

## **ITEM 1: COVER PAGE**

### **FIRM BROCHURE** (Part 2A of Form ADV)

#### **Block Wealth Management, Inc.**

8920 Nellie Lane  
Marvin, NC 28173  
Telephone: (760) 796-5550  
Fax: (760) 796-5559

**Part 2A of Form ADV (the “Brochure”) provides information about the qualifications and business practices of Block Wealth Management, Inc. If you have any questions about the contents of this Brochure, please contact us at 760-796-5550. 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.**

**Block Wealth Management, Inc. is a registered investment adviser; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.**

**Additional information about Block Wealth Management, Inc. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**ITEM 2: MATERIAL CHANGES**

In this Item, Block Wealth Management, Inc. is required to identify and discuss material changes since filing its last annual amendment. Since filing its last annual amendment on March 29, 2023, the following material changes have occurred:

Effective Date	Brochure Item(s)	Description
Q2 2024	Throughout	Block Wealth Management, Inc. transitioned from state to SEC registration.

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**ITEM 4: ADVISORY BUSINESS**

**A. Description of Firm**

Block Wealth Management, Inc. ("BWM" or the "Firm") is a registered investment adviser registered with the U.S. Securities and Exchange Commission ("SEC") and founded in 2008. The Firm's principal place of business is in North Carolina. As further detailed in Item 4.B below, BWM offers services covering the areas of financial planning, portfolio construction, asset management, portfolio tracking services, and fiduciary services to retirement plan sponsors. The Firm typically provides its services to individuals, including high net worth individuals, trusts, estates, and pension and profit-sharing plans. Some of the investment instruments BWM advises its clientele on include, among other things, mutual funds, exchange traded funds ("ETFs"), equities, bonds, options, treasuries, certificates of deposit and private placements.

BWM's principal owner is Kirk Block, who also serves as the Firm's President and Chief Compliance Officer. For information on his qualifications and business background, please refer to his Form ADV Part 2B Brochure Supplement.

**B. Types of Advisory Services Offered**

BWM provides four types of advisory services: Financial Planning Services, Investment Advisory Services, Fiduciary Services to Retirement Plan Sponsors and Portfolio Tracking Services, each of which is more fully described below.

**1. Financial Planning Services**

BWM provides customizable services that can include a broad range of financial planning services (including non-investment related matters). Depending on each client's needs, BWM will review one or more of the following aspects ("Aspects") of a client's current and anticipated financial position:

- Business Planning
- Education Expense Planning
- Estate Planning
- Fringe Benefit Planning
- Income Tax Planning
- Investment Planning
- Retirement Planning
- Risk Management Planning
- Cash Management Planning

BWM's approach to providing this service typically starts with gathering information, as applicable, regarding the client's current and anticipated income and income tax levels, current investment and non-investment assets, current and anticipated cash flow, investment risk tolerance, family situation, fringe benefits, business interests, and any other necessary financial and personal information. BWM will perform an initial review of each selected Aspect individually in such order as BWM and the client agree. BWM then gives the client written recommendations in relation to each selected Aspect.

Once each Aspect has been reviewed and initial recommendations provided, BWM will provide periodic reviews thereafter and if necessary, update the written recommendations given to the client in relation to each Aspect. Generally, each periodic review will be completed every twelve (12) months.

In regards to BWM's financial planning services, clients should be aware of the following: (a) a conflict exists between our interests and the interests of our clients; (b) clients are under no obligation to act upon BWM's recommendations; and (c) if a client elects to act on any of our recommendations, such client is under no obligation to utilize BWM to implement the recommendations.

In performing its services, BWM entrusts that the client will provide accurate information and BWM will not be obligated to verify any information received from the client or from the client's other professionals. Moreover, clients are advised that it remains their responsibility to promptly notify BWM if there is ever any change in their financial situation during the financial planning process.

Prior to engaging BWM to provide financial planning services, the client is required to enter into an Investment Advisory Services Agreement with BWM setting forth the terms and conditions of the engagement, the scope of the services to be provided and associated fees that clients will pay.

Financial planning clients retain full discretion over all implementation decisions and are free to accept or reject any recommendations made by BWM. Clients also have the option of having BWM implement any or all investment recommendations. In addition, if requested by a client, BWM will at times, recommend the services of other professionals for purposes of implementing the written recommendations. Clients are under no obligation to engage the services of any such recommended professional and are free to select any professional of their choosing.

## **2. Investment Advisory Services**

BWM also provides clients, including ERISA clients, with ongoing investment advisory services on a percentage fee basis. The Firm's diversified portfolio strategies typically consist of equities, fixed-income and/or cash management instruments, including mutual funds, stocks and bonds. We customize clients' portfolios according to their individual risk tolerance, time horizon and specific goals. Our equity-based securities selection emphasizes a long-term time horizon with growth and value management styles for all capitalizations. In addition to large-, mid- and small-cap stocks, international equities can be included to provide further diversification. For fixed-income securities, BWM utilizes mutual funds, bonds (US Treasuries, mortgage-backed bonds, municipal bonds, high quality or high yield corporate securities, foreign bonds), money market funds, and bank instruments with short-, intermediate- and long-term maturities. Generally, a short to intermediate-term time frame is selected for U.S. Treasuries, mortgage-backed bonds, municipal bonds, high quality or high yield corporate securities, foreign bonds, and various bank instruments such as CDs.

Prior to engaging BWM to provide investment advisory services, the client is required to enter into an Investment Advisory Services Agreement with BWM setting forth the terms and conditions of the engagement, as well as describing the scope of the services to be provided.

These services can include:

- Establishing an Investment Policy Statement – BWM will create an investment statement to provide for the client’s investment goals and objectives including the strategies to be used that are designed with a goal to meet these objectives. We will provide the client with specific information on investment time frame, risk tolerance and asset allocation strategies that will be used and monitored based on changing economic climates and investor objectives.
- Determining Portfolio Asset Allocation – BWM will formulate a long-term asset allocation strategy that specifies the percentage of assets to be invested between equity and fixed-income securities, money market funds, tangible assets and other securities. Equities will be further diversified based on company cap size and classification of domestic versus foreign, while fixed income will be selected based on maturities and “quality” of paper (high quality or high yield).
- Establishing New Accounts – BWM will assist clients in opening accounts by preparing initial applications and transfer forms, as well as help coordinate the transfer of cash and securities to the new accounts.
- Reporting by BWM – BWM will provide quarterly and year-end performance investment reviews detailing the client’s portfolio activities and tracking client basis and investment returns.

Throughout this process, BWM will attempt to comply with the contents of the IPS in accordance with normal industry practice. In the event any securities are purchased outside of the criteria established by the IPS, BWM will take reasonable steps to bring the plan back within the guidelines outlined in the IPS.

Due to market fluctuations and other variables, the plan will not always correspond with the criteria established by the IPS. However, BWM will periodically rebalance the holdings in the client's portfolio(s) to attempt to keep it within the client's stated investment objectives.

Investment Advisory Services clients are allowed to impose reasonable restrictions on the types of securities and/or industries they do not want to be included in their portfolio. Once this information is gathered, each client is responsible for informing BWM in writing of any changes to these restrictions or to their overall investment objectives.

Upon request from an advisory client, BWM can provide a one-time review of certain client investments, which are not being managed by BWM. This review is billed at an hourly rate, which is negotiated with the client at the time of the request.

### **3. Portfolio Tracking Services**

For Portfolio Tracking Services, BWM provides tax basis and performance tracking for investment portfolios not actively managed by BWM. The client retains full responsibility for making investment decisions in relation to the assets of any portfolio not managed by BWM. The accounts to be tracked are noted in a schedule to the Investment Advisory Services Agreement called the Schedule of Tracked Assets (“Tracked Assets”).

Prior to engaging in Portfolio Tracking Services, the client is required to enter into an Investment Advisory Services Agreement with BWM setting forth the terms and conditions of the engagement, as well as

describing the scope of the services to be performed. Under the terms of this agreement, BWM's services can include:

- Detailing the performance and tax basis of the Tracked Assets;
- Producing and uploading onto a website maintained by a third-party service provider a password protected electronic statement setting out the client's holdings and the estimated individual and consolidated values of the Tracked Assets; and
- Producing and uploading onto a website maintained by a third-party service provider a password protected investment report setting forth the client's holdings, the tax basis of those holdings, transactions and any expenses incurred during the preceding calendar quarter together with the individual and consolidated values of the Tracked Assets as of the last business day of the calendar quarter.

#### **4. Fiduciary Services to ERISA Retirement Plans**

BWM offers both discretionary and non-discretionary services to ERISA Plans. Upon entering into a written agreement with BWM, the ERISA Plan client will select one or more of the following services:

##### **DISCRETIONARY SERVICES:**

Discretionary Investment Advice for Plan Menu: BWM will evaluate and prudently designate the specific investments to be offered as investment options to participants under the Plan consistent with the Plan's investment policy statement ("IPS") or other relevant guidelines, as applicable, monitor such investments, and prudently remove or add investments as deemed appropriate by BWM in its discretion as the Plan's investment manager.

Model Portfolios: BWM will establish and maintain the following range of asset allocation model portfolios ("Model Portfolios"): Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive.

The Model Portfolios only utilize the designated investment alternatives made available to participants under the Plan (the "Menu Options"). The allocations of asset classes within the various Model Portfolios will be based on generally accepted investment theories, and seek to achieve varying degrees of long-term appreciation and capital preservation through different mixes of equity and fixed income exposures. If a participant selects a Model Portfolio as the investment for his or her account under the Plan, BWM will invest the assets of the participant's account in a mix of the Plan's Menu Options in accordance with the selected Model Portfolio and will rebalance the investments to maintain the desired mix in its discretion.

Participant Advice Services – Onsite Meetings: BWM will offer to meet with Plan participants during scheduled onsite meetings on an annual or semi-annual basis. Based on the information provided by the participant concerning his or her retirement investments, time horizon, risk tolerance and investment goals, BWM will provide investment advice in the form of a recommendation to invest in a particular Model Portfolio.

Participant Advice Services – Interactive Web Tool: BWM will offer an interactive web-based tool to ERISA Plan participants which, based on the information provided by the participant concerning his or her

retirement investments, time horizon, risk tolerance and investment goals, will provide investment advice in the form of a recommendation to invest in a particular Model Portfolio.

*QDIA Portfolio Designation:* BWM will designate one of its Model Portfolios as a qualified default investment alternative (“QDIA Portfolio”). The QDIA Portfolio will be constructed using the options in the ERISA Plan investment line-up and managed with a goal to achieve long term appreciation and capital preservation through a mix of equity and fixed income exposures.

*Preparation of IPS:* In consultation with client concerning the applicable investment objectives, policies, and constraints for the Plan and its related trust, Adviser will assist Client or other authorized fiduciary in developing an IPS that is consistent with the requirements of ERISA. Adviser cannot guarantee that Client will achieve the investment objectives in the IPS.

## NON-DISCRETIONARY SERVICES

*Non-Discretionary Investment Advice for Plan Menu:* BWM will recommend, for selection by the client or other authorized fiduciary, specific investments to be offered as investment options to participants under the ERISA Plan consistent with the Plan’s IPS or other relevant guidelines, as applicable. BWM will recommend, for selection by client or other authorized fiduciary, investment replacements if an existing investment is no longer suitable, and will assist in the transition to the replacement investment if requested by client or such fiduciary.

*Performance Monitoring:* BWM will assist client with respect to its duties to perform ongoing monitoring of the ERISA Plan’s investment alternatives in accordance with the Plan’s IPS or other relevant guidelines, as applicable, and ERISA. Such assistance will include reviews of the relevant portfolio’s historical performance and investment characteristics, and the applicable asset manager’s investment processes and philosophy.

*Preparation of IPS:* In consultation with client concerning the applicable investment objectives, policies, and constraints for the ERISA Plan and its related trust, BWM will assist client or other authorized fiduciary in developing an IPS that is consistent with the requirements of ERISA.

BWM also offers the following non-fiduciary consulting services to ERISA Plans:

*Performance Reports:* BWM will prepare reports providing performance information for the ERISA Plan’s investment alternatives as well as comparing the performance thereof to benchmarks set forth in the IPS or as otherwise determined in consultation with client. The information used to generate the reports will be derived from statements provided by or through the client.

*Fee Monitoring and Review:* BWM will assist client with respect to its duties to evaluate the reasonableness of the fees and expenses of the ERISA Plan’s investment manager(s) or investments in accordance with the Plan’s IPS or other relevant guidelines, as applicable, and ERISA. Upon request, BWM will also assist a client with respect to its evaluation of the Plan’s fees and expenses for administrative services.

*Education Services to Plan Committee:* BWM will provide education and training for selected employees of client who are serving a fiduciary role under the ERISA Plan (e.g., members of an investment committee



selected by the Plan Sponsor). Such education and training will include guidance concerning their fiduciary roles on any applicable committee, including their investment-related duties under the Plan, at times mutually agreeable to the parties.

*Participant Education Services:* BWM will offer to meet with ERISA Plan participants during scheduled onsite meetings on an annual or semi-annual basis to provide investment education. In accordance with the Department of Labor's Interpretative Bulletin 96-1, BWM can provide Plan participants with information about the Plan, general financial and investment information and information and materials relating to asset allocation models available through the Plan. BWM can also provide Plan participants with interactive investment materials to assist Plan participants in assessing their future retirement income needs and the impact of different asset allocations on retirement income.

*Plan Search and Conversion Support:* In the event client chooses to select a new record-keeper or other administrative service provider to the ERISA Plan, BWM will assist client in the preparation, distribution and evaluation of Request For Proposals, finalist interviews, and conversion support.

The ERISA Plan client can also elect to receive certain additional services as negotiated between client and BWM. All such services will be clearly outlined in the agreement executed by the client.

## **5. IRA Rollover Recommendations**

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

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

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees.

As a fiduciary, BWM only recommends a rollover when we believe it is in your best interest.

**C. Wrap-Fee Programs**

BWM does not provide its services to any wrap fee programs, as that term is defined in the instructions to Form ADV Part 2.

**D. General Information about BWM's Advisory Services**

As indicated above, advisory services provided by BWM are customizable based upon the individual needs, objectives, and other financial goals of the client. Early on in the relationship, BWM will typically memorialize each client's investment objectives, risk tolerance, time horizons and other important and necessary information, including any investment guidelines, in an IPS. This information, together with any other information relating to the client's overall financial circumstances, will be used by the Firm to determine the most appropriate asset allocation and investment strategy to best meet the client's financial goals. There can be times when certain restrictions are placed by a client which prevent the Firm from accepting or continuing to service the client's account. BWM reserves the right to not accept and/or terminate a client's account if it feels that the client imposed restrictions would limit or prevent the Firm and/or the client from meeting and/or maintaining its objectives.

BWM will not assume any responsibility for the accuracy of the information provided by the client. The Firm is not obligated to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Under all circumstances, clients are responsible for promptly notifying the Firm in writing of any material changes to the client's financial situation, investment objectives, time horizon, tax status, risk tolerance or other material information that BWM will have relied upon in rendering its services. In the event that a client notifies the Firm of such changes, BWM will review the changes and will at times recommend revisions to the client's financial plan and/or portfolio.

**E. Amount of Client Assets Managed**

As of December 31, 2023, the following represents the amount of client assets under management by BWM on a discretionary and non-discretionary basis:

Type of Account	Assets Under Management ("AUM")
Discretionary	\$127,454,510
Non-Discretionary	\$0
Total:	\$127,454,510

**F. Education and Business Standards of BWM's Representatives**

BWM requires that associates involved in the creation and review of financial plans and/or providers of advisory services demonstrate technical competency through accredited studies, recognized licensing requirements and industry experience. At a minimum, associates must either hold or be in pursuit of obtaining a Certified Financial Planning™ (CFP®), Certified Public Accountant (CPA) or other professional designations.

**G. Client Agreements**

As mentioned above, prior to engaging BWM to provide the services outlined in Item 4.B above, clients are required to enter into a written agreement with BWM, which sets forth the terms and conditions of the engagement, the fees to be paid and the scope of the services to be provided.

A client or BWM can terminate the agreement by providing the other party with written notice. Upon the effective date of termination, BWM will cease to actively manage the client's account and will cease assessment of our fees as of that date. BWM will not liquidate the client's account(s), unless written instruction is provided with termination notice.

Neither BWM nor the client can assign the written agreement without the consent of the other party. Transactions that do not result in a change of actual control or management of BWM shall not be considered an assignment.

**ITEM 5: FEES AND COMPENSATION**

**A. Compensation for Financial Planning Services**

BWM's fees for financial planning services are charged on a fixed fee basis and generally range from \$1,000 to \$20,000 annually, depending on the extent and complexity of the services provided. For initial reviews and written plans, clients are billed one half of the fixed fee as a retainer upon execution of the Investment Advisory Agreement, with the remainder due and payable within thirty (30) days after completion of the initial review and delivery of written plan. For periodic reviews and plan updates, clients are billed one half of the fixed annual fee at the beginning of the periodic review, with the remainder due and payable within thirty (30) days after completion of the periodic review and delivery of any plan updates. As negotiated, and at the sole discretion of BWM, fees for financial planning services can be offset by investment advisory fees. This generally happens when a high net worth financial planning client with investment assets of \$3 million or more enters into an advisory agreement with BWM.

Financial planning fees are subject to negotiation in BWM's sole discretion. Upon termination of services, any unearned pre-paid fees will be refunded to the client.

**B. Compensation for Investment Advisory Services**

For Investment Advisory Services, including implementation of a client's financial plan, BWM will charge an annual investment management fee, paid quarterly in advance, based upon a percentage of the assets under management with BWM. Fees are calculated as follows:

<b>Assets Under Management</b>	<b>Annual Advisory Fee (% AUM)</b>
\$0 - \$499,999	1.00%
\$500,000 - \$999,999	0.75%
\$1,000,000 - \$2,999,999	0.50%
\$3,000,000 and over	Negotiable Rate

The fee schedule above is a 'tiered' or 'blended' fee schedule, which means that different annual fee percentages will apply to different ranges of client assets under Adviser's management.

There is no required opening account minimum. BWM can amend the fee schedule with prior written notice to the Client.

As stated above, Investment Advisory Services fees are billed quarterly in advance. By signing the Firm's Investment Advisory Services Agreement, the client authorizes BWM to request that the custodian remit payment for Investment Advisory Services fees from the client's account(s). Fees are automatically deducted from client's custodial account by the custodian and paid to BWM no sooner than the 5<sup>th</sup> (or prior closest business day) of the month following the end of the previous quarter. The amount due is calculated by dividing the annual fee by 4 and applying the quarterly fee percentage to the previous quarter-end account value(s). For accounts opened after the beginning of a new quarter, fees will be prorated. While "cash reserves" will be excluded from the advisory fee, cash earmarked for investments in the upcoming quarter will be subject to the normal fee rate. Based on specific client circumstances, certain exceptions can apply.

BWM will remit an invoice to the custodian and client (the latter is generally included with the client's quarterly report) showing the amount of the fee, the value of the client's assets on which the fee was based, and the specific manner in which the fee was calculated. It is the client's responsibility to verify the accuracy of the fee calculation as the custodian will not determine whether the fee is properly calculated. All investment advisory fees paid directly to BWM will be reflected on the client's monthly brokerage statements that are prepared and sent to the client by the custodian.

Investment advisory fees can be negotiable for clients with assets under management of \$3,000,000 or more. Furthermore, clients may be charged pursuant to a fee schedule that is different than the one set forth above. The specific fee schedule to which a client will be subject will be set forth in the client's Investment Advisory Services Agreement.

As mentioned in Item 4 above, BWM can, upon request from a client, provide a one-time review of certain investments, which are not being managed by BWM. This review is billed at an hourly rate between \$250 and \$500 per hour, which is negotiated with the client at the time of the request. The fee is due and payable at the completion of the review. BWM will remit an invoice directly to the client for payment of the fee.

#### **C. Compensation for Portfolio Tracking Services**

Portfolio Tracking Services clients are generally charged a fixed fee on a per calendar quarter basis. BWM's fixed fee for this service ranges from \$100 to \$1,000 per quarter. The actual amount of Portfolio Tracking Services fees to be paid by the client is agreed upon in writing by BWM and the client at the time of engagement. BWM can amend its tracking fee at any time by notifying clients at least thirty (30) days before the start of a calendar quarter in which the fee is to be amended. The Portfolio Tracking Services fee is generally due and payable on the fifth (5<sup>th</sup>) business day of each calendar quarter for the services to be provided in that calendar quarter. The first tracking fee shall be due on and prorated to cover the period from the date hereof through the end of the calendar quarter. Should the client or BWM elect to terminate their relationship during a calendar quarter, BWM will refund any unearned prepaid Portfolio Tracking Services Fee, calculated from the effective date of termination.

Clients will be provided an invoice each quarter outlining the Portfolio Tracking Services fee due and payable. Clients that are receiving investment advisory services from BWM have the option to provide BWM with written permission to have their custodian debit the amount of such fees on a quarterly basis from the Client's investment advisory account.

#### **D. Compensation for Fiduciary Services to Retirement Plans**

For Fiduciary Services, BWM will charge an annual investment management fee, paid quarterly in arrears, based upon a percentage of plan assets under management with BWM. Fees are calculated as follows:

<b>Plan Assets</b>	<b>Quarterly Fee Paid in Arrears</b>
For the first \$1,000,000	0.1875% (subject to \$1500 quarterly flat fee)
Over \$1,000,000 up to \$3,000,000	0.1250%
Over \$3,000,000 up to \$10,000,000	0.1000%
Over \$10,000,000 up to \$25,000,000	0.08%
Over \$25,000,000	0.05%

For Fiduciary Services, the client will pay BWM a quarterly advisory fee no sooner than the fifth (5th) business day of each calendar quarter (or on such later date determined by the Firm at its sole discretion) for Fiduciary Services provided during the previous calendar quarter. The Fiduciary Services fee will be calculated in accordance with the above fee schedule based on the market value of the client's portfolio, determined as of the last business day of the previous calendar quarter.

The amount due is calculated by applying the above tiered quarterly fee percentage to the previous quarter-end account value(s). For accounts opened after the beginning of a new quarter, fees will be prorated to reflect the number of days during the quarter that the Firm rendered its services. Based on specific client circumstances, certain exceptions can apply.

Fiduciary Services fees can be negotiable for certain clients under certain circumstances. Clients receiving Fiduciary Services are subject to a minimum annual flat fee of \$1,500, which can be waived or varied in the Firm's sole discretion.

Upon termination of the Fiduciary Services, all earned, unpaid fees will be due and payable.

#### **E. General Information on BWM's Compensation and Fees**

Clients should understand that the BWM fees described in the sections above do not include certain charges imposed by third parties such as custodial fees, mutual fund fees and expenses, and execution costs. Client assets can also be subject to transaction costs, retirement plan administration fees (if applicable), deferred sales charges on mutual funds initially deposited in the account, 12b-1 fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Client assets invested in mutual funds and ETFs will be subject to certain fees and expenses imposed directly by funds to their shareholders, which shall be described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the sponsor also imposes sales charges, a client can pay initial or deferred sales or surrender charges. Additionally, clients can incur brokerage commissions and other execution costs charged by the custodian or executing broker-dealer in connection with transactions for a client's account. Clients should further understand that all custodial fees and any other charges, fees and commissions incurred in connection with transactions for a client's account will be paid out of the assets in the account. Please refer to Item 12 of this Brochure entitled "Brokerage Practices" for additional important information about the Firm's brokerage and transactional practices.

Kirk Block (CA Insurance License #0B27948 and NC Insurance License #2606997) is a licensed insurance agent with various insurance agencies. To the extent that Mr. Block recommends the purchase of certain insurance policies or products to clients, Mr. Block can, at times, receive commissions if the client elects to act upon such a recommendation. The receipt of the commissions creates a conflict of interest. In order to address this conflict, BWM has adopted certain procedures designed to mitigate the effects of this conflict. For example, as part of BWM's fiduciary duty to clients, the Firm and its investment adviser representatives will endeavor at all times to put the interests of clients first, and recommendations will only be made to the extent that they are reasonably believed to be suitable and in the best interests of the client. Additionally, this conflict of interest presented by this practice is disclosed to clients at the time of entering into any new

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advisory arrangement. Clients are not obligated to implement recommended insurance or financial planning transactions through BWM or any BWM representative or insurance agent or recommended agency. Clients have the option to purchase any recommended investment or insurance products or policies through agents other than BWM and its investment adviser representatives.

BWM clients have the right to terminate their agreement with BWM upon written notice to BWM. In these circumstances, BWM's fee shall be prorated through the date of termination and any remaining prepaid unearned balance shall be refunded to the client in a timely manner and any earned, unpaid balance shall be due and payable.

The fees charged for BWM's Investment Advisory Services, Financial Planning Services, Portfolio Tracking Services, and Fiduciary Services are calculated as described above and are not charged on the basis of a share of capital gains or the performance of the client's account. Clients can purchase some investments directly without the services of BWM. In that case, the client would not receive the services provided by BWM, which are designed, among other things, to assist the client in determining which money managers and possible investments are appropriate to the client's financial situation and objectives. The client should review both the fees charged by certain investments (*e.g.*, mutual funds, ETFs) and the fees charged by BWM to fully understand the total amount of fees that will be paid by the client. Only then will the client be able to fully evaluate the services being provided and the fees being paid. Although BWM believes its fees for all its services provided are competitive, clients should be aware that lower fees for comparable services can be available from other sources.

**ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

BWM does not charge performance-based fees (*i.e.*, fees calculated based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client). Consequently, the Firm does not engage in side-by-side management of accounts that are charged a performance-based fee with accounts that are charged another type of fee (such as assets under management). As described in Item 5, above, BWM provides its services for a fixed fee and/or based upon a percentage of assets under management.



**ITEM 7: TYPES OF CLIENTS**

**A. Description**

BWM provides its services to individuals, high-net-worth individuals, pension and profit-sharing plans, trusts, and estates.

**B. Conditions for Managing Accounts**

BWM does not impose a minimum portfolio size or a minimum initial investment to open an account, but does reserve the right to accept or decline a potential client for any reason at its sole discretion. Prior to engaging BWM to provide Investment Advisory Services, Financial Planning Services or Portfolio Monitoring Services described in this Brochure, the client will be required to enter into one or more written agreements with BWM setting forth the terms and conditions under which the Firm will render its services.

**C. Disclosure to ERISA Plan Sponsors under Section 408(b)(2)**

BWM will provide certain required disclosures to the “responsible plan fiduciary” (as such term is defined in ERISA) in accordance with Section 408(b)(2), regarding the services we provide and the direct and indirect compensation we receive by such clients. Generally, these disclosures are contained in this Form ADV Part 2A, the client agreement and/or in separate ERISA disclosure documents, and are designed to enable the ERISA plan’s fiduciary to: (1) determine the reasonableness of all compensation received by BWM; (2) identify any potential conflicts of interests; and (3) satisfy reporting and disclosure requirements to plan participants.

**ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

**A. Methods of Analysis and Investment Strategies**

Generally, BWM uses a variety of analytical information to assist with its security analysis. However, the primary types of methods of analysis used by BWM are fundamental and technical analysis, and from time to time cyclical analysis. The sources of information used by BWM include, but are not limited to, market news reports, financial publications, corporate rating services, outside research reports, annual reports, prospectuses, regulatory filings, company press releases, and interpretation of exchange market data.

The investment strategies BWM will pursue on behalf of clients can include long- and short-term purchases, short sales, trading on margin, and option writing including covered options, uncovered options or spreading strategies. The Firm can recommend, on occasion, redistributing investment allocations to diversify the portfolio in an effort to reduce risk and increase performance. BWM can also recommend specific stocks to increase sector weighting and/or dividend potential, or can recommend employing cash positions as a possible hedge against market movement which at times can adversely affect the portfolio. Additionally, BWM can recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position(s) in the portfolio, change in the risk tolerance of the client, or any risk deemed unacceptable for the client's risk tolerance.

BWM structures its portfolios using the principles of Modern Portfolio Theory ("MPT"). MPT is an investment methodology that suggests that investors can benefit from having a portfolio of holdings invested in a variety of asset classes. To the extent that these asset classes are non-correlated, the constructed portfolio will aim to experience investment returns with mitigated risk. BWM constructs client investment portfolios based upon the premise that asset allocation models can be developed, using historical performance data and academically tested assumptions about the future, for optimizing the risk-adjusted expected rate of return of a given portfolio. BWM offers a selection of modeled portfolios which offer a range of equity and fixed income exposure levels. BWM assists clients in selecting a modeled portfolio based upon the risk profile of the client.

BWM primarily utilizes the Dimensional Fund Advisors ("DFA") family of funds to construct client investment portfolios. BWM has determined that the DFA funds most effectively represent the asset classes needed to provide the best opportunity to fully implement the asset allocations of client portfolios.

**B. Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. Prior to entering into an Investment Advisory Services Agreement with BWM, a client should carefully consider: 1) committing to management only those assets that the client believes will not be needed for current purposes and that can be invested on a long-term basis, usually a minimum of three to five years, 2) that volatility from investing in the stock market can occur, and 3) that over time the client's assets can fluctuate and at any time be worth more or less than the amount invested.

Past performance is in no way an indication of future performance. BWM cannot offer any guarantees or promises that a client's investment goals and objectives will be met.

Some of risks of loss a client should be aware of include, but are not limited, to the following:

- **Interest-Rate Risk**: Fluctuations in interest rates can 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 a stock, bond, mutual fund or other security can 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.
- **Inflation Risk**: When any type of inflation is present, a dollar today will not buy as much as a dollar 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 dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Political and Legislative Risks**: Companies face a complex set of laws and circumstances in each country in which they operate. The political and legal environment can change rapidly and without warning and with significant impact, this is especially true for companies operating outside of the United States or that conduct a portion of their business outside of the United States.
- **Reinvestment Risk**: This is the risk that future proceeds from investments at times, will 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. Generally, business risk is that a company will go bankrupt or perform below expectations. Every company carries the business risk that it will produce insufficient cash flow in order to maintain operations. Business risk can come from a variety of sources, some systemic and others non-systemic. That is, every company has the business risk that the broader economy will perform poorly and therefore that sales will be poor, and also the risk that the market simply will not like its products.
- **Liquidity Risk**: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if there is an active market for the asset. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk**: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations can result in bankruptcy and/or a declining market value.

BWM clients can also elect to open margin accounts. Clients should be aware that there are a number of additional risks that all investors need to consider in deciding to trade securities on margin. The risks associated with margin include, but are not limited to, the following:

- Clients can lose more funds than they deposit in the margin account. A decline in the value of securities that are purchased on margin can require the client to provide additional funds to the firm that has made the loan to avoid the forced sale of those securities or other securities in the account.
- The lending firm can at times force the sale of securities in a margin account. If the equity in a margin account falls below the maintenance requirements under the law—or the lending firm's

higher "house" requirements—the firm can sell the securities in the margin account to cover the margin deficiency. Clients using margin can also be responsible for any shortfall in the account after such a sale.

It is important that investors take time to learn about the risks involved in trading securities on margin, and investors should consult BWM's advisers regarding any questions or concerns they can have with their margin accounts.

Historically, BWM has recommended certain investments in private placements to its clients as part of a client's overall investment strategy. Such investments present special risks for the clients, which include without limitation, limited liquidity, higher fees, volatile performance, heightened risk of loss, limited transparency, special tax considerations, subjective valuations and limited regulatory oversight. Therefore, private placements will not be suitable for all BWM clients. Generally, such investments are available for investment only to a limited number of sophisticated investors who meet the definition of "accredited investor" under Regulation D of the Securities Act of 1933. Private placements also often impose performance-based fees or incentive allocations payable to the fund manager or general partner. Such performance-based fee/incentive allocation structures can create an incentive for the managers of the private placement to make investments that are riskier or more speculative than would be the case in the absence of a performance-based fee/incentive allocation structure. It is important that each potential qualified investor fully read each offering or private placement memorandum prior to investing to better understand the risks associated with the investment. BWM currently does not recommend any private placements to clients.

**ITEM 9: DISCIPLINARY INFORMATION**

Registered investment advisers such as BWM are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of the Firm or the integrity of its management. BWM does not have any such legal or disciplinary events and thus has no information to disclose with respect to this Item.

**ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

**A. Financial Industry Activities and Affiliations**

Kirk Block (CA Insurance License #0B27948 and NC Insurance License #2606997) is a licensed insurance agent with various insurance agencies. To the extent that Mr. Block recommends the purchase of certain insurance policies or products, Mr. Block will receive commissions if the client elects to act upon such a recommendation. The receipt of the commissions creates a conflict of interest. In order to address this conflict, BWM has adopted certain procedures designed to mitigate the effects of this conflict. For example, as part of BWM's fiduciary duty to clients, the Firm and its investment adviser representatives will endeavor at all times to put the interests of clients first, and recommendations will only be made to the extent that they are reasonably believed to be suitable and in the best interests of the client. Additionally, this conflict of interest presented by this practice is also disclosed to clients at the time such an insurance policy or product is recommended. Clients are not obligated to implement any recommended insurance or financial plan transactions through BWM, any BWM representative or insurance agent, or recommended agency. Clients have the option to purchase any recommended investment or insurance products or policies through agents other than BWM or its investment adviser representatives.

Kirk Block is a Certified Public Accountants (CPA) in the State of California. While he does not perform traditional accounting services, they do provide certain tax advice to clients as part of BWM's Financial Planning Services (see Item 4 above for detailed description of services).

Neither BWM nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither BWM nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

**ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

**A. Description of Code of Ethics**

All investment advisers are bound by a fiduciary duty to act in the best interest of their clients. As a registered investment adviser, BWM's clients therefore entrust us to use the highest standards of integrity when dealing with their assets and making investments that impact their financial future. Our fiduciary duty compels the Firm and all of its employees to act with integrity in all dealings with clients. To that end, the Firm has adopted personal securities transaction policies in the form of a *Code of Ethics* ("Code"), which all BWM associated persons must follow. This Code provides personnel with guidance in their ethical obligations regarding their personal securities transactions and fiduciary duties formulating the basis of all of our client dealings. Specifically, the Code requires personnel to report personal trades and holdings and prohibits or requires pre-clearance for certain trades in certain circumstances. The Code also contains procedures for reporting violations and enforcement. The Code is reviewed and distributed to personnel annually. BWM will provide a copy of the Code to any client or prospective client upon request. To obtain a copy of BWM's Code, please contact the Firm at (760) 796-5550.

BWM obtains information from a wide variety of publicly available resources. The Firm and its personnel do not have, nor claim to have, insider or private knowledge.

Neither BWM nor any of its related persons recommends to clients, or buys or sells for client accounts, securities in which BWM or any of its related persons has a material financial interest.

**B. Participation or Interest in Client Transactions**

As stated in Item 11.A above, BWM and/or its related persons will at times, take positions in the same securities as those recommended to clients. To mitigate the potential conflicts of interest associated with this practice, BWM's Code provides personnel with guidance in their ethical obligations regarding their personal securities transactions. In addition, the Code governs reporting personal securities trades, exempt transactions and securities, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution and annual review of the Code and enforcement processes. The Firm's chief compliance officer will also periodically review employee transactions to help ensure compliance with the Code and fulfillment of BWM's fiduciary obligations.

From time to time, BWM and/or its related persons will buy or sell securities for client accounts at or about the same time that BWM and/or a related person buys or sells the same securities for its own (or the related person's own) account. This has the potential to create a conflict of interest because it affords BWM and/or its related persons the opportunity to trade either before or after the trade is made in client accounts, and profit as a result. BWM's policies and procedures and code of ethics address this potential conflict of interest by prohibiting such trading by BWM or its related persons if it would be to the detriment of any client and by monitoring for compliance through the reporting and review of personal securities transactions. In all instances BWM will act in the best interests of its clients.

**ITEM 12: BROKERAGE PRACTICES**

**The Custodian and Brokers We Use**

BWM does not maintain physical custody of your assets that we manage. Nevertheless, we can be deemed to have custody of client assets because you give us authority to withdraw assets from your account and due to third-party standing letters of authorization to disburse funds from client accounts (*see Item 15 Custody, below*). Client assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. BWM recommends that our clients use Charles Schwab & Co., Inc. (“Schwab”), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. BWM is independently owned and operated and not affiliated with Schwab. Schwab will hold our clients’ assets in a brokerage account and buy and sell securities when BWM instructs them to. While BWM recommends that you use Schwab as custodian/broker, clients will decide whether to do so when they open an account with Schwab by entering into an account agreement directly with them. BWM does not open the custodial account for you.

**How We Select Custodians/Brokers**

BWM seeks to select and recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. BWM considers a wide range of factors, including, among others, these:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody);
- capability to execute, clear and settle trades (buy and sell securities for your account);
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- breadth of investment products made available (stocks, bonds, mutual funds, ETFs, etc.);
- availability of investment research and tools that assist us in making investment decisions;
- quality of services;
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them;
- reputation, financial strength and stability of the provider;
- the custodian/broker’s prior service to us and our other clients; and
- availability of other products and services that benefit us, as discussed below (*see “Products and Services Available to Us from Schwab”*).

**Custody and Brokerage Costs**

Schwab generally does not charge BWM client accounts separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. For some accounts, Schwab can charge you a percentage of the dollar amount of assets in the account in lieu of commissions. In addition to commissions or asset-based fees, Schwab charges a flat dollar amount as a “trade away” fee for each trade that BWM executes by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a Schwab account. These fees are in



addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize trading costs, BWM exclusively uses Schwab to execute trades for your account.

### **Products and Services Available to Us from Schwab**

Schwab Advisor Services is Schwab's business serving independent investment advisory firms like BWM. Though BWM and Schwab have not entered into a soft dollar arrangement in connection with client securities transactions, Schwab does provide us with access to various products and services. More specifically, Schwab Advisor Services provides BWM and its clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (*i.e.*, BWM does not have to request them) and at no charge to us. Below is a detailed description of Schwab's support services:

*Schwab Services that Benefit You.* Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

*Schwab Services that at times, will Not Directly Benefit You.* Schwab also makes available to us other products and services that benefit us but perhaps will not directly benefit you or your account. These products and services assist BWM in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. BWM can use this research to service all, some or a substantial number of our clients' accounts. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

*Schwab Services that Generally Benefit Only Us.* Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab can provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab can also, at times, discount or waive its fees for some of these services or pay all or a part of a third party's fees. In addition, Schwab can provide BWM with other benefits such as occasional business entertainment of our personnel.

## **BWM's Beneficial Interest in Schwab's Services**

The availability of these services from Schwab benefits us because BWM does not have to produce or purchase them.

BWM believes, however, that our selection of Schwab as custodian/broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab's services (based on the factors discussed above – see *"How We Select Custodians/Brokers"*) and not Schwab's services that benefit only us.

## **Directed Brokerage**

Under certain circumstances, BWM can allow a client to direct the Firm to execute all or a portion of client transactions through a specific broker ("Directed Brokerage"). If that is the case, the client should understand that: (1) BWM does not negotiate specific brokerage commission rates with the broker on client's behalf, or seek better execution services or prices from other broker/dealers and, as a result, the client can pay higher commissions and/or receive less favorable net prices on transactions for their account than might otherwise be the case; and (2) transactions for that account generally will be effected independently unless BWM is able to purchase or sell the same security for several clients at approximately the same time ("block trade"), in which case the Firm can include such client's transaction with that of other clients for execution by the same broker. If transactions are not able to be traded as a block, BWM at times will have to enter the transactions for the client's account after orders for other clients, with the result that market movements can work against the client. Therefore, prior to directing the Firm to use a specific broker-dealer, a client should consider whether, under that restriction, execution, clearance and settlement capabilities, commission expenses and whatever amount is allocated to custodian fees, if applicable, would be comparable to those otherwise obtainable. Clients should understand that he/she might not obtain commissions rates as low as it might otherwise obtain if BWM had discretion to select other broker-dealers. Consequently, Directed Brokerage can result in the client paying more money for brokerage services.

Subject to its objective to achieve best execution, BWM can decline a client's request to engage in Directed Brokerage if, in Firm's sole discretion, such Directed Brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers.

## **Order Aggregation**

Generally, BWM effects transactions for each client account independently. However, when able to, the Firm can aggregate trades of accounts. Trade aggregation, or "bunching of orders," can result in better execution and/or better realized prices. Because BWM's Investment Advisory Services utilize various types of investments and securities, it will not always be possible to bunch orders. Alternatively, even when possible, BWM will not always be able to execute all shares of an aggregated trade because of prevailing market conditions and other variables, in which case the Firm will allocate the trade among participating accounts in an equitable manner determined prior to execution of the trade. Ordinarily, the executing broker-dealer will provide an average price, and where possible, average transaction costs that will be allocated to all accounts participating in the aggregated trade. In certain cases, the Firm will not always be able to purchase or sell the same security for all clients that could transact in the security, which is generally based on various factors such as the type of security, size of the account, cash availability and account restrictions. For clients requiring directed brokerage, typically the Firm will not always be able to

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effectively "bunch" orders on the client's behalf, which could impact the possible advantage clients derive from the aggregation of orders.

**ITEM 13: REVIEW OF ACCOUNTS**

**A. Periodic Reviews**

Client accounts are monitored on a quarterly basis by BWM's President and Chief Compliance Officer, Kirk Block. Accounts and financial plans are reviewed for consistency with the investment strategy and other parameters set forth for the client's account and financial plan, and to determine if any adjustments need to be made. Financial plans and client accounts are also reviewed upon request by the client.

**B. Other Reviews and Triggering Factors**

In addition to the periodic reviews described above, reviews can be triggered by changes in an account holder's personal, tax or financial status. Other events that can trigger a review of an account are material changes in market conditions as well as macroeconomic and company-specific events. Clients are encouraged to notify BWM and its representatives of any changes in his/her personal financial situation that might affect his/her investment needs, objectives, risk tolerance, tax status, time horizon or other material information BWM at times relied upon during the course of providing its services.

**C. Regular Reports**

Written brokerage statements are generated no less than quarterly and are sent directly from the account custodian. These reports list the account positions, activity in the account over the covered period, and other related information. Clients are also sent confirmations following each brokerage account transaction unless confirmations have been waived. In addition to the regular statements clients receive from their custodian, BWM can send clients detailed reports on a quarterly or monthly basis concerning relevant account and/or market-related information as well as an inventory of account holdings and account performance, as agreed to with the client. Clients are urged to compare the statements received from BWM to those sent by the account custodian and other third parties.

**ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

**A. Compensation for Client Referrals**

BWM receives an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisers that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (*see Item 12 – Brokerage Practices*). The availability to BWM of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

**B. Other Compensation**

As noted in Item 5.D., above, Kirk Block (CA Insurance License #0B27948; NC Insurance License #260697) is a licensed insurance agent of various independent insurance companies. In the course of providing financial planning services, Mr. Block can, at times, recommend that clients purchase products or policies underwritten by certain insurance carriers. Please note that a conflict of interest exists to the extent that certain recommendations can result in a commission being paid to Mr. Block by the insurance company should a client purchase that company's insurance products or policies. The amount paid is the normal commission paid for services rendered as an insurance representative. To mitigate this potential conflict of interest, commissions that can be paid to Mr. Block in his capacity as a licensed insurance agent will be disclosed to the client at the time such insurance product or policy is recommended. Furthermore, clients should be aware that they are under no obligation to purchase insurance products or policies through BWM or Mr. Block.

Neither BWM nor a related person directly or indirectly compensates a person who is not BWM's supervised person for client referrals.

**ITEM 15: CUSTODY**

For clients that do not have their fees deducted directly from their account(s) and have not provided Adviser with any standing letters of authorization (“SLOAs”) to distribute funds from their account(s) to third parties, BWM will not have any custody of client funds or securities.

For clients that have their fees deducted directly from their account(s) or that have provided BWM with discretion as to amount and timing of disbursements pursuant to an SLOA to disburse funds from their account(s) to third parties, BWM will generally be deemed to have custody over such clients’ funds pursuant to applicable custody rules and guidance thereto. At no time will BWM accept custody of client funds or securities in the capacity of a custodial broker-dealer or other qualified custodian, and at all times client accounts will be held by a third-party qualified custodian as described in Item 12, above.

With respect to custody that is triggered by third party SLOAs, BWM endeavors to comply with the following seven conditions as listed in the 2017 SEC No Action Letter to the Investment Adviser Association:

1. The client provides an instruction to the qualified custodian, in writing, that includes the client’s signature, the third party’s name, and either the third party’s address or the third party’s account number at a custodian to which the transfer should be directed.
2. The client authorizes the investment adviser, in writing, either on the qualified custodian’s form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
3. The client’s qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client’s authorization, and provides a transfer of funds notice to the client promptly after each transfer.
4. The client has the ability to terminate or change the instruction to the client’s qualified custodian.
5. The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client’s instruction.
6. The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
7. The client’s qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

If a client receives account statements from both the custodial broker-dealer and BWM or a third-party report provider, client is urged to compare such account statements and advise BWM of any discrepancies between them.

**ITEM 16: INVESTMENT DISCRETION**

For BWM's Investment Advisory Services, the Firm has discretionary authority to determine, without first obtaining client's permission for each transaction: 1) the type of securities to be bought and sold, 2) the dollar amounts of the securities to be bought and sold, and 3) whether a client's transaction should be combined with those of other clients and traded as a "block". The Firm's clients grant BWM this discretionary authority by signing Schedule B of the Firm's Investment Advisory Services Agreement.

For clients that are receiving Financial Planning Services on a non-discretionary basis, BWM will make recommendations to the client regarding the purchase or sale of securities or other assets that they consider to be in the best interest of the client. The client has full discretion to accept or reject BWM's recommendations and is responsible for implementing any accepted recommendations with any broker-dealer the client chooses. However, if the client wishes to implement any recommendations contained in the financial plan(s) through BWM, it can do so by appointing BWM to provide discretionary Investment Advisory Services.

For clients that are receiving Portfolio Tracking Services, BWM's services will not be done on a discretionary basis and will be limited to those activities outlined in Item 4.B.3, above.

As noted in Item 4.D, above, Investment Advisory Services clients are allowed to impose reasonable restrictions on the types of securities, companies and/or industries they do not want to be included in their account. Once this information is gathered, each client is responsible for informing BWM in writing of any changes to these restrictions or to their overall investment objectives. BWM does not assume any responsibility for the accuracy of the information provided by its clients or their representatives.

**ITEM 17: VOTING CLIENT SECURITIES**

BWM's policy and practice is to not vote proxies on behalf of its clients and therefore, shall have no obligation or authority to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in a client's account, unless the account is an ERISA account and such authority has not been delegated to another named fiduciary in the plan's written documents. Currently, all BWM ERISA clients vote their own proxies. Consequently, the Firm's clients retain the responsibility for receiving and voting all proxies for securities held within the client's account. BWM shall not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client.

BWM typically does not advise or act for clients with respect to any legal matters, including bankruptcies and class actions, for the securities held in clients' accounts.



**ITEM 18: FINANCIAL INFORMATION**

BWM does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet. BWM does not have any financial commitments that impair its ability to meet contractual and fiduciary obligations to clients, and has not been the subject of a bankruptcy proceeding.