



# Burt Wealth Advisors

SEC File Number: 801 – 23924

## **ADV Part 2A, Firm Brochure Dated: October 28, 2024**

Contact: Frederick J. Cornelius, III  
Chief Compliance Officer  
6116 Executive Blvd., Suite 500  
North Bethesda, MD 20852  
[www.burtwealthadvisors.com](http://www.burtwealthadvisors.com)

**This Brochure provides information about the qualifications and business practices of Burt Wealth Advisors. If you have any questions about the contents of this Brochure, please contact us at (301) 770-9880 or [fcornelius@burtwealth.com](mailto:fcornelius@burtwealth.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

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

**References herein to Burt Wealth Advisors as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.**

## Item 2           Material Changes

The following is a summary of material changes made to Burt Wealth Advisor’s disclosure brochure since the last filing dated March 26, 2024:

- Item 15 (Custody) was updated to disclose that Burt Wealth no longer engages in certain custody-related services and/or practices that require the firm to undergo an annual surprise CPA examination.
- Item 17 (Voting Client Securities) was updated to disclose that Burt Wealth no longer votes client proxies.

**Burt Wealth Advisors’ Chief Compliance Officer, Frederick J. Cornelius, III, remains available to address any questions that an existing or prospective client may have regarding this Brochure.**

## Item 3           Table of Contents

Item 1	Cover Page .....	1
Item 2	Material Changes .....	2
Item 3	Table of Contents .....	2
Item 4	Advisory Business .....	3
Item 5	Fees and Compensation .....	6
Item 6	Performance-Based Fees and Side-by-Side Management.....	8
Item 7	Types of Clients .....	8
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss .....	8
Item 9	Disciplinary Information.....	9
Item 10	Other Financial Industry Activities and Affiliations .....	9
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	10
Item 12	Brokerage Practices .....	11
Item 13	Review of Accounts.....	13
Item 14	Client Referrals and Other Compensation.....	14
Item 15	Custody .....	14
Item 16	Investment Discretion .....	14
Item 17	Voting Client Securities.....	15
Item 18	Financial Information .....	15

#### Item 4            **Advisory Business**

- A. Burt Associates, Inc. (BAI) d.b.a. Burt Wealth Advisors (“Burt Wealth”) is a Maryland Corporation formed on June 26, 1972. BAI registered as an investment adviser on April 23, 1985. BAI is owned by BAI Holdings, Incorporated. Frederick J. Cornelius, III is BAI’s President.

B.

##### **INVESTMENT ADVISORY SERVICES**

Burt Wealth provides discretionary investment advisory services on a *fee-only* basis. Burt Wealth’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under Burt Wealth’s management. Burt Wealth’s annual investment advisory fee shall include investment advisory services, and, to the extent specifically requested by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of Burt Wealth), Burt Wealth may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client. Burt Wealth believes that it is important for the client to address financial planning issues on an ongoing basis. Burt Wealth’s advisory fee, as set forth at Item 5 below, will remain the same regardless of whether or not the client determines to address financial planning issues with Burt Wealth.

To commence the investment advisory process, Burt Wealth will ascertain each client’s investment objective(s) and then allocate the client’s assets consistent with the client’s designated investment objective(s). Once allocated, Burt Wealth provides ongoing supervision of the account(s). Prior to engaging Burt Wealth to provide investment advisory services, clients are required to enter into an *Investment Advisory Agreement* with Burt Wealth setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

##### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

Burt Wealth may provide financial planning and/or consulting services (including investment and non-investment related matters, such as retirement planning, tax and estate planning, insurance, etc. per the terms and conditions of a separate agreement and a separate fee as discussed at Item 5 below, the fee for which shall be based upon the individual providing the service and the scope of the services to be provided. Prior to engaging Burt Wealth to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Burt Wealth setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Burt Wealth commencing services.

If requested by the client, Burt Wealth may recommend the services of other professionals for implementation purposes, including certain owners of Burt Wealth’s parent company in their individual capacities as attorneys and/or accountants (*See* disclosures at Item 10.C below). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Burt Wealth.

If the client engages any recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional (i.e. attorney, accountant, insurance agent, etc.), and **not** Burt Wealth, shall be responsible for the quality and competency of the services provided.

It remains the client's responsibility to promptly notify Burt Wealth if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Burt Wealth's previous recommendations and/or services.

## **MISCELLANEOUS**

### **Limitations of Financial Planning and Non-Investment Consulting/Implementation.**

As indicated above, to the extent requested by a client, we may provide financial planning and related consulting services. Neither Burt Wealth nor its investment adviser representatives assist clients with the implementation of any financial plan unless they have agreed to do so in writing. We do not monitor a client's financial plan, and it is the client's responsibility to revisit the financial plan with us, if desired.

To the extent requested by a client, we may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. We **do not** serve as an attorney, accountant, or insurance agency, and no portion of our services should be construed as legal or accounting services. Accordingly, we **do not** prepare estate planning documents, tax returns or sell insurance products.

To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance, etc.), including certain owners of Burt Wealth's parent company in their separate licensed capacities as discussed below. Clients are reminded that they are under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation made by Burt Wealth or its representatives.

If the client engages any recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional (i.e. attorney, accountant, insurance agent, etc.), and **not** Burt Wealth, shall be responsible for the quality and competency of the services provided.

**Retirement Rollovers-Conflict of Interest.** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Burt Wealth recommends that a client roll over their retirement plan assets into an account to be managed by Burt Wealth, such a recommendation creates a conflict of interest if Burt Wealth will earn new (or increase its current) compensation as a result of the rollover. **No client is under any obligation to roll over retirement plan assets to an account managed by Burt Wealth.**

**Reporting Services.** In conjunction with the services provided by Envestnet | Tamarac, Burt Wealth may also provide periodic comprehensive reporting services, which can incorporate some of the client's investment assets including those investment assets not managed by Burt Wealth (the "Excluded Assets"). Burt Wealth's service relative to the Excluded Assets is limited to reporting services only, and does not include investment implementation. Burt Wealth does not have trading authority for the Excluded Assets and is not Burt Wealth responsible for implementing any recommendations relative to the Excluded Assets. Furthermore, the client and/or their other advisors that maintain trading authority, and not Burt Wealth, shall be exclusively responsible for the investment performance of the Excluded Assets. Burt Wealth does not provide investment management, monitoring or implementation services for the Excluded Assets. The client may engage Burt Wealth to provide investment management services for the Excluded Assets pursuant to the terms and conditions of the *Investment Advisory Agreement*.

**Use of Dimensional Fund Advisors Mutual Funds.** Burt Wealth may utilize the mutual funds issued by Dimensional Fund Advisors ("DFA"). Many mutual funds are available directly to the public, without engaging an investment professional. Others mutual funds, such as those issued DFA, are generally only available through registered investment advisers. Therefore, if the client was to terminate Burt Wealth's services, restrictions regarding transferability and/or additional purchases of, or reallocation among, DFA funds will apply. **ANY QUESTIONS: Burt Wealth's Chief Compliance Officer, Frederick J. Cornelius, III, remains available to address any questions that a client or prospective client may have regarding the above.**

**Trade Error Policy.** From time-to-time Burt Wealth may make an error in submitting a trade order on the client's behalf. When this occurs, Burt Wealth may place a correcting trade with the broker-dealer which has custody of the client's account. If an investment gain results from the correcting trade, the gain will remain in the client's account unless the same error involved other client account(s) that should also have received the gain, it is not permissible for the client to retain the gain, or Burt Wealth confers with the client and the client decides to forego the gain (e.g., due to tax reasons). If the gain does not remain in the client's account and Charles Schwab & Co. Inc., ("Schwab") is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, Burt Wealth will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in the client's account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in the client's account, they may be netted.

**Portfolio Activity.** Burt Wealth has a fiduciary duty to provide services consistent with the client's best interest. As part of our investment advisory services, we will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when we determine that changes to a client's portfolio are neither necessary nor prudent. Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity.

**Client Obligations.** In performing its services, Burt Wealth shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their

responsibility to promptly notify Burt Wealth if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Burt Wealth's previous recommendations and/or services.

**Disclosure Statement.** A copy of Burt Wealth's written Privacy Policy, Disclosure Brochure as set forth on Part 2 of Form ADV and Form CRS (Client Relationship Summary) shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement* or *Financial Planning and Consulting Agreement*.

- C. Burt Wealth shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, Burt Wealth shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on Burt Wealth's services.
- D. Burt Wealth does not participate in a wrap fee program.
- E. As of December 31, 2023, Burt Wealth had approximately \$796,053,958 in assets under management on a discretionary basis.

## Item 5 Fees and Compensation

A.

### INVESTMENT ADVISORY SERVICES

Burt Wealth's annual investment advisory fee is based upon a percentage (%) of the market value placed under Burt Wealth's management as follows:

<b><u>Market Value of Portfolio</u></b>	<b><u>Annual Fee %</u></b>	<b><u>Quarterly Fee %</u></b>
First \$500,000	1.50%*	0.375%*
Next \$250,000	0.80%	0.200%
Next \$ 1,250,000	0.70%	0.175%
Next \$4,000,000	0.60%	0.150%
Next \$4,000,000	0.50%	0.125%
Over \$10,000,000	0.40%	0.100%

\*Subject to \$3,750.00 minimum annual fee. In the event that the client is subject to an annual minimum fee, the client could pay a higher percentage fee than referenced above. Burt Wealth, in its sole discretion, may charge a lesser investment management fee or reduce its annual minimum fee based upon certain criteria (i.e. i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, anticipated services to be rendered, grandfathered fee schedules, employees and family members, courtesy accounts, competition, negotiations with client, etc.). **Please Note:** As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

Burt Wealth considers cash to be an asset class and a portion of a client's account may be allocated among various cash and/or cash equivalent positions for liquidity management,

defensive, or other purposes. Therefore, cash and cash equivalents will be included as part of the market value of client's account when calculating our management fee. When assets are invested in cash and/or cash equivalents, the advisory fee could exceed the current yield on such cash positions.

**ANY QUESTIONS:** Burt Wealth's Chief Compliance Officer, Frederick J. Cornelius, III, remains available to address any questions that a client or prospective client may have regarding advisory fees

#### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

Burt Wealth may provide financial planning and/or consulting services (including investment and non-investment related matters, including retirement planning, estate planning, insurance planning, etc.) on a stand-alone fee basis. Burt Wealth's planning and consulting fees are negotiable, but generally range from \$2,000 to \$10,000 on a fixed fee basis as quoted in advance and payable half in advance and half on presentation. Burt Wealth shall consider level, scope and complexity of the service(s) required, as well as, the professional(s) rendering the service(s) when determining the fixed fee.

- B. Clients may elect to have Burt Wealth's advisory fees deducted from their custodial account. Both Burt Wealth's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of Burt Wealth's investment advisory fee and to directly remit that management fee to Burt Wealth in compliance with regulatory procedures. In the limited event that Burt Wealth bills the client directly, payment is due upon receipt of Burt Wealth's invoice. Burt Wealth deducts fees or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter. In the event that the fee is determined quarterly in advance, based upon the market value of such assets on the last day of the previous quarter, prorated adjustments will not be made to the advisory fee for deposits and withdrawals made during the quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, Burt Wealth shall generally recommend that Charles Schwab and Co., Inc., member SIPC ("*Schwab*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* charge brokerage commissions and/or transaction fees for effecting certain securities transactions. In addition, brokerage commissions and transaction fees, mutual funds and ETF's carry additional fees and expenses (including third party management fees) in addition to Burt Wealth's advisory fees.
- D. Burt Wealth's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter.

The *Investment Management Agreement* between Burt Wealth and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Management Agreement*.

Burt Wealth shall refund any unearned pre-paid advisory fees upon termination of a contract. Burt Wealth determines the amount of the refund for unearned fees by prorating the pre-paid quarterly fee by the portion of the quarter that services were terminated.

- E. Neither Burt Wealth, nor its representatives accept compensation from the sale of securities or other investment products.

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

Neither Burt Wealth nor any supervised person of Burt Wealth accepts performance-based fees.

## **Item 7            Types of Clients**

Burt Wealth's clients generally include individuals and high net worth individuals.

Burt Wealth does not generally require an annual minimum fee or asset level for investment advisory services as disclosed in Item 5 above. Burt Wealth, in its sole discretion, may charge a lesser investment management fee or a fixed fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, competition, negotiations with client, etc.). Please Note: As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees. Burt Wealth's Chief Compliance Officer, Frederick J. Cornelius, III, remains available to address any questions that a client or prospective client may have regarding advisory fees.

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

A. Burt Wealth may utilize the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

Burt Wealth may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)

**Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Burt Wealth) will be profitable or equal any specific performance level(s).

B. Burt Wealth's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis Burt Wealth must have access to current/new market information. Burt Wealth has no control over the dissemination rate of market information;

therefore, unbeknownst to Burt Wealth, certain analyses may be compiled with outdated market information, severely limiting the value of Burt Wealth's analysis. Furthermore, an



accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Burt Wealth's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer-term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment period involves a very short investment period but will incur higher transaction costs when compared to a short-term investment strategy and substantially higher transaction costs than a longer-term investment strategy.

- C. Currently, Burt Wealth primarily allocates client investment assets among various mutual funds and/or ETFs on a discretionary basis in accordance with the client's designated investment objective(s). However, legacy securities transferred into new accounts may be held as a substitute for a similar mutual fund or ETF.

## **Item 9           Disciplinary Information**

Burt Wealth has not been the subject of any disciplinary actions.

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

- A. Neither Burt Wealth, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither Burt Wealth, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Other Investment Adviser.** Certain owners of Burt Wealth's parent company are shareholders in Dembo Jones, P.C., which is a certified public accounting firm and a state-registered investment advisory firm ("DJ"). Neither Burt Wealth nor its representatives will refer its clients to DJ for investment advisory services.

**Certified Public Accountants.** Certain owners of Burt Wealth's parent company are Certified Public Accountants and shareholders of DJ. To the extent that these owners provide accounting or tax preparation services to clients of Burt Wealth, all services are performed by DJ independent of Burt Wealth, and Burt Wealth does not receive any of the fees charged by DJ, referral or otherwise. From time to time, the shareholders of DJ will recommend Burt Wealth's services to its clients. DJ is not involved in providing investment advice on behalf of Burt Wealth, nor does DJ hold itself out as providing advisory services on behalf of Burt Wealth. No client of Burt Wealth is under any obligation to use the services of DJ.

**Conflict of Interest.** The recommendation by Burt Wealth that a client engage DJ or its representatives in their capacities as Certified Public Accountants presents a conflict of interest, as certain control persons of Burt Wealth may receive indirect compensation as a result of DJ's engagement. No client is under any obligation to engage DJ or its

representatives for accounting services and clients are reminded that they may engage other unaffiliated Certified Public Accountants.

**Burt Wealth's Chief Compliance Officer, Frederick J. Cornelius III, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Licensed Attorneys.** We may receive clients referrals from David Kanter, a licensed attorney with Kanter & Wishnow. To the extent that Mr. Kanter provides legal services to clients of Burt Wealth, all services are performed independent of Burt Wealth, for which Burt Wealth does not receive any portion of the fees charged by Mr. Kanter, referral or otherwise. From time to time, Mr. Kanter will recommend Burt Wealth's services to certain of their clients. Mr. Kanter is not involved in providing investment advice on behalf of Burt Wealth, nor does Mr. Kanter hold himself out as providing advisory services on behalf of Burt Wealth. No client of Burt Wealth is under any obligation to use the services of Mr. Kanter or Kanter & Wishnow. At all times, the engaged licensed professional (i.e. attorney, accountant, insurance agent, etc.), and **not** Burt Wealth, shall be responsible for the quality and competency of the services provided.

**Burt Wealth's Chief Compliance Officer, Frederick J. Cornelius III, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

- D. Burt Wealth does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. The Burt Wealth Code of Ethics ("Code") has been adopted by Burt Wealth and is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 ("Advisers Act").

This Code establishes rules of conduct for all employees of Burt Wealth and is designed to, among other things; govern personal securities trading activities in the accounts of employees, their immediate family/household accounts and accounts in which an employee has a beneficial interest. The Code is based upon the principle that Burt Wealth and its employees owe a fiduciary duty to Burt Wealth's clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the Firm and (iii) any conflicts of interest or any abuse of their position of trust and responsibility.

The Code is designed to ensure that the high ethical standards maintained by Burt Wealth continue to be applied. The purpose of the Code is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct. The reputation of Burt Wealth continues to be a direct reflection of the conduct of each employee.

Pursuant to Section 206 of the Advisers Act, both Burt Wealth and its employees are prohibited from engaging in fraudulent, deceptive or manipulative conduct. Compliance with this section involves more than acting with honesty and good faith alone. It means that the Burt Wealth has an affirmative duty of utmost good faith to act solely in the best interest of its clients.

A full copy of the Burt Wealth Code of Ethics can be requested by contacting the CCO,

**Frederick J. Cornelius, III** at [fcornelius@burtwealth.com](mailto:fcornelius@burtwealth.com).

In accordance with Section 204A of the Investment Advisers Act of 1940, Burt Wealth also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Burt Wealth or any person associated with Burt Wealth.

- B. Neither Burt Wealth nor any related person of Burt Wealth recommends, buys, or sells for client accounts, securities in which Burt Wealth or any related person of Burt Wealth has a material financial interest.
- C. Burt Wealth and/or representatives of Burt Wealth *may* buy or sell securities that are also recommended to clients. This practice may create a situation where Burt Wealth and/or representatives of Burt Wealth are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Burt Wealth did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of Burt Wealth’s clients) and other potentially abusive practices.

Burt Wealth has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Burt Wealth’s “Access Persons”. Burt Wealth’s securities transaction policy requires that an Access Person of Burt Wealth must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period on a date Burt Wealth selects.

Burt Wealth and/or representatives of Burt Wealth may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Burt Wealth and/or representatives of Burt Wealth are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above in Item 11.C, Burt Wealth has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Burt Wealth’s Access Persons.

## **Item 12 Brokerage Practices**

- A. In the event that the client requests that Burt Wealth recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Burt Wealth to use a specific broker-dealer/custodian), Burt Wealth generally recommends that investment management accounts be maintained at *Schwab*. Prior to engaging Burt Wealth to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Burt Wealth setting forth the terms and conditions under which Burt Wealth shall manage the client’s assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Burt Wealth considers in recommending *Schwab* or another broker-dealer/custodian to clients include historical relationship with Burt Wealth, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Burt Wealth’s clients shall comply with Burt Wealth’s duty to seek best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Burt

Wealth determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. To the extent that a transaction fee will be payable by the client to Schwab, the transaction fee shall be in addition to Burt Wealth's investment advisory fee referenced in Item 5 above. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Burt Wealth will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Burt Wealth's investment management fee. Burt Wealth's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Burt Wealth receives from *Schwab* (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, vendor, unaffiliated product/fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist Burt Wealth to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Burt Wealth may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Burt Wealth in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist Burt Wealth in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Burt Wealth to manage and further develop its business enterprise.

Burt Wealth's clients do not pay more for investment transactions effected and/or assets maintained at Schwab as the result of this arrangement. There is no corresponding commitment made by Burt Wealth to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**Burt Wealth's Chief Compliance Officer, Frederick J. Cornelius, III, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the conflict of interest such arrangement creates.**

2. Burt Wealth does not receive referrals from broker-dealers.
3. Burt Wealth recommends that its clients utilize the brokerage and custodial services provided by Schwab. Burt Wealth does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Burt Wealth will

not seek better execution services or prices from other broker-dealers or be able to “batch” the client’s transactions for execution through other broker-dealers with orders for other accounts managed by Burt Wealth. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs Burt Wealth to effect securities transactions for the client’s accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Burt Wealth. Higher transaction costs adversely impact account performance. Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

**Burt Wealth’s Chief Compliance Officer, Frederick J. Cornelius, III, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the conflict of interest such arrangement creates.**

- B. Transactions for each client account generally will be effected independently unless Firm decides to purchase or sell the same securities for several clients at approximately the same time. Firm may (but is not obligated to) combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Firm’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Burt Wealth shall not receive any additional compensation or remuneration as a result of such aggregation.

## **Item 13      Review of Accounts**

- A. For those clients to whom Burt Wealth provides investment supervisory services, account reviews are conducted on an ongoing basis by Burt Wealth’s Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise Burt Wealth of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with Burt Wealth on an annual basis.
- B. Burt Wealth may conduct account reviews on a non-periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least monthly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Burt Wealth may also provide a quarterly written periodic report summarizing account activity and performance.

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

- A. As referenced in Item 12.A.1 above, Burt Wealth receives an indirect economic benefit from broker-dealers. Burt Wealth, without cost (and/or at a discount), receives support services and/or products from broker-dealers.

There is no corresponding commitment made by Burt Wealth to a given broker-dealer or any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**Burt Wealth's Chief Compliance Officer, Frederick J. Cornelius, III, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the conflict of interest this arrangement creates.**

- B. If a client is introduced to Burt Wealth by either an unaffiliated or an affiliated solicitor, Burt Wealth may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-1 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Burt Wealth's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to Burt Wealth by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of their solicitor relationship, and shall provide each prospective client with a copy of Burt Wealth's written Brochure and a copy of a written disclosure statement disclosing the terms of the arrangement between Burt Wealth and the solicitor, including the compensation to be received by the solicitor from Burt Wealth.

## **Item 15            Custody**

Burt Wealth shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least monthly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Burt Wealth may also provide a quarterly written periodic report summarizing account activity and performance.

To the extent that Burt Wealth provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Burt Wealth with the account statements received from the account custodian.

The account custodian does not verify the accuracy of Burt Wealth's advisory fee calculation.

## **Item 16            Investment Discretion**

The client can determine to engage Burt Wealth to provide investment advisory services on a discretionary basis. Prior to Burt Wealth assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, with Burt Wealth setting forth the terms and conditions under which Burt Wealth shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Clients who engage Burt Wealth on a discretionary basis may, at any time, impose restrictions, **in writing**, on Burt Wealth's discretionary authority (i.e. limit the

types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Burt Wealth's use of margin, etc.).

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

- A. Burt Wealth does not vote client proxies. Clients maintain exclusive responsibility for directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted and making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Burt Wealth to discuss any questions they may have with a particular solicitation.

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

- A. Burt Wealth does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. Burt Wealth is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Burt Wealth has not been the subject of a bankruptcy petition.

**Burt Wealth's Chief Compliance Officer, Frederick J. Cornelius, III, remains available to address any questions** regarding this Part 2A.