



BORDEAUX  
WEALTH ADVISORS

## **FORM ADV - PART 2A**

**INVESTMENT ADVISER BROCHURE**

**DECEMBER 28, 2023**

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This brochure provides information about the qualifications and business practices of Bordeaux Wealth Advisors LLC ("**BWA**"). If you have any questions about the contents of this brochure, please contact us at (650) 289-1105.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about BWA also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References to BWA as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

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## Item 2. Material Changes

### Material Changes Since the Last Update

The following material changes to the operations of Bordeaux Wealth Advisors LLC ("**BWA**") have occurred since last annual filing of this Form ADV Part 2A (the "**Brochure**") in March 2023:

- On August 31, 2023, funds affiliated with Clayton, Dubilier & Rice, LLC ("**CD&R**") and Stone Point Capital LLC ("**Stone Point**") completed an acquisition of Focus Financial Partners Inc. ("**Focus Inc.**"). This transaction resulted in funds affiliated with CD&R collectively becoming majority owners of Focus Inc. and funds affiliated with Stone Point collectively becoming owners of Focus Inc. Because BWA is an indirect, wholly-owned subsidiary of Focus Inc., the CD&R and Stone Point funds are indirect owners of BWA. Items 4 and 10 have been revised to reflect this new ownership structure.
- In October 2023, BWA began providing sub-advisory services to certain client retirement plan clients of Sentinel Pension Advisors, Inc. ("**SPA**" or "**Sentinel**"). Sentinel and BWA are affiliated. Item 10 has been updated to describe this arrangement.

**Item 3. Table of Contents**

Item 1. Cover ..... Cover

Item 2. Material Changes ..... i

Item 3. Table of Contents ..... ii

Item 4. Advisory Business ..... 1

Item 5. Fees and Compensation ..... 4

Item 6. Performance-Based Fees and Side-By-Side Management ..... 7

Item 7. Types of Clients ..... 8

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

Item 9. Disciplinary Information ..... 15

Item 10. Other Financial Industry Activities and Affiliations ..... 16

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading ..... 20

Item 12. Brokerage Practices ..... 21

Item 13. Review of Accounts ..... 25

Item 14. Client Referrals and Other Compensation ..... 26

Item 15. Custody ..... 28

Item 16. Investment Discretion ..... 28

Item 17. Voting Client Securities ..... 29

Item 18. Financial Information ..... 29

## Item 4. Advisory Business

### Background of Bordeaux Wealth Advisors

Bordeaux Wealth Advisors LLC ("**BWA**") registered as an investment adviser with the U.S. Securities and Exchange Commission in March of 2017 after Thomas C. Myers and David K. Murdock ("**BWA Managing Partners**") decided to spin-out of their prior firm and establish BWA.

### Focus Financial Partners, LLC

BWA is part of the Focus Financial Partners, LLC ("**Focus LLC**") partnership. Specifically, BWA is a wholly-owned subsidiary of Focus Operating, LLC ("**Focus Operating**"), which is a wholly-owned subsidiary of Focus LLC. Focus Financial Partners Inc. ("**Focus Inc.**") is the sole managing member of Focus LLC and has 100% of its governance rights. Accordingly, all governance is conducted through the voting rights and the Board of Directors at Focus Inc. Focus Inc. is the managing member of and owns, directly and indirectly, approximately 99% of the economic interests in Focus LLC.

Focus Inc. is majority-owned, indirectly and collectively, by funds affiliated with Clayton, Dubilier & Rice, LLC ("**CD&R**"). Funds affiliated with Stone Point Capital LLC ("**Stone Point**") are indirect owners of Focus Inc. Because BWA is an indirect, wholly-owned subsidiary of Focus Inc., CD&R and Stone Point funds are indirect owners of BWA.

Focus LLC also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, business managers, and other financial service firms (the "**Focus Partners**"), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADVs.

BWA is managed by Thomas C. Myers, David K. Murdock, Jon Ekoniak, James Hering and Jon Snare ("**BWA Principals**"), pursuant to a management agreement between BWA Management Company LLC and BWA. The BWA Principals serve as leaders and officers of BWA and are responsible for the management, supervision and oversight of BWA. Jon Snare is responsible for the supervision of the Kirkland, Washington BWA office.

BWA offers wealth advisory services and assets under management totaling \$4,006,682,177 as of December 31, 2022, which consisted of \$694,463,510 on a non-discretionary basis and \$3,312,218,666 on a discretionary basis.

While this brochure generally describes the business of BWA, certain sections also discuss the activities of its personnel, including its officers, partners, directors, employees, and others who may provide investment advice on behalf of BWA and are subject to BWA's supervision or control.

## **Types of Advisory Services Offered**

BWA provides wealth management services that include personalized financial counseling and discretionary and non-discretionary investment advisory services to high net worth individuals (i.e., investment assets in excess of \$5 million) on a fee-only basis. BWA may also provide these services to trusts, estates, private foundations, endowments, businesses and qualified retirement plans.

Comprehensive financial and investment advice is provided through consultation with each client and may include: the determination of financial objectives, identification of financial issues, analysis of cash flow and insurance needs, track and report on financial assets, and counsel related to education funding, retirement planning, risk management, and tax and estate planning. Investment advice is an integral part of the comprehensive financial counseling services provided.

BWA provides each client with a written evaluation of their initial financial situation at the outset of the relationship, often with an accompanying net worth statement. BWA personnel also perform periodic reviews of client accounts and communicate the results to clients while also recommending specific courses of action that need to be taken in connection with BWA's recommendations. More frequent reviews may occur but are not necessarily communicated to the client unless changes are recommended. BWA may provide ad-hoc or project-based consultation to clients on an hourly basis if it deems appropriate under the circumstances.

BWA may provide investment advice about unaffiliated private investment funds, and may recommend, on a non-discretionary basis, that certain qualified clients consider and investment in unaffiliated private investment funds. BWA's role relative to the private investment funds will be limited to its initial and ongoing due diligence and investment monitoring services. BWA's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

We implement investment advice on behalf of certain clients in held-away accounts that are maintained at independent third-party custodians. These held-away accounts are often 401(k) accounts, 529 plans and other assets that are not held at our primary custodian(s).

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, Focus Treasury & Credit Solutions, LLC ("**FTCS**"), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC. Please see Items 5 and 10 for a fuller discussion of these services and other important information.

In addition, we help our clients obtain certain insurance solutions from unaffiliated, third-party insurance brokers by introducing clients to our affiliate, Focus Risk Solutions, LLC ("**FRS**"), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC. Please see Items 5 and 10 for a fuller discussion of this service and other important information.

We also have a business arrangement with a Focus firm SCS Capital Management (“SCS”), who is an indirect, wholly-owned subsidiary of Focus LLC and Focus Inc., under which certain clients of BWA have the option of investing in certain private investment vehicles managed by this Focus firm. BWA is an affiliate of this Focus firm by virtue of being under common control with it. Please see Items 5 and 10 of this Brochure for further details.

BWA also offers sub-advisory services to other Registered Investment Advisory firms and their clients. This may include discretionary and non-discretionary management. BWA provides sub-advisory services to advisors of ERISA plans and acknowledges its fiduciary status under ERISA in such cases.

Neither BWA nor any of its personnel receive commissions, finder’s fees, or other remuneration from the purchase or sale of any products recommended by BWA, including but not limited to annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products.

The initial meeting between a prospective client and BWA, which may be conducted by telephone, is free of charge and considered an exploratory interview to determine the extent to which financial counseling and investment advice may be beneficial to the client.

BWA is a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) with respect to investment management services and investment advice provided to ERISA plan clients, including ERISA plan participants. BWA is also a fiduciary under section 4975 of the Internal Revenue Code (the “IRC”) with respect to investment management services and investment advice provided to individual retirement accounts (“IRAs”), ERISA plans, and ERISA plan participants (collectively, “Retirement Account Clients”). As such, BWA is subject to specific duties and obligations under ERISA and the IRC that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice in which it has a conflict of interest, the fiduciary must either avoid or eliminate the conflict or rely upon a prohibited transaction exemption (a “PTE”).

As a fiduciary, we have duties of care and of loyalty to you and are subject to obligations imposed on us by the federal and state securities laws. As a result, you have certain rights that you cannot waive or limit by contract. Nothing in our agreement with you should be interpreted as a limitation of our obligations under the federal and state securities laws or as a waiver of any unwaivable rights you possess.

A conflict of interest arises and the prohibited transaction rules are implicated when BWA recommends that an ERISA plan participant take a distribution from an ERISA Plan and roll it over to an IRA that BWA advises, or if BWA recommends that an IRA owner transfer his IRA to an IRA that BWA advises because BWA will receive compensation that it would not have received absent the recommendation – i.e., the IRA advisory fee. When BWA engages in this

transaction, it relies on the PTE known as the Best Interest Contract Exemption or BICE, which requires compliance with the “impartial conduct standards.” The way BWA makes money creates some conflicts with client interests, so BWA operates under a special rule that requires BWA to act in the client’s best interest and not put their interest ahead of yours. The impartial conduct standards are designed to mitigate conflicts of interest by requiring that investment advice be in the “best interest” of the Retirement Account Client, that advisers not make any materially misleading statements and not charge a fee that exceeds a reasonable amount. The best interest standard requires that advisers act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use, based on the investment objectives, risk tolerance, financial circumstances and needs of the Retirement Account Client. This mirrors the prudent man standard of conduct and duty of loyalty found in ERISA.

### **Tailored Services**

BWA’s financial counsel and investment advice is customized and tailored to the unique goals, objectives and needs of each client. The planning process begins with an in-depth discovery of the client’s goals, objectives, and attitudes. The goals and objectives for each client are documented in writing and approved by the client. The stated goals and objectives for each client are reflected in the client’s overall recommended financial and investment program and advice that we provide on an ongoing basis.

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

BWA charges a “flat fee” that is agreed upon for a period of one year (“Fee Period”) via discussions with each client on an annual basis. Typically, the flat fee is fixed for the Fee Period (absent any material changes to the client’s circumstances or the advisory relationship), and the Fee Period is usually the calendar year.

BWA is free to increase or decrease the fee between Fee Periods pursuant to individual discussions with clients, as stated above; however, BWA and any client may also agree to adjust the base fee on a more frequent basis.

Also, if there is a change in the client’s circumstances or the advisory relationship within a Fee Period, or if the assumptions underlying the agreed-upon flat fee prove to be inaccurate, BWA reserves the right to require that the client agree to an increase in the flat fee for the remainder of that Fee Period. Similarly, in such circumstances, a client may request that BWA reduce the flat fee for the remainder of the relevant Fee Period, and BWA – in its sole discretion – is free to grant or deny that request.

The amount of the flat fee is determined by a variety of factors unique to each client. The primary factor in determining a client’s fees is the amount of the client’s assets under BWA’s management

but other relevant factors include: anticipated future assets to be managed by BWA, types of portfolio assets, complexity of services to be provided, service level intensity, degree of custom work, anticipated time requirements to meet expected service needs, number of entities client owns that BWA advises on, number of family members served, ease of interaction, and travel requirements.

The flat fee typically ranges from approximately 0.25% to approximately 1.1% of assets under management and the fee expressed as a percentage of AUM is generally lower for clients with higher amounts of assets under BWA's management; however, the factors listed above will also influence pricing and may cause the fee to depart from that range in some cases.

For certain clients, we charge an advisory fee for services provided to the held-away accounts mentioned above in Item 4, just as we do with client accounts held at our primary custodians(s). The specific fee schedule charged by us is provided in the client's investment advisory agreement with us.

When BWA is hired to sub-advise a portion of other advisors' client assets, final terms and fee arrangements with other registered investment advisors may vary, and are included in each client's written Advisory Services Agreement, as mutually agreed.

BWA may agree to perform services for clients in addition to what is covered in their flat fee engagement with BWA. Fees for these additional services, such as project based consultations, including financial planning services, are charged separately from the flat fee described above. In all cases, the services to be provided and the fees for those services are determined and agreed upon in writing in advance with the client.

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, Focus Treasury & Credit Solutions, LLC ("FTCS"). FTCS nor BWA do not receive any compensation from such third-party institutions for serving our clients. Further information on this conflict of interest is available in Item 10 of this Brochure.

In addition, we help our clients obtain certain insurance solutions from unaffiliated, third-party insurance brokers by introducing clients to our affiliate, Focus Risk Solutions, LLC ("FRS"), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC. FRS has arrangements with certain third-party insurance brokers (the "Brokers") under which the Brokers assist our clients with regulated insurance sales activity. FRS nor BWA do not receive any compensation from such third-party insurance brokers from serving our clients. Further information on this service is available in Item 10 of this Brochure.

### **Fee Minimums**

BWA's minimum annual fee is \$20,000. However, BWA may decide to waive this minimum fee in certain circumstances for strategic business reasons. BWA reserves the right to determine whether the client is a good fit for its services. The ultimate acceptance of new clients, and the annual fee to be charged, is determined by BWA's Management Committee.



### **Rates for Ad Hoc or Project-Based Consultations**

The hourly rate for ad-hoc and project-based consultations for clients varies depending on the services provided and the experience, knowledge, and skill of those performing the services on behalf of BWA. Hourly rates generally range from \$150 to \$1,200 per hour.

### **Termination Fees**

Except in an unusual circumstance and agreed upon in advance, BWA does not impose termination fees when the client relationship ends. Fees paid in advance to BWA are refunded to clients on a daily prorated basis from the date services are terminated through the end of the billing period.

### **Billing Method**

Clients are generally billed semi-annually in advance on a calendar year basis but are in no event required to pay fees six months or more in advance. The first billing for new clients is typically prorated based on the number of days remaining in the billing period relative to the number of days in the entire year.

Clients may elect to have BWA deduct their fees directly from their brokerage account, but they are not required to do so. In the event this method of payment is chosen, the client and BWA will execute an agreement granting BWA the limited authorization to withdraw the amount of the contractually agreed-upon fees from the client's account and specifying the frequency of withdrawals. Clients are able to terminate this authorization at any time. For the initial fee billing of the year (typically in January), the client's custodial account(s) will be debited for half the annual fee amount seven days following the receipt of written approval from the client agreeing to that year's fee. The second half billing is typically done in July and is to be completed using the same process. The custodian of clients' accounts provides each client with a monthly statement indicating separate line items for all amounts disbursed from the client's account, including any fees paid to BWA.

### **Other Fees and Expenses**

Fees paid by clients to BWA for investment advice are separate and distinct from the asset management fees and expenses incurred within mutual funds, exchange-traded funds, separate account money managers, limited partnerships and other pooled investment vehicles that BWA may recommend. These fees and expenses are imposed directly by these investment products and are described in their prospectuses or other offering documents. Clients should be aware of and review the fees charged by any investment product in which their assets are invested together with the fees charged by BWA to fully understand the total cost of investing and help evaluate advisory services being provided.

Fees paid to BWA do not include brokerage commissions or other execution costs charged by the custodian or broker-dealer executing transactions for client accounts. Clients purchase investments that BWA recommends through the broker-dealer or custodian of their choice. See Item 12, Brokerage Practices, for more information. Custodians and brokerage firms may charge transaction fees and/or other similar charges on purchases or sales of certain mutual funds and exchange-traded funds. These costs are generally small and incidental to the purchase or sale of a security. Neither BWA, nor any of its owners or employees share in any commissions or transaction fees charged by our clients' custodians or brokerage firms.

#### **Other Benefits or Compensation Received by BWA, its Owners, or its Employees**

We do not receive any compensation from SCS in connection with assets that our clients place in the Focus firm's pooled investment vehicles. BWA's clients are not advisory clients of and do not pay advisory fees to this Focus firm. However, our clients bear the costs of SCS's investment vehicle or vehicles in which they are invested, including any management fees and performance fees payable to the Focus firm.

The allocation of BWA client assets to SCS's pooled investment vehicles, rather than to an unaffiliated investment manager, increases SCS's compensation and the revenue to Focus LLC relative to a situation in which our clients are excluded from SCS's pooled investment vehicles. As a consequence, Focus LLC has a financial incentive to cause us to recommend that our clients invest in SCS's pooled investment vehicles.

As discussed in other areas of this Brochure—see Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading—in the event one or more of BWA's clients invest in a private investment vehicle recommended by BWA, the general partner or manager of the private investment vehicle may permit certain BWA personnel to invest their personal capital in the same private investment vehicle at or around the same time as the client in an amount that is less than the stated minimum investment amount that such BWA clients are required to make.

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

BWA is not compensated based on a share of the capital gains or capital appreciation of assets in client accounts, also known as performance-based fees.

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

### **Description**

BWA generally provides financial counsel and discretionary and non-discretionary investment advice to individuals and families with substantial investment assets (i.e., typically in excess of \$5 million), high income professionals, and senior corporate executives. BWA may also provide similar services to trusts, estates, private foundations, endowments, businesses and qualified retirement plans.

Each client is required to execute a Wealth Advisory Services Agreement which outlines the scope and terms of the engagement including the annual fee to be paid to BWA. This agreement can be terminated as set forth in the agreement.

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

### **Methods of Analysis**

The first step in our process of providing comprehensive financial counseling and investment advisory services begins with gaining an in-depth understanding of the client's current financial situation, needs, goals, objectives, attitudes, constraints, past experiences with investments, tax-sensitivity, risk tolerance, and any other areas deemed relevant or important at the time. We then document our understanding of these items in a written report which is approved by the client. This report is updated over the course of the BWA-client relationship as the client's situation changes.

Based on our in-depth understanding of our client's goals and objectives, we develop a detailed financial and investment program, complete with specific asset allocation and investment policy recommendations intended to help the client achieve their overall financial goals and objectives.

### **Investment Strategies**

Overall investment strategies recommended to each client emphasize long-term ownership of a diversified portfolio of marketable and non-marketable investments intended to provide superior after-tax, inflation-adjusted, economic returns.

BWA generally recommends broad diversification via a long-term asset allocation strategy -- diversified both across asset classes and within asset classes -- in an effort to improve the risk and return potential of client portfolios. More specifically, we may recommend multiple asset classes (both liquid and illiquid), market capitalizations, market styles, and geographic regions to provide diversification.

Client portfolios with similar investment objectives and asset allocation goals may own different securities and investments. The client's portfolio size, tax sensitivity, desire for simplicity, long-term wealth transfer objectives, time horizon and choice of custodian are all factors that influence BWA's investment recommendations.

Each portfolio maintains a long-term target asset allocation. At each periodic review, BWA reviews with the client the extent to which the actual allocation matches the target allocation. When we consider the variance excessive, the advisor will provide recommendations to the client to bring the actual allocation within an acceptable range of the target. This process, known as "rebalancing," offers a systematic and disciplined way to trim investment classes that have been in favor and redeploy capital to assets classes that have been out of favor.

Investment advice given to clients more often than not includes recommending long-term purchases or holding on to certain assets. However, other investment strategies that may also be recommended include short-term purchases, margin transactions, and options (including buying puts or selling covered calls).

Marketable asset classes recommended by BWA primarily include no-load mutual funds and exchange-traded funds ("*ETFs*"). Investment recommendations may also include: equities, warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, U.S. government securities, options contracts, and interests in limited partnerships.

Mutual fund and ETF recommendations are developed with the objective of selecting a well-diversified fund, or group of funds, with appropriate historical performance, at a level of volatility (risk) determined to be appropriate for each client.

Recommendations of investment vehicles are made based on data provided by various sources of third-party research and analytics.

BWA recommends sponsored private investment vehicles that are not available to the broad public. To date, these private investment vehicles include diversified hedge funds, private investment real estate funds, diversified leveraged buyout fund of funds, distressed opportunities and special situations fund of funds, venture capital fund of funds, and tax-sensitive inflation hedges.

BWA may also advise clients who are corporate officers or employees on the merits of diversifying large holdings of shares of the corporation's stock and on other forms of compensation which may be payable in the corporation's stock.

Neither BWA, nor any of its owners or employees, receives any compensation or fee-sharing from recommending any of these private investment vehicles or their investment managers.

Virtually every private investment vehicle is unique and requires a careful evaluation of the specific structure of the fund, management team's experience, and operational risks. The most important source of information for BWA's evaluation of a private investment vehicle is the

private placement memorandum and the other offering documents prepared by the private investment vehicle's management.

The evaluation of privately negotiated investments and limited partnerships of all varieties is developed on the basis of an in-depth, fundamental evaluation of the business, management, markets, risks, liquidity, tax considerations and other factors affecting the economic and investment viability of each individual venture. BWA relies on various third-parties including investment research organizations, consultants, appraisers, accountants, and lawyers as necessary for specialized assistance.

BWA does not represent, imply or guarantee that the services or methods of analysis used by BWA to make investment recommendations can or will produce successful results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or crashes. No guarantees can be offered that a client's goals or objectives will be achieved. Past performance is not an indication or guarantee of future results.

Clients are advised that the recommendations offered by BWA are not legal or tax advice. Clients are advised to promptly notify BWA with respect to any changes in their financial situation and/or financial goals and objectives. Failure to do so could result in our recommendations not meeting the objectives and/or needs of the client.

### **Risk of Loss**

All investments and investment programs have a variety of risks that are borne by the investor. As such, there can be no assurance that any investment strategy will prove profitable or successful. Below is a summary of the material risks associated with the investment strategies that BWA typically recommends:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of an equity security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, changes in political, economic and social conditions may trigger adverse market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar will next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the U.S. dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

- **Reinvestment Risk:** This risk is that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil production companies depend on the lengthy process of finding, extracting, transporting and then selling oil before they can generate a profit. As a result, an oil production company carries a higher risk of profitability than an electric utility company, which generates its income from a more stable stream of customers who buy electricity on a consistent basis.
- **Liquidity Risk:** Liquidity risk exists when particular investments are difficult to purchase or sell. Generally, securities are more liquid if they are traded on a national regulated exchange, but other investment options, such as Treasury Bills, are also highly liquid. Otherwise, liquid investments may become illiquid after purchase, particularly during periods of market turmoil, making it difficult to sell the investment at an advantageous time or price. Because illiquid investments may be harder to value, especially in changing markets, only investors who are financially able to maintain their investment without a need for liquidity should consider investing in illiquid investments.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the payment obligations and terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Regulatory/Legislative Developments Risk:** Regulators and/or legislators may promulgate rules or pass legislation that places restrictions on, adds procedural hurdles to, affects the liquidity of, and/or alters the risk associated with certain investment transactions or the securities underlying such investment transactions. Such rules/legislation could affect the value associated with such investment transactions or underlying securities.
- **Cybersecurity Risk:** The computer systems, networks and devices used by BWA and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the

inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities to prevent any cybersecurity breaches in the future.

- **Private Funds Risk:** Investing in alternative investments is speculative, not suitable for all clients, and intended for experienced and sophisticated investors who are willing to bear the high economic risks inherent in these investments. Examples of these risks can include:
  - Loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative investment practices;
  - Lack of liquidity in that there may be no secondary market for the investment and none expected to develop;
  - Volatility of returns;
  - Restrictions on transferring interests in the investment;
  - Potential lack of diversification resulting in higher risk due to concentration of trading authority when a single advisor is utilized;
  - Delays or absence of information regarding valuations and pricing;
  - Delays in tax reporting;
  - Higher fees and expenses than traditional mutual fund or other commingled investments; and,
  - Business risks associated with the operations, personnel, and processes of the manager of the funds investing in alternative investments.
- **Closed End Funds Risk:** Closed end funds typically use a high degree of leverage. They may be diversified or non-diversified. Risks associated with closed-end fund investments include liquidity risk, credit risk, volatility, and the risk of magnified losses resulting from the use of leverage. Additionally closed-end funds may trade below their net asset value.
- **Cryptocurrency Risk:** Arises from cryptocurrency which is a digital representation of value that functions as a medium of exchange, a unit of account, or a store of value, but it does not have legal tender status. Cryptocurrencies are sometimes exchanged for U.S. dollars or other world currencies, but they are not generally backed or supported by any government or central bank. They are more volatile than traditional currencies. Their value is speculative, given that they are not currently, widely accepted as a medium or exchange, is derived by market forces of supply and demand, and may be impacted by the continued willingness of market participants to exchange

fiat currency for cryptocurrency. Cryptocurrencies are not covered by either FDIC or SIPC insurance. Bitcoin, Ethereum and other cryptocurrencies are very speculative investments and involve a high degree of risk. An investment in cryptocurrency is not suitable for all investors, and may not generally be appropriate, particularly with funds drawn from retirement savings, student loans, mortgages, emergency funds, or funds set aside for other purposes. Investors must have the financial ability, sophistication/experience and willingness to bear the risks of an investment, and a potential total loss of their investment. An investment in cryptocurrency should be made with capital allocated to speculative purposes. Fees and expenses associated with a cryptocurrency investment may be substantial. Cryptocurrency exchanges and other trading venues on which cryptocurrencies trade are relatively new and, in most cases, largely unregulated and may therefore be more exposed to fraud and failure than established, regulated exchanges for securities, derivatives and other currencies. Investments that are related to cryptocurrencies could be subject to volatility experienced by the cryptocurrency exchanges and other cryptocurrency trading venues. Cryptocurrency exchanges may stop operating or permanently shut down due to fraud, technical glitches, hackers or malware, which may also affect the price of bitcoin and other cryptocurrencies and indirect investments in cryptocurrencies. In addition to the risks above, clients should consider the following additional related risks:

- *History of volatility.* The exchange rate of cryptocurrency historically has been very volatile and the exchange rate of a cryptocurrency could drastically decline. For example, the exchange rate of Bitcoin has dropped more than 50% in a single day. Cryptocurrency-related investments may be affected by such volatility.
  - *Government regulation.* Cryptocurrencies largely lack regulatory protections. Federal, state or foreign governments may restrict the use and exchange of cryptocurrency. Legislative and regulatory changes or actions at the federal, state or international level may adversely affect the use, transfer, exchange, and value of cryptocurrency.
  - *Security concerns.* Cryptocurrency exchanges may stop operating or permanently shut down due to fraud, technical glitches, hackers or malware. Cryptocurrency also may be stolen by hackers.
  - *New and developing.* As a relatively recent invention, cryptocurrency and related investments do not have an established track record of operating history, performance, credibility and/or trust. Bitcoin and other cryptocurrencies are evolving. Cryptocurrencies use blockchain technology, which lacks standardization.
- **Structured Notes Risk:** Specific risks associated with investing in these instruments include:
    - *Complexity.* Structured notes are complex financial instruments. Clients should understand the referenced asset(s) or index(es) and determine how the note's



payoff structure incorporates such reference asset(s) or index(es) in calculating the note's performance. This payoff calculation may include leverage multiplied on the performance of the reference asset or index, protection from losses should the reference asset or index produce negative returns, and fees. Structured notes may have complicated payoff structures that can make it difficult for clients to accurately assess their value, risk, and potential for growth through the term of the structured note. Determining the performance of each note can be complex and this calculation can vary significantly from note to note depending on the structure. Notes can be structured in a wide variety of ways. Payoff structures can be leveraged, inverse, or inverse-leveraged, which may result in larger returns or losses. Clients should carefully read the prospectus for a structured note to fully understand how the payoff on a note will be calculated and discuss these issues with BWA.

- **Market Risk.** Some structured notes provide for the repayment of principal at maturity, which is often referred to as "principal protection." This principal protection is subject to the credit risk of the issuing financial institution offering this feature. Many structured notes do not offer this feature. For structured notes that do not offer this principal protection, the performance of the linked asset or index may cause clients to lose some, or all, of their principal. Depending on the nature of the linked asset or index, the market risk of the structured note may include changes in equity or commodity prices, changes in interest rates or foreign exchange rates, and/or market volatility.
- **Issuance price and note value.** The price of a structured note at issuance will likely be higher than the fair value of the structured note on the date of issuance. Issuers now generally disclose an estimated value of the structured note on the cover page of the offering prospectus, allowing investors to gauge the difference between the issuer's estimated value of the note and the issuance price. The estimated value of the notes is likely lower than the issuance price of the note to investors because issuers include the costs for selling, structuring and/or hedging the exposure on the note in the initial price of their notes. After issuance, structured notes may not be re-sold on a daily basis and thus may be difficult to value given their complexity and limited.
- **Liquidity.** The ability to trade or sell structured notes in a secondary market is often very limited, as structured notes (other than exchange-traded notes known as ETNs) are not listed for trading on securities exchanges. As a result, the only potential buyer for a structured note may be the issuing financial institution's broker-dealer affiliate or the broker-dealer distributor of the structured note. In addition, issuers often specifically disclaim their intention to repurchase or make markets in the notes they issue. Clients should,

therefore, be prepared to hold a structured note to its maturity date, or risk selling the note at a discount to its value at the time of sale.

- **Credit Risk.** Structured notes are unsecured debt obligations of the issuer, meaning that the issuer is obligated to make payments on the note as promised. These promises, including any principal protection, are only as good as the financial health of the structured note issuer. If the structured note issuer defaults on these obligations, investors may lose some, or all, of the principal amount they invested in the structured notes as well as any other payments that may be due on the structured notes.

- **COVID Risk:** The transmission of COVID and efforts to contain its spread have resulted in border closings and other travel restrictions and disruptions, market volatility, disruptions to business operations, supply chains and customer activity and quarantines. With widespread availability of vaccines, the U.S. Centers for Disease Control and Prevention has revised its guidance, travel restrictions have started to lift, and businesses have reopened. However, the COVID pandemic continues to evolve and the extent to which our investment strategies will be impacted will depend on various factors beyond our control, including the extent and duration of the impact on economies around the world and on the global securities and commodities markets. Volatility in the U.S. and global financial markets caused by the COVID pandemic may continue and could impact our firm's investment strategies.

Although currently there has been no significant impact, the COVID outbreak, and future pandemics, could negatively affect vendors on which our firm and clients rely and could disrupt the ability of such vendors to perform essential tasks.

Prior to entering into a relationship with BWA, clients should carefully consider:

- Investing in securities involves risk of loss which clients should be prepared to bear;
- Securities markets experience varying degrees of volatility, which can become extreme in periods of severe market declines;
- Over time the client's assets may fluctuate and at any time may be worth more or less than the amount invested; and,
- Clients should only commit assets that they feel are available for investment on a long-term basis (typically 3 to 5 years or longer).

## Item 9. Disciplinary Information

BWA and its employees have not been involved in any legal or disciplinary events that would be material to a client's evaluation of BWA, its advisory business or the integrity of its management.

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

### **Affiliation with Focus**

As noted above in response to Item 4, certain funds affiliated with CD&R collectively are indirect majority owners of Focus Inc., and certain funds affiliated with Stone Point are indirect owners of Focus Inc. Because BWA is an indirect, wholly-owned subsidiary of Focus Inc., CD&R and Stone Point investment vehicles are indirect owners of BWA.

We do not believe the Focus Partnership presents a material conflict of interest with our clients, with exceptions outlined herein. BWA has no business relationship with other Focus firms that is material to our advisory business or to our clients, with the only exceptions outlined in this Brochure. As stated earlier in Items 4 and 5 of this Brochure, under certain circumstances we offer our clients the opportunity to invest in pooled investment vehicles managed by a Focus firm. The Focus firm provides these services to such clients pursuant to limited partnership agreement documents and in exchange for a fund-level management fee and performance fee paid by our clients and not by us. The Focus firm, like BWA, is an indirect wholly owned subsidiary of Focus LLC and is therefore under common control with BWA. The allocation of our clients' assets to the Focus firm's pooled investment vehicles, rather than to an unaffiliated investment manager, increases the Focus firm's compensation and the revenue to Focus LLC relative to a situation in which our clients are excluded from the Focus firm's pooled investment vehicles. As a consequence, Focus LLC has a financial incentive to cause BWA to recommend that our clients invest in the Focus firm's pooled investment vehicles, which creates a conflict of interest with those BWA clients who invest in the Focus firm's pooled investment vehicles. More information about Focus LLC can be found at [www.focusfinancialpartners.com](http://www.focusfinancialpartners.com).

We believe this conflict is mitigated because of the following factors: (1) this arrangement is based on our judgment that investing a portion of BWA clients' assets in the Focus firm's investment vehicles is in the best interests of the affected clients; (2) the Focus firm and its investment vehicles have met the due diligence and performance standards that we apply to outside, unaffiliated investment managers; (3) subject to redemption restrictions, we are willing and able to reallocate BWA client assets to other unaffiliated investment vehicles, in part or in whole, if the Focus firm's services become unsatisfactory in our judgment and at our sole discretion; and (4) we have fully and fairly disclosed the material facts regarding this relationship to you, including in this Brochure, and BWA clients who invest in the Focus firm's pooled investment vehicles have given their informed consent to those investments.

### **Focus Treasury & Credit Solutions**

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, Focus Treasury & Credit Solutions ("FTCS"), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC.

These third-party financial institutions are banks and non-banks (the “Network Institutions”) that offer credit and cash management solutions to our clients. Certain other unaffiliated third parties provide administrative and settlement services to facilitate FTCS’s cash management solutions. FTCS acts as an intermediary to facilitate our clients’ access to these credit and cash management solutions.

Neither we nor FTCS receives any compensation from the Network Institutions or any other third parties for providing credit or cash management solutions to our clients. For services provided by FTCS to clients of other Focus firms, FTCS receives a portion of the revenue earned by the Network Institutions, and such compensation to FTCS is also revenue for our common parent company, Focus Financial Partners, LLC. However, this compensation to FTCS does not come from credit or cash management solutions provided to any of our clients. The volume generated by our clients’ transactions does benefit FTCS and Focus in attracting, retaining, and negotiating with Network Institutions. We mitigate this conflict by: (1) fully and fairly disclosing the material facts concerning the above arrangements to our clients, including in this Brochure; and (2) offering FTCS solutions to clients on a strictly nondiscretionary and fully disclosed basis, and not as part of any discretionary investment services. Additionally, we note that clients who use FTCS’s services will receive product-specific disclosure from the Network Institutions and other unaffiliated third-party intermediaries that provide services to our clients.

We have an additional conflict of interest when we recommend FTCS to provide credit solutions to our clients because our interest in continuing to receive investment advisory fees from client accounts gives us a financial incentive to recommend that clients borrow money rather than liquidating some or all of the assets we manage.

### **Credit Solutions from FTCS**

For FTCS credit solutions, the interest rate of the loan is ultimately dictated by the lender, although in some circumstances FTCS may have the ability to influence the lender to lower the interest rate of the loan within certain parameters. The final rate may be higher or lower than the prevailing market rate. We can offer no assurances that the rates offered to you by the lender are the lowest possible rates available in the marketplace.

Clients retain the right to pledge assets in accounts generally, subject to any restrictions imposed by clients’ custodians. While the FTCS program facilitates secured loans through Network Institutions, clients are free instead to work directly with institutions outside the FTCS program. Because of the limited number of participating Network Institutions and FTCS’s financial arrangements with those institutions, clients may be limited in their ability to obtain as favorable loan terms as if the client were to work directly with other banks to negotiate loan terms or obtain other financial arrangements.

Clients should also understand that pledging assets in an account to secure a loan involves additional risk and restrictions. A Network Institution has the authority to liquidate all or part

of the pledged securities at any time, without prior notice to clients and without their consent, to maintain required collateral levels. The Network Institution also has the right to call client loans and require repayment within a short period of time; if the client cannot repay the loan within the specified time period, the Network Institution will have the right to force the sale of pledged assets to repay those loans. Selling assets to maintain collateral levels or calling loans may result in asset sales and realized losses in a declining market, leading to the permanent loss of capital. These sales also may have adverse tax consequences. Interest payments and any other loan-related fees are borne by clients and are in addition to the advisory fees that clients pay us for managing assets, including assets that are pledged as collateral. The returns on pledged assets may be less than the account fees and interest paid by the account. Clients should consider carefully and skeptically any recommendation to pursue a more aggressive investment strategy in order to support the cost of borrowing, particularly the risks and costs of any such strategy. More generally, before borrowing funds, a client should carefully review the loan agreement, loan application, and other forms and determine that the loan is consistent with the client's long-term financial goals and presents risks consistent with the client's financial circumstances and risk tolerance.

#### **Cash Management Solutions from FTCS**

For FTCS cash management solutions, as stated above, certain third-party intermediaries provide administrative and settlement services in connection with the program. Those intermediaries each charge a fixed basis point fee on total deposits in the program. Before any interest is paid into client accounts, the Network Institutions and certain unaffiliated third-party service providers take their fees out, and the net interest is then credited to client's accounts. Engaging FTCS, the Network Institutions, and these other intermediaries to provide cash management solutions does not alter the manner in which we treat cash for billing purposes.

Clients should understand that in rare circumstances, depending on interest rates and other economic and market factors, the yields on cash management solutions could be lower than the aggregate fees and expenses charged by the Network Institutions, the intermediaries referenced above, and us. Consequently, in these rare circumstances, a client could experience a negative overall investment return with respect to those cash investments. Nonetheless, it might still be reasonable for a client to participate in the FTCS cash management program if the client prefers to hold cash at the Network Institutions rather than at other financial institutions (e.g., to take advantage of FDIC insurance).

#### **Focus Risk Solutions**

We help clients obtain certain insurance products from unaffiliated insurance companies by introducing clients to our affiliate, Focus Risk Solutions, LLC ("FRS"), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC. FRS acts as an intermediary to facilitate our clients' access to insurance products. FRS has agreements with certain third-party

insurance brokers (the “Brokers”) under which the Brokers assist our clients with regulated insurance sales activity.

Neither we nor FRS receives any compensation from the Brokers or any other third parties for providing insurance solutions to our clients. For services provided by FRS to clients of other Focus firms, FRS receives a percentage of the upfront commission or a percentage of the ongoing premiums for policies successfully placed with insurance carriers on behalf of referred clients, and such compensation to FRS is also revenue for our common parent company, Focus Financial Partners, LLC. However, this compensation to FRS does not come from insurance solutions provided to any of our clients. The volume generated by our clients’ transactions does benefit FRS and Focus in attracting, retaining, and negotiating with the Brokers and insurance carriers. We mitigate this conflict by: (1) fully and fairly disclosing the material facts concerning the above arrangements to our clients, including in this Brochure; and (2) offering FRS solutions to clients on a strictly nondiscretionary and fully disclosed basis, and not as part of any discretionary investment services. Additionally, we note that clients who use FRS’s services will receive product-specific disclosure from the Brokers and insurance carriers and other unaffiliated third-party intermediaries that provide services to our clients.

The insurance premium is ultimately dictated by the insurance carrier, although in some circumstances the Brokers or FRS may have the ability to influence an insurance carrier to lower the premium of the policy. The final rate may be higher or lower than the prevailing market rate. We can offer no assurances that the rates offered to you by the insurance carrier are the lowest possible rates available in the marketplace.

#### **Sentinel Pension Advisors, Inc.**

BWA and Sentinel Pension Advisors, Inc. (“SPA”) are both advisory firms owned by Focus Operating, LLC. BWA and SPA have an agreement in place whereby BWA serves as a subadvisor to SPA for certain client retirement plans. SPA and the client enter an advisory agreement that specifies the discretionary and/or non-discretionary advisory services that SPA will provide. It also specifies the duties to be delegated to BWA. Generally, BWA is responsible for investment recommendations, individual fund choices, and asset allocation targets. SPA is generally responsible for fiduciary governance, participant services, and portfolio administration, including trading, rebalancing, and fiduciary and performance reporting. BWA, at its discretion, participates in Sentinel’s investment meetings with clients. As the adviser to the client, SPA collects its quarterly advisory fee and generally remits 50% of such fee to BWA for its services.

SPA, like us, is an indirect wholly owned subsidiary of Focus Financial Partners, LLC and is therefore under common control with us. The allocation of SPA’s clients’ assets to us pursuant to a subadvisory arrangement, rather than to an unaffiliated investment manager, increases our compensation and the revenue to Focus LLC, relative to a situation in which SPA’s clients’ assets are managed by an unaffiliated manager. As a consequence, Focus LLC has a financial

incentive to encourage SPA to recommend that a portion of its clients' assets be subadvised by us, which creates a conflict of interest with those clients whose assets we subadvise.

More information about Focus LLC can be found at [www.focusfinancialpartners.com](http://www.focusfinancialpartners.com). We believe this conflict is mitigated because of the following factors: (1) our retention as a subadviser is based on SPA's judgment that such retention is in the best interest of its affected clients; (2) we have met the due diligence standards that SPA applies to outside investment managers; (3) SPA is willing and able to terminate our services, in part or in whole, if our services become unsatisfactory in the judgment of, and at the sole discretion of, SPA; and (4) we have fully and fairly disclosed the material facts regarding this relationship, including in this Brochure, to the SPA clients for whom we act as subadviser, and such clients have therefore given their informed consent to this conflict.

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

### **Code of Ethics**

BWA has adopted a Code of Ethics, which sets forth high ethical standards of business conduct, including compliance with all applicable federal and state securities laws, which we require of all of our personnel to adhere to and acknowledge in writing. BWA personnel are required to conduct themselves with integrity at all times and follow the principles and policies outlined in our Code of Ethics.

BWA believes that it owes clients an extraordinary level of trust and fair dealing. Further, as part of our fiduciary duty, we place the interests of our clients ahead of our own and our personnel.

BWA's Code of Ethics attempts to address specific conflicts of interest that either we have identified or that could likely arise. In general, all BWA personnel must avoid investment activities and practices which may work to the detriment of clients, or activities which could impair employees' ability to act in a fair and independent manner for clients.

A copy of BWA's Code of Ethics is available to any client or prospective client upon request.

### **Participation or Interest in Client Transactions**

BWA does not purchase any securities or investments for its own account. Also, as a matter of practice, BWA typically does not recommend the purchase of individual stocks or bonds to clients. In general, BWA recommends that clients invest in open-end mutual funds or broad index-based ETFs for their marketable securities exposure.



Owners and employees of BWA may buy, sell, or hold positions in securities at or around the same time that we recommend the same securities to our clients. However, in the event of a conflict of interest, such as a limited number of investment slots, our clients will be given preference over BWA personnel.

Any investments made by BWA personnel are made on the same terms as BWA's clients with the exception of private investment vehicles. In instances when one or more of our clients invests in a private investment vehicle recommended by BWA, the general partner or manager may permit BWA personnel to invest personal capital in such vehicle at or around the same time as the clients and in an amount that is less than the stated minimum investment amount that clients are required to make. Exceptions to the stated minimum investment typically only occur when the stated minimum investment is in excess of \$100,000.

### **Personal Trading**

BWA has established the following personal trading restrictions for all personnel:

1. No BWA personnel or family member of BWA personnel, or other related person of BWA personnel, may buy or sell securities for their personal portfolios based upon material non-public information.
2. BWA requires its employees to pre-clear transactions in certain securities with its Chief Compliance Officer (the "**CCO**"); including, but not limited to securities issued in an IPO, securities listed in a limited offering, and securities which may result in a conflict of interest. Further, no BWA personnel may transact in securities of companies listed on BWA's Restricted Securities List—a listing of companies where our clients are key officers or a member of the board of directors—without pre-clearance from the CCO. The CCO will determine, in consultation with the main advisor serving the affiliated client, whether we are in possession of any material non-public information.
3. All BWA personnel report their respective securities transactions on a quarterly basis and their securities holdings on an annual basis to the CCO through BWA's compliance reporting system. The CCO of BWA reviews all reported securities transactions and holdings to ensure compliance with the above policies.
4. Any individual not in observance of the above personal trading policies may be subject to disciplinary action, up to and including termination.

## **Item 12. Brokerage Practices**

### **Selecting Brokerage Firms**

Clients may utilize the broker-dealer or custodian of their choice. BWA does not require clients to utilize any particular broker-dealer or custodian. Clients will often request recommendations from advisors regarding potential brokerage firms for purchasing or selling securities.



BWA generally recommends custodians and brokerage firms known to them for the client's consideration but also bases recommendations upon such factors as the custodian and brokerage firm's general reputation and proven integrity, the quality of prior service provided to clients or others known to BWA, the custodian and brokerage firm's financial strength and conservatism, the estimated cost and convenience to the client, and any special expertise the custodian or brokerage firm may possess.

We currently recommend clients use either Schwab Advisor Services, a division of Charles Schwab & Co. ("**Schwab**"), Fidelity Institutional Wealth Services, a division of Fidelity Investments ("**Fidelity**") or Pershing Advisor Solutions, a division of Bank of New York Mellon ("**Pershing**"). All of these firms are nationally recognized discount broker-dealers which also offer custody, record keeping, and reporting services and clients are able to choose one or more of these institutions depending on their financial needs, preferences, and other factors listed above.

We endeavor to recommend brokerage firms that we believe are in a position to offer our clients the best array of services appropriate for the client situation at a reasonable and competitive cost.

These brokerage firms do not typically charge BWA clients separately for custody but rather are compensated through transaction-related fees for securities trades that are executed through or settle into client accounts. While transaction fees may be higher or lower than those charged by other broker-dealers, in general the transaction fees charged by the institutional groups at Schwab (that cater to independent financial advisers) are discounted rates that are typically lower than the rates available to the general public. BWA does not share in any transaction fees or commissions charged by our clients' custodians or broker-dealers.

### **Soft Dollar and Other Benefits**

Schwab, Fidelity, and Pershing offer services and products to BWA that are not otherwise available to BWA in connection with clients selecting these broker-dealers as custodians of their accounts. These benefits are not earned through client securities transactions and thus are not considered soft dollars, rather the services and products offered are used to service all, or a substantial number, of BWA's clients' accounts, including accounts not maintained at these brokerage firms. These services and products include:

- access to client accounts, statements, confirmations and tax reports;
- facilitating execution of client-authorized transactions;
- recordkeeping and reporting;
- providing quotes, pricing and other market data;
- access to back office support personnel exclusively for investment adviser clients;

- access to institutional mutual funds that are otherwise generally available only to institutional investors, or would require a significantly higher minimum initial investment; and,
- facilitating payment of BWA's fees from client accounts, subject to client authorization.

Schwab also offers BWA discounts on regulatory compliance software, which may or may not benefit BWA's clients directly. In addition, Schwab makes available to BWA various other services intended to help BWA manage and further develop its business enterprise. These services include:

- regulatory compliance, legal and business consulting, and,
- publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing.

Further, Schwab has agreed to reimburse BWA for third-party vendor invoices for certain products and services up to \$50,000. The products and services eligible for invoice reimbursement by Schwab are as follows:

- Legal services related to drafting of the compliance manual, code of ethics, privacy policy and business continuity plan, as well as marketing collateral review;
- Compliance services related to the creation or modification of the compliance manual, code of ethics, privacy policy, and business continuity plan and mock audits;
- Technology and research services, which include, client relationship management systems, portfolio/account reporting and position reconciliation services, financial planning and market research software, technology solutions initial setup and integration and website design; and
- Marketing and consulting services related to:
  - o Growth strategies, branding, business succession;
  - o Marketing collateral creation;
  - o Client appreciation events hosted by BWA; and,
  - o Internal technology training and employee development.

In addition, in 2022 Schwab Advisor Services™ provided a fee waiver for one BWA attendee for the Schwab IMPACT Conference, valued at \$1,275.

BWA, as a fiduciary, endeavors to act in its clients' best interests and to avoid or disclose conflicts of interest. BWA's recommendation (or suggestion) that clients maintain their assets in accounts at Schwab or any of these brokerage firms may be based in part on the benefit to BWA of the availability of some of the foregoing services and products and not solely on the nature, cost or quality of custody and brokerage services provided by them.

## **Schwab Advisor Network®**

BWA receives client referrals from Schwab through BWA's participation in Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with BWA. Schwab does not supervise Advisor and has no responsibility for BWA's management of clients' portfolios or Advisor's other advice or services. BWA pays Schwab fees to receive client referrals through the Service. BWA's participation in the Service may raise potential conflicts of interest described below.

BWA pays Schwab a referral fee, called a "Participation Fee," on all referred clients' accounts that are maintained in custody at Schwab. It also may pay a Non-Schwab Custody Fee on all referred client accounts that are maintained at, or transferred to, another custodian. Typically, the Participation Fee paid by BWA is assessed at a tiered quarterly rate ranging from 25 bps to 10 bps based on the average daily balances of all Network accounts in a referred client's household, subject to a minimum Participation Fee. If a referred client's household qualifies for tiered pricing, the tiered quarterly rate is applied to the average of all household assets. BWA pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab while a client of BWA. The Participation Fee is billed to BWA quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by BWA and not by the client. BWA has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs BWA charges clients with similar portfolios who were not referred through the Service.

BWA generally pays Schwab the Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Advisor generally would pay in a single year. Thus, BWA has an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees are based on assets in accounts of BWA clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, BWA has incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit BWA's fees directly from the accounts.

For accounts of BWA clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from BWA's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on

trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, BWA may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. BWA nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for BWA's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

### **Directed Brokerage**

BWA does not direct trades or client transactions to specific brokers. Rather, clients choose their own brokerage firm or broker and are free to direct their investment transactions to the brokerage firm or broker of their choice.

In cases where the Firm acts as a sub-adviser to another investment adviser's client, the investment adviser generally directs the Firm to execute, clear and settle all trades through the custodian/broker of their choice. Directed brokerage may adversely affect the Firm's ability to achieve best execution for these clients.

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

### **Periodic Reviews**

Each client engagement is serviced by a team which is comprised of a Lead Wealth Advisor, a Supporting Wealth Advisor, and a Client Service Assistant. Lead Advisors have overall responsibility for the client relationship and are assisted by the Supporting Wealth Advisor and Client Service Assistant. Each Lead Wealth Advisor typically has between 30 and 50 client relationships that they are responsible for. The frequency and nature of the financial review varies from client to client, and is generally driven by client circumstances, changes in the client's financial situation, and the assets and investments currently held, or proposed. Client's accounts are reviewed in a sequence determined at the sole discretion of the Lead Wealth Advisor while most clients are reviewed at least once per year. All matters relevant to the client's individual financial situation are taken into consideration at the time of the review.

### **Review Triggers**

Factors that may trigger a review, other than a periodic review, include: extraordinary events (e.g., severe market turbulence), changes in the tax laws or major investment developments. Significant changes in a client's financial situation and/or objectives may also trigger a review.

## **Regular Reports**

BWA regularly provides oral and written reviews to clients regarding their overall financial situation, including their investments. All clients have at least one annual meeting and review, but most clients will typically have one to three meetings per year with their Lead Advisor.

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

### **Incoming Referrals**

BWA has arrangements in place with certain third-party promoters whereby we compensate them for referring clients to us. The compensation we pay promoters creates an incentive for the promoter to refer clients to us. Referral arrangements inherently give rise to potential conflicts of interest, particularly when the person recommending the advisor receives and economic benefit for doing so. Rule 206(4)-1 of the Advisers Act addresses this conflict of interest by, among other things, requiring disclosures of whether the promoter is a client or a non-client and a description of the material conflicts of interest and material terms of the compensation arrangement with the promoter.

We pay third-party promoters a percentage of the advisory fees we receive from referred clients.

Accordingly, we require promoters to disclose to referred clients, in writing: whether the promoter is a client or a non-client; that the promoter will be compensated for the referral; the material conflicts of interest arising from the relationship and/or compensation arrangement; and the material terms of the compensation arrangement, including a description of the compensation to be provided for the referral.

In the course of normal business, BWA sometimes receives referrals from other service providers (CPAs, estate attorneys, private bankers, mortgage brokers, insurance brokers, etc.) when the need arises for a client. Prospective clients are under no obligation to engage BWA for services, but when they do, BWA does not compensate referring parties for these referrals, nor participate in other forms of fee-sharing or remuneration with these other professionals in connection with referring clients (or prospective clients). BWA has no referral arrangement in place with other professional service providers.

### **Referrals Out**

BWA sometimes will make referrals to other service providers (CPAs, estate attorneys, private bankers, mortgage brokers, insurance brokers, etc.) when the need arises for a client. However, BWA does not accept referral fees or other forms of fee-sharing or remuneration from these other professionals in connection with referring clients (or prospective clients). The client is under no obligation to choose the service provider referred by BWA and is free to seek out

other professionals as needed. BWA has no referral arrangement in place or expectation of direct or indirect compensation with other professional service providers.

### **Other Compensation**

BWA receives an economic benefit from certain brokers and other unaffiliated financial industry firms in the form of the support services and products such brokers make available to BWA and their other customers.

These services and products, how they benefit us, and the related conflicts of interest are described above (see Item 12, Brokerage Practices). The availability of such services and products to BWA is not based on BWA providing particular investment advice, such as recommending the purchase of particular securities. You do not pay more for assets maintained at a certain broker or custodian as a result of these arrangements. However, we benefit from the 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.

### **Focus Financial Partners**

BWA's parent company is Focus Financial partners, LLC ("Focus"). From time to time, Focus holds partnership meetings and other industry and best-practices conferences, which typically include BWA, other Focus firms and external attendees. These meetings are first and foremost intended to provide training and education to personnel of the Focus firms, including BWA. However, the meetings do provide sponsorship opportunities for asset managers, asset custodians, vendors, and other third-party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus firms, including BWA. Although the participation of Focus firm personnel in these meetings is not preconditioned on achieving a sales target for any conference sponsor, this practice could nonetheless be deemed a conflict as the marketing and education activities conducted, and the access granted, at such meetings and conferences could cause BWA to focus on those conference sponsors in the course of its duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the cost of the meeting or future meetings and not as revenue for itself or any affiliate, including BWA. Conference sponsorship fees are not dependent on assets placed with any specific provider or revenue generated by such asset placement.

The following entities have provided conference sponsorship to Focus from January 1, 2022 to March 1, 2023:

*Orion Advisor Technology, LLC*

*TriState Capital Bank*

*StoneCastle Network, LLC*

*Charles Schwab & Co., Inc.*

*BlackRock, Inc.*

*Fidelity Brokerage Services LLC*

*Fidelity Institutional Asset Management LLC*

## **Item 15. Custody**

BWA does not maintain physical custody of client funds and/or securities. As described in Item 12, Brokerage Practices, client assets are held at qualified custodians that provide account statements at least quarterly directly to clients at their address of record.

BWA is considered to have custody of client funds where a member of the firm serves as trustee or co-trustee for clients' trust accounts. BWA currently maintains a few accounts where an advisor serves in this capacity. In compliance with SEC regulations, BWA is subject to an annual surprise examination by an independent Certified Public Accountant, registered with the Public Company Account Oversight Board (PCAOB), who audits the accounts over which we are deemed to have custody as a result of serving in this capacity.

BWA is also deemed to have custody of client assets to the extent clients authorize BWA to debit their brokerage accounts for payment of fees and to the extent clients have given BWA the authority through standing letters of authorization to instruct their account custodian to direct transfers to third parties.

Clients receive account statements directly from the independent qualified custodian of their account assets. These statements detail all account transactions, including any amounts paid to BWA. These are the client's official account statements for valuation, tax and all other purposes. We encourage each client to review the transactions, positions, and valuations contained in them for accuracy.

## **Item 16. Investment Discretion**

Clients have the option of providing BWA with investment discretion on their behalf, pursuant to a grant of a limited power of attorney contained in BWA's client agreement. By granting BWA investment discretion, a client authorizes BWA to execute securities transactions and determine which securities are bought and sold, the total amount to be bought and sold, and the costs at which the transactions will be effected. Clients may impose reasonable limitations in the form of specific constraints on any of these areas of discretion with the consent and written acknowledgement of BWA.

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

BWA does not vote proxy statements on behalf of clients. BWA does not have (nor will it accept) the authority to vote client securities. Clients will receive their proxy statements or other solicitations directly from their custodian or a transfer agent and are responsible for voting their own proxies.

### **Item 18. Financial Information**

BWA is not required to include a balance sheet for its most recent fiscal year because we do not solicit fees of more than \$1,200 per client, six months or more in advance.

BWA is not aware of a financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over client accounts.

BWA has not been the subject of a bankruptcy petition.