securities holdings for all our access employees. Ms. Bos reviews these holdings on a regular basis.
3. We require that all employees act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
4. Bunched orders (See "Trading Allocation" above) may include employee accounts. In such cases, priority and advantage will be given to satisfy your order first regardless of the situation.
5. Any individual not in observance of the above may be subject to termination.

Personal trading activities are monitored by Ms. Bos to ensure that such activities do not impact upon your security or create conflicts of interest.

## BROKERAGE PRACTICES

### Custodial Services

The Company maintains custodial relations with Pershing, LLC, an NYSE/FINRA licensed broker/dealer, through their institutional division Pershing Advisor Solutions. Pershing is an indirect, wholly-owned subsidiary of The Bank of New York Company Mellon Corporation.

Our recommendation for you to custody your assets with Pershing has no direct correlation to the services we receive from Pershing and the investment advice we offer you, although we do receive economic benefits through our relationship with Pershing that are typically not available to Pershing retail clients. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a dedicated trading desk; access to batch trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to accounts); the ability to have advisory fees deducted directly from accounts; access to an electronic communications network for order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers.

We are not a subsidiary of, or an affiliated entity of Pershing. We have sole responsibility for investment advice rendered, and our advisory services are provided separately and independently from Pershing.

Through our relationship with Pershing, we can use their fixed income trade away service. This allows us to place trades with other broker/dealers without the need to have individual accounts with the other broker/dealers. The use of this service allows greater flexibility to access more fixed income products and the ability to access new issue bonds. All assets will be kept in a Pershing account with all confirmations and statements generated by Pershing. We select fixed income broker/dealers based on the quality of research, services, products offered, execution and commission structures. Both discount and full service broker/dealers may be used, but the lowest cost broker/dealer may not always be utilized.

### Direction of Transactions and Commission Rates (Best Execution)

We have a fiduciary duty to put your interests before our own. Pershing's advisory support services create an economic benefit to us and a conflict of interest to you; in that, our recommendation to custody your account(s) with Pershing is influenced by these arrangements/services. This is not the case; we have selected Pershing as the custodian of choice based on:

1. Pershing's competitive transaction charges, trading platform, and on-line services for account administration and operational support.
2. Pershing's general reputation, trading capabilities, investment inventory, their financial strength, and our personal experience working with Pershing staff.

Since we do not generally recommend or suggest custodians other than Pershing, and we have not verified whether their transaction fees are competitive with another custodian, **best execution may not always be achieved**. Therefore, **you do not have to accept our recommendation to use Pershing** as your custodian. However if you elect to use another custodian, **we may not be able to provide you complete institutional services**.



## Client Directed Brokerage Arrangements

Although we recommend and in some cases require the use of Pershing, we will consider working with clients that select the broker/dealer or other custodian used for their accounts. Clients directing the use of a particular broker/dealer or other custodian must understand that we may not be able to obtain the best prices and execution for transactions in their account. Under a client-directed brokerage arrangement, clients can receive less favorable prices than would otherwise be the case if the client had not designated a particular broker/dealer or custodian. Directed brokerage account trades are generally placed by our firm after effecting trades for other clients of our firm. In the event that a client directs us to use a particular broker or dealer, we may not be authorized to negotiate commissions and may be unable to obtain volume discounts or best execution. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to clients who direct us to use a particular broker or dealer versus clients who do not direct the use of a particular broker or dealer.

## Aggregating Trade Orders

Our objective in order execution is to act fairly, impartially, and to take all reasonable steps to obtain the best possible results (known as “best execution”) for our clients. Therefore, we will not bunch (aggregate) orders for a block trade unless: (i) the bunching of orders is done for the purpose of achieving best execution; and (ii) no client is systematically advantaged or disadvantaged by bunching the orders.

In consideration of these objectives, we will take into account the unique execution factors of the buy/sell order before bunching accounts for a block trade. A few of those factors are:

- ❖ **Security Trading Volume** – Bunching orders in a block trade can secure price parity and continuity for our clients during heavy trading activity.
- ❖ **Number of Clients** – The fewer the number of client accounts involved in the bunched order may not yield better pricing or order execution; it may be more advantageous to perform an individual market order for each client. In addition preparing individual market orders, for the small number accounts involved, may be quicker to complete than preparing a bunch order.
- ❖ **Financial Instruments** – The type of security involved as well as the complexity of order can affect our ability to achieve best execution.

## REVIEW OF ACCOUNTS

ITEM 13

### Portfolio Management Reviews

Each account is reviewed on an ongoing basis to ensure that your needs and objectives are being met. All accounts are reviewed in the context of your stated investment objectives and guidelines. Cash needs will be adjusted as necessary.

You will receive, at least quarterly, statements from Pershing where your account is custodied. You are encouraged to review each statement which summarizes the specific investments held, the value of your portfolio and account transactions.

You are also encouraged to review with us investment strategies and account performance on an annual basis. Material changes in your personal circumstances, the general economy, or tax law changes can trigger more frequent reviews. However, **it is your responsibility to communicate these changes to us so that the appropriate adjustments can be made.**



## Financial Planning Reviews

The financial planner who has designed your financial plan will work closely with you to be sure the action points identified in the financial plan have been or are being properly executed. Once the action points have been completed, the financial plan should be reviewed at least annually. Material changes in your lifestyle choices, personal circumstances, the general economy, or tax law changes can trigger more frequent reviews. However, **it is your responsibility to communicate these changes to us** so that the appropriate adjustments can be made.

## CLIENT REFERRALS & OTHER COMPENSATION

ITEM 14

### Referral Compensation

We do not directly or indirectly compensate persons not affiliated with our company for client referrals.

### Other Compensation (Indirect Benefit)

The Company receives an indirect economic benefit from Pershing (See “Custodial Services” above under Item 12, “**Brokerage Practices**” for more detailed information on these services and products could be.).

### Financial Planning Compensation

There are conflicts of interest when an Investment Advisor Representative (“RA”) preparing a financial plan suggests the need for outside consultations and professional services (i.e., attorneys, accountants, etc.) to implement certain aspects of an estate or financial plan. Even though we do not share in any fees earned by the outside professionals when implementing a financial plan, it does create an incentive on our part to refer your business to only those professionals that in turn refer potential clients to us. This can eliminate the possibility for you to be referred to someone who may provide equivalent professional services, and possibly at a lower cost.

Therefore, to ensure you understand the full relationship of our RAs to any related persons and outside parties that they may refer your business, as well as the choices and risks you have in receiving investment and financial planning services, the following disclosures are provided:

- ❖ Certain aspects of a financial plan require the assistance of a Registered Representative of a broker-dealer to execute the transaction. In this situation regardless of who performs the transaction(s), **such person will be entitled to earn a commission.**
- ❖ If requested by you to implement any insurance recommendations made in the financial plan, the RA can recommend an insurance agent that is not affiliated with our firm. In such cases, our firm and our RA will not receive compensation for the referral and will not receive any portion of the insurance sale commission. However, **the unaffiliated insurance agent will receive the normal commissions associated with such insurance transactions.**
- ❖ You are under no obligation to have any related parties that we recommend prepare planning documents (i.e.; financial, estate, tax, etc....). **You are free to choose those outside professionals to implement the recommendations made in the financial plan.**
- ❖ The Company does not receive any economic benefit from referring you to another professional without first notifying you of such possibilities.

Notwithstanding such conflicts of interest, our supervised persons and RAs strive to serve your best interest and ensure such disclosure is being properly made to you in compliance with the Investment Adviser Act of 1940, Rule 275.206.

## CUSTODY

ITEM 15

### Trustee Accounts

Our Chief Executive Officer, Allan A. Cohen, serves as a trustee for a limited number of client trust accounts. These are the only accounts where we act as trustee and there are no future plans to offer additional trustee services.

In this situation where Mr. Cohen acts as trustee for a client's trust and also an investment advisor representative to the account, our advisory agreement often takes the form of a trust instrument. When this occurs, by virtue of Mr. Cohen's position as trustee, he has by the trust powers, legal ownership and authority to dispose of the client/beneficiary's funds and securities in those accounts. This creates a custody situation which requires us to undergo an annual surprise inspection (irregular from year to year) by an independent public accountant of the funds or securities in those accounts for which we have custody.

To comply with 1940 Act Custody Rule 206(4)-2 we will:

- ❖ Request that Pershing, LLC, where applicable, send account statements to the trust beneficiaries and/or a designated independent representative;
- ❖ Undergo an annual surprise inspection by an independent Certified Public Accountant registered with the Public Company Accounting Oversight Board ("PCAOB"); and,
- ❖ Have the accounting firm prepare an internal Control Report and file Form ADV-E with the United States Securities & Exchange Commission indicating they have examined the funds and securities to which we have custody and their findings.

### Management Fee Deduction

We do not take possession of or maintain custody of your funds or securities but will simply monitor the holdings within your portfolio and trade your account based on your stated investment objectives and guidelines. Physical possession and custody of your funds and/or securities shall be maintained with Pershing as indicated above in Item 12, "**Brokerage Practices.**"

We are however defined as having custody since you have authorized us to deduct our advisory fees directly from your account. Therefore to comply with the United States Securities and Exchange Commission's Custody Rule (1940 Act Rule 206(4)-2) requirements, and to protect you as well as to protect our advisory practice, we have implemented the following regulatory safeguards:

- ❖ Your funds and securities will be maintained with a qualified custodian (Pershing, LLC) in a separate account in your name.
- ❖ Authorization to withdrawal our management fees directly from your account will be approved by you prior to engaging in any portfolio management services.

In addition, Pershing is required by law to send you, at least quarterly, brokerage statements summarizing the specific investments currently held in your account, the value of your portfolio, and account transactions. **You are encouraged to compare the financial data contained in any report we prepare for you with the financial information disclosed in your account statement from Pershing to verify the accuracy and correctness of our reporting.**

## INVESTMENT DISCRETION

ITEM 16

### Securities and Amount Bought or Sold

We execute an Investment Advisory Agreement with you, which set forth the authority to buy and sell securities in whatever amounts are determined to be appropriate for your account and whether such transactions are with, or without, your prior approval.

We can elect to purchase bonds through fixed income (i.e. bond) broker/dealers in order to obtain a better price for the client and then have the bonds delivered into the client's Pershing brokerage account. This practice is called trading away. This is the only case in which we select a broker/dealer to be used without specific client consent. When applicable, Pershing will charge you a transaction fee for "trading away" through other bond broker/dealers.

You may, at anytime, impose restrictions, **in writing**, on our discretionary authority (i.e., limit the types/amounts of particular securities purchased for your account, exclude the ability to purchase securities with an inverse relationship to the market, limit our use of leverage, etc.).

## VOTING CLIENT SECURITIES

ITEM 17

Unless otherwise directed by you, **we will exercise voting authority** with respect to the securities held in your account. For information on how we will vote your proxies or for information on our Proxy Voting Guidelines, you may contact our office and arrangements will be made for you to receive copies of our Guidelines. For ERISA Clients, the authorization to grant us permission to vote proxies on your behalf must be consistent with plan documents governing your ERISA plan and the proxy voting assets of that plan.

## FINANCIAL INFORMATION

ITEM 18

We are not required to include financial information in our Disclosure Brochure since we will not take custody of client funds or securities or bill client accounts six (6) months or more in advance for more than \$1,200.

We are not aware of any current financial conditions that are likely to impair our ability to meet our contractual commitments to you.

B&C Financial Advisors participated in the Paycheck Protection Plan ("PPP") loan program through the U.S. Small Business Administration in conjunction with the relief afforded from the CARES Act during the COVID-19 Pandemic.

The PPP loan program is designed to provide a direct financial incentive for a small business to keep its employees on the payroll. In order to receive a PPP loan, the small business must certify that the current economic uncertainty makes this PPP loan request necessary to support its ongoing operations. For additional details about the PPP loan program, please visit <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program> and <https://home.treasury.gov/system/files/136/PPP--Fact-Sheet.pdf>.

In May 2020, B&C Financial Advisors received a PPP loan in the amount of \$201,514. This PPP loan had a 1% fixed interest rate and was to be repaid within 2 years. The PPP loan did not require any collateral nor a personal guarantee. The U.S. Small Business Administration forgave B&C Financial Advisor's repayment of the PPP loan in 2021 based on the fact that all employees were kept on the payroll and the proceeds were used for payroll expenses, rent, mortgage interest, or utilities.

**END OF DISCLOSURE BROCHURE**