



## **Beacon Financial Group, Inc.**

### **Form ADV Part 2A – Disclosure Brochure**

**Effective: March 15 2024**

This Form ADV Part 2A ("Disclosure Brochure") provides information about the qualifications and business practices of Beacon Financial Group, Inc. ("Beacon" or the "Adviser"). If you have any questions about the content of this Disclosure Brochure, please contact the Adviser at (216) 998-0100.

Beacon is a registered investment adviser with the U.S. Securities and Exchange Commission ("SEC"). The information in this Disclosure Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment adviser does not imply any specific level of skill or training. This Disclosure Brochure provides information about Beacon to assist you in determining whether to retain Beacon as your Registered Investment Adviser.

Additional information about Beacon and its Investment Adviser Representatives is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Adviser's firm name or CRD# 317775.

**Beacon Financial Group, Inc.**  
**173 S Chillicothe Road, Aurora, OH 44202**  
**Phone: (216) 998-0100 | <https://www.beaconfinancialgroup.com>**

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## **Item 2 – Material Changes**

There are no material changes to report.

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## Item 4 – Advisory Services

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### A. Firm Information

Beacon Financial Group, Inc. (“Beacon” or the “Adviser”) is a registered investment adviser with the U.S. Securities and Exchange Commission (“SEC”). The Adviser was organized as a corporation under the laws of the State of Ohio in May 2007 and became a registered investment adviser in December 2021. Beacon is owned by Brent F. Besinger (President).

This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by Beacon. For information regarding this Disclosure Brochure, please contact Janet M. Bauer, the Chief Compliance Officer, at (216) 998-0100.

### B. Advisory Services Offered

#### Wealth Management Services

Beacon offers wealth management services which include investment management, financial planning, and other advisory services to individuals, high net worth individuals, trusts, and estates (each referred to as a “Client”).

The Adviser serves as a fiduciary to Clients, as defined under the applicable laws and regulations. As a fiduciary, the Adviser upholds a duty of loyalty, fairness and good faith toward each Client and seeks to mitigate potential conflicts of interest. Beacon's fiduciary commitment is further described in the Adviser's Code of Ethics. For more information regarding the Code of Ethics, please see Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

Beacon provides customized investment advisory solutions for its Clients. These solutions are achieved through continuous personal Client contact and interaction while providing discretionary investment management and related advisory services. Beacon works closely with each Client to identify that Client's investment goals and objectives as well as risk tolerance and financial situation in order to create a portfolio strategy. Beacon will then construct an investment portfolio, consisting of exchange-traded funds (“ETFs”), open-end mutual funds, individual stocks, individual bonds, and closed-end mutual funds. The Adviser may also utilize covered options, limited partnerships, and/or other types in investments, as appropriate, to meet the needs of the Client. In addition to those types of investments a portfolio may contain certain types of investments based on a Client's legacy investments depending on portfolio fit and tax considerations.

Beacon's investment strategies are primarily long-term focused, but the Adviser may buy, sell, or re-allocate positions that have been held for less than one year to meet the objectives of the Client or due to market conditions. Beacon will construct, implement, and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance of the Client. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in the Client's respective portfolio, subject to acceptance by the Adviser.

Beacon evaluates and selects investments for inclusion in Client portfolios only after applying its internal due diligence process. Beacon may, on occasion, redistribute investment allocations to diversify the portfolio. Beacon may create specific positions to increase sector or asset class weightings. The Adviser may also employ cash positions as a possible hedge against market movement. Beacon will sell 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 risk tolerance of the Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client's risk tolerance.

At no time will Beacon accept or maintain custody of a Client's funds or securities, except for the limited authority as outlined in Item 15 – Custody. All Client assets will be managed within the designated account[s] at the Custodian, pursuant to the terms of the advisory agreement. Please see Item 12 – Brokerage Practices.

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### Financial Planning Services

Beacon will typically provide a variety of financial planning and consulting services to Clients as part of its overall work with that client. Beacon offers planning services in several areas of a Client's financial situation, depending on a Client's goals and objectives. Financial planning services can, but do not always, involve preparing a formal financial plan or rendering a specific financial consultation based on the Client's financial goals and objectives. This planning or consulting may encompass one or more areas of need, including but not limited to, investment planning, retirement planning, personal savings, education savings, insurance, or other specific Client needs.

Beacon may also refer Clients to an accountant, attorney, or other specialists, as appropriate for advice on specific needs. For certain financial planning engagements, the Adviser will provide a written summary of the Client's finances, observations, and recommendations. For consulting or ad-hoc engagements, the Adviser may not provide a written summary. Plans or consultations are typically completed within six (6) months of the contract date, assuming all information and documents requested are provided promptly to the Adviser.

### Retirement Plan Services

Beacon offers fee based qualified retirement plan services that provide non-discretionary and discretionary Investment Fiduciary Services to Sponsors and Trustees of qualified retirement plans. Beacon will assist you in establishing a menu of mutual funds and / or models to offer to participating employees of the qualified retirement plan. Employees will self-direct the investments of their accounts within the plan.

Beacon will recommend investments to the plan sponsor, monitor the plan's investments, suggest replacements as appropriate, develop and monitor risk-based models comprised solely from the plan's investment menu, provide investment advice with respect to the selection of a Qualified Default Investment Alternative ("QDIA"), and provide participant education. Beacon will provide guidance to the plan sponsor in meeting its fiduciary responsibilities, including development of an investment policy statement. The Sponsor retains decision making authority and may accept or reject any recommendations.

## **C. Client Account Management**

Prior to engaging Beacon to provide investment advisory services, each Client is required to enter into one or more agreements with the Adviser that define the terms, conditions, authority and responsibilities of the Adviser and the Client. These services may include:

- Establishing an Investment Strategy – Beacon, in connection with the Client, will develop a strategy that seeks to achieve the Client's goals and objectives.
- Asset Allocation – Beacon will develop a strategic asset allocation that is targeted to meet the investment objectives, time horizon, financial situation, and tolerance for risk for each Client.
- Portfolio Construction – Beacon will develop a portfolio for the Client that is intended to meet the stated goals and objectives of the Client.
- Investment Management and Supervision – Beacon will provide investment management and ongoing oversight of the Client's investment portfolio.

## **D. Wrap Fee Programs**

Beacon does not manage or place Client assets into a wrap fee program. Investment management services are provided directly by Beacon.

## **E. Assets Under Management**

As of December 31, 2023 Beacon has \$661,701,049 of Assets Under Management in 1162 accounts. Of this total, \$520,880,812 in 1071 accounts are managed on a discretionary basis.

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## Item 5 – Fees and Compensation

The following paragraphs detail the fee structure and compensation methodology for services provided by the Adviser. Each Client engaging the Adviser for services described herein shall be required to enter into one more written agreements with the Adviser.

### A. Fees for Advisory Services

Wealth management fees are paid quarterly or monthly, at the end each calendar quarter or month, as applicable, pursuant to the terms of the wealth management agreement. Wealth management fees are based on the market value of assets under management valued at the end of the quarter. Wealth management fees generally range from 0.20% to 1.55% annually, based on several factors, including: the scope and complexity of the services to be provided; the level of assets to be managed; and the overall relationship with the Adviser. Relationships with multiple objectives, specific reporting requirements, portfolio restrictions, the inclusion of financial planning services, and other complexities may be charged a higher fee.

The wealth management fee in the first quarter of service is prorated from the inception date of the account[s] to the end of the first quarter. Fees may be negotiable at the sole discretion of the Adviser. Certain Clients may be offered a tiered fee schedule instead of a fixed rate. The Client's fees will take into consideration the aggregate assets under management with the Adviser. All securities held in accounts managed by Beacon will be independently valued by the Custodian. Beacon will not have the authority or responsibility to value portfolio securities.

The Adviser's fee is exclusive of, and in addition to any applicable securities transaction and custody fees, and other related costs and expenses described in Item 5.C below, which may be incurred by the Client. However, the Adviser will not receive any portion of these commissions, fees, and costs.

#### Financial Planning Services

Beacon does not typically provide financial planning services without also providing asset management services for the same client. In the event such an engagement were to occur, a fee for this service will be separately negotiated at that time.

### B. Fee Billing

#### Wealth Management Services

Wealth management fees are calculated by the Adviser or its delegate and deducted from the Client's account[s] at the Custodian. The Adviser will send an invoice to the Custodian indicating the amount of the fees to be deducted from the Client's account[s] at the beginning of each quarter or calendar month. The amount due is calculated by applying the quarterly rate (annual rate divided by 4) or monthly rate (annual rate divided by 12) to the total assets under management with Beacon at the end of the quarter or month, as applicable. Clients will be provided with a statement, at least quarterly, from the Custodian reflecting deduction of the investment advisory fee. Clients are urged to also review the statement provided by the Custodian, as the Custodian does not perform a verification of fees. Clients provide written authorization permitting advisory fees to be deducted by Beacon to be paid directly from their account[s] held by the Custodian as part of the wealth management agreement and separate account forms provided by the Custodian.

### C. Other Fees and Expenses

Clients may incur certain fees or charges imposed by third parties, other than Beacon, in connection with investments made on behalf of the Client's account[s]. The Client is responsible for all custody and securities execution fees charged by the Custodian, as applicable. The Adviser's recommended Custodian does not charge securities transaction fees for ETF and equity trades in a Client's account, provided that the account meets the terms and conditions of the Custodian's brokerage requirements. However, the Custodian typically charges for

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mutual funds and other types of investments. The fees charged by Beacon are separate and distinct from these custody and execution fees.

In addition, all fees paid to Beacon for investment advisory services are separate and distinct from the expenses charged by mutual funds and ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A Client may be able to invest in these products directly, without the services of Beacon, but would not receive the services provided by Beacon which are designed, among other reasons, to assist the Client in determining which products or services are most appropriate for each Client's financial situation and objectives. The Client should review both the fees charged by the fund[s] and the fees charged by Beacon to fully understand the total fees to be paid. Please refer to Item 12 – Brokerage Practices for additional information.

#### **D. Termination**

Either party may terminate the wealth management agreement, at any time, by providing written notice to the other party. The Client may also terminate the wealth management agreement within five (5) business days of signing the Adviser's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. The Client's wealth management agreement with the Adviser is non-transferable without the Client's consent as stated in the Wealth Management Agreement.

#### **E. Compensation for Sales of Securities**

Beacon does not buy or sell securities to earn commissions and does not receive any compensation for securities transactions in any Client account other than the investment advisory fees noted above.

Brent Besinger is a Registered Representative of Private Client Services, which is a broker-dealer registered with the SEC, FINRA, and the various states. In that capacity he receives compensation individually for effecting securities transactions which may be for clients of the firm or others.

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

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Beacon does not charge performance-based fees for its investment advisory services. The fees charged by Beacon are as described in Item 5 above and are not based on a share of capital gains or based upon the capital appreciation of a specific Client's funds or securities.

Beacon does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to choose any particular investment options for its Clients.

### **Item 7 – Types of Clients**

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Beacon offers investment advisory services to individuals, high net worth individuals, pension and profit-sharing plans, trusts, and estates. Beacon generally does not impose a minimum relationship size.

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

#### **A. Methods of Analysis**

Beacon primarily employs fundamental and technical analysis methods in developing investment strategies for its Clients. Beacon's research and analysis is derived from numerous sources, including financial media companies, third-party research materials, Internet sources, and review of company activities, including annual reports, prospectuses, press releases and research prepared by others.

*Fundamental analysis* utilizes economic and business indicators as investment selection criteria. This criteria consists generally of ratios and trends that may indicate the overall strength and financial viability of the entity being analyzed. Assets are deemed suitable if they meet certain criteria to indicate that they are a strong investment with a value discounted by the market. While this type of analysis helps the Adviser in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in the fundamental analysis may lose value and may have negative investment performance. The Adviser monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Adviser's review process are included below in Item 13 – Review of Accounts.

*Technical analysis* involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends, which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that Beacon will be able to accurately predict such a reoccurrence.

As noted above, Beacon generally employs a long-term investment strategy for its Clients, consistent with their financial goals. Beacon will typically hold all or a portion of a security for more than a year but may hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients. At times, Beacon may also buy and sell positions that are more short-term in nature, depending on the goals of the Client and the fundamentals of the security, sector or asset class.

#### Third Party Managers

We may recommend that certain portions of a client's portfolio be managed by independent third-party managers or recommend direct investment with independent third-party managers, typically when those managers demonstrate knowledge and expertise in a particular investment strategy. No assets will be allocated to third party managers for non-discretionary accounts without the prior permission of the client. Permission for such allocations will be obtained for each allocation.

Beacon will obtain appropriate due diligence on all independent third-party managers, making reasonable inquiries into their performance calculations, policies and procedures, code of ethics policies and other operational and compliance matters to account for performance and risk management. We examine the experience, expertise, investment philosophies and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentration and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

Based on a client's individual circumstances and needs, we will determine which selected money manager's portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance and the investment philosophy of the selected money manager. We encourage clients to review each third-party manager's disclosure document regarding the particular characteristics of any program and managers selected by us.

We will regularly and continuously monitor the performance of the selected money managers. If we determine that a particular selected money manager is not providing sufficient management services to the client, or are not managing the client's portfolio in a manner consistent with the client's investment objectives, we will remove the client's assets from that selected money manager and place the client's assets with another money manager at our discretion and without prior consent from the client, unless the client's account is managed by us on a non-



discretionary basis. Permission for non-discretionary accounts will be obtained before placing the client's assets with another money manager.

## **B. Risk of Loss**

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. Beacon will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client's portfolio will meet the Client's investment goals. Please see Item 8.B. for risks associated with the Adviser's investment strategies as well as general risks of investing.

While the methods of analysis help the Adviser in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in these methods of analysis may lose value and may have negative investment performance. The Adviser monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Adviser's review process are included below in Item 13 – Review of Accounts.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account[s]. The Adviser will rely on the financial and other information provided by the Client or the Client's designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Adviser of any changes in financial condition, goals or other factors that may affect this analysis.

The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. The Adviser will work with each Client to determine the Client's tolerance for risk as part of the portfolio construction process. Following are some of the risks associated with the Adviser's investment strategies:

### Market Risks

The value of a Client's holdings may fluctuate in response to events specific to companies or markets, as well as economic, political, or social events in the U.S. and abroad. This risk is linked to the performance of the overall financial markets.

### ETFs

The performance of ETFs is subject to market risk, including the possible loss of investment. The price of the ETFs will fluctuate with the price of the underlying securities that make up the funds. In addition, ETFs have a trading risk based on the loss of cost efficiency if the ETFs are traded actively and a liquidity risk if the ETFs has a large bid-ask spread and low trading volume. The price of an ETF fluctuates based upon the market movements and may dissociate from the index being tracked by the ETF or the price of the underlying investments. An ETF purchased or sold at one point in the day may have a different price than the same ETF purchased or sold a short time later.

### Stocks

Sometimes referred to as "equities" stocks represent direct ownership in a company. Price fluctuations may occur due to economic factors, market conditions, the performance of the company, and sometimes even inaccurate information such as rumors about the company. Because stocks are a form of direct ownership, each individual security is not itself diversified, as opposed to a mutual fund or ETF, where there are typically many stocks in the one security. While Beacon will construct a portfolio for each client designed to mitigate the potential risk (as defined by volatility) there will likely still be temporary portfolio changes that result from that volatility.

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### Bond ETFs

Bond ETFs are subject to specific risks, including the following: (1) interest rate risks, i.e. the risk that bond prices will fall if interest rates rise, and vice versa, the risk depends on two things, the bond's time to maturity, and the coupon rate of the bond. (2) reinvestment risk, i.e. the risk that any profit gained must be reinvested at a lower rate than was previously being earned, (3) inflation risk, i.e. the risk that the cost of living and inflation increase at a rate that exceeds the income investment thereby decreasing the investor's rate of return, (4) credit default risk, i.e. the risk associated with purchasing a debt instrument which includes the possibility of the company defaulting on its repayment obligation, (5) rating downgrades, i.e. the risk associated with a rating agency's downgrade of the company's rating which impacts the investor's confidence in the company's ability to repay its debt and (6) Liquidity Risks, i.e. the risk that a bond may not be sold as quickly as there is no readily available market for the bond.

### Individual Bonds

Individual bonds are sensitive to all the same risks Bond ETFs are, but with one additional risk, namely the lack of diversification found by combining multiple bonds into one diversified collective such as an ETF. These individual bonds can nevertheless be an appropriate security for a client portfolio.

### Mutual Funds

The performance of mutual funds is subject to market risk, including the possible loss of principal. The price of the mutual funds will fluctuate with the value of the underlying securities that make up the funds. The price of a mutual fund is typically set daily therefore a mutual fund purchased at one point in the day will typically have the same price as a mutual fund purchased later that same day.

### Options Contracts

Investments in options contracts have the risk of losing value in a relatively short period of time. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses.

### Margin Borrowings

The use of short-term margin borrowings may result in certain additional risks to a Client. For example, if securities pledged to brokers to secure a Client's margin accounts decline in value, the Client could be subject to a "margin call", pursuant to which it must either deposit additional funds with the broker or be the subject of mandatory liquidation of the pledged securities to compensate for the decline in value.

### Risks Specific to Other Managers.

If we invest some of your assets with another advisor, there are additional risks. These include risks that the other manager is not as qualified as we believe them to be, that the investments they use are not as liquid as we would normally use in your portfolio, or their risk management guidelines are more liberal than we would normally employ. The third-party manager who has been successful in the past may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for a particular client. Moreover, when we do not control the manager's daily business and compliance operations, it is possible for us to miss the absence of internal controls necessary to prevent business, regulatory or reputational deficiencies.

### Self Directed Investments

From time to time, clients may make their own investment decisions, without, or even against, the advice of Beacon. If a client makes any investment outside the management of Beacon, doing so can impact the overall success of the client's portfolio. We will take into consideration these self-directed investments when we make the remaining recommendations for investment allocations. Clients should be specifically aware that investments in alternative assets, such as pooled investment vehicles (private funds such as hedge funds, private equity funds, real estate funds and other similar vehicles) are likely to have contractual liquidity limits among a host of other risk factors and considerations. These factors make incorporating these investments into your overall asset allocation difficult, as

we are unable to liquidate and change the allocation as may be advisable. Clients should thoroughly understand any investment they are making on a self-directed basis, including alternative assets.

**Past performance is not a guarantee of future returns. Investing in securities and other investments involves a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Adviser.**

## **Item 9 – Disciplinary Information**

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**There are no legal, regulatory, or disciplinary events involving Beacon or its management.** Beacon values the trust Clients place in the Adviser. The Adviser encourages Clients to perform the requisite due diligence on any adviser or service provider that the Client engages. The backgrounds of the Adviser or Investment Adviser Representatives are available on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Adviser's firm name or CRD# 317775.

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

### Broker-Dealer Affiliation

Beacon has no affiliation with any broker -dealer. As noted in Item 5 above, Brent Besinger is a Registered Representative of Private Client Services, which is a broker-dealer registered with the SEC, FINRA, and the various states. In that capacity he receives compensation individually for effecting securities transactions which may be for clients of the firm or others. Additionally, Janet Bauer is a Registered Sales Assistant of Private Client Services.

### Insurance Agency Affiliations

Investment Adviser Representatives of Beacon are also licensed insurance professionals. Implementation of insurance recommendations is separate and apart from an Investment Adviser Representative's role with Beacon. As an insurance professional, an Investment Adviser Representative may receive customary commissions and other related revenues from the various insurance companies whose products are sold. Investment Adviser Representatives are not required to offer the products of any particular insurance company. Commissions generated by insurance sales do not offset regular advisory fees. This may cause a conflict of interest in recommending certain products of the insurance companies. Clients are under no obligation to implement any insurance recommendations made by an Investment Adviser Representative or the Adviser. Insurance agencies or carriers are not under common control or in conflict with the services provide by the Adviser.

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

### **A. Code of Ethics**

Beacon has implemented a Code of Ethics (the "Code") that defines the Adviser's fiduciary commitment to each Client. This Code applies to all persons associated with Beacon ("Supervised Persons"). The Code was developed to provide general ethical guidelines and specific instructions regarding the Adviser's duties to each Client. Beacon and its Supervised Persons owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of Beacon's Supervised Persons to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code covers a range of topics that address employee ethics and conflicts of interest. To request a copy of the Code, please contact the Adviser at (216) 998-0100.

### **B. Personal Trading with Material Interest**

Beacon allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Beacon does not act as principal in any transactions. In addition, the Adviser does

not act as the general partner of a fund or advise an investment company. Beacon does not have a material interest in any securities traded in Client accounts.

### **C. Personal Trading in Same Securities as Clients**

Beacon allows Supervised Persons to purchase or sell the same securities that may be purchased or sold in Client accounts. Owning the same securities that reside in a Client portfolio creates a conflict of interest that, as fiduciaries, must be disclosed to Clients and mitigated through policies and procedures. As noted above, the Adviser has adopted the Code to address insider trading (material non-public information controls); gifts and entertainment; outside business activities and personal securities reporting. When trading for personal accounts, Supervised Persons have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its Clients can be violated if personal trades are made with more advantageous terms than Client trades, or by trading based on material non-public information. This risk is mitigated by Beacon requiring reporting of personal securities trades by conducting a coordinated review of personal accounts and the accounts of the Clients. The Adviser has also adopted written policies and procedures to detect the misuse of material, non-public information.

### **D. Personal Trading at Same Time as Client**

While Beacon allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, those trades are typically aggregated with Client orders or traded after the Client's trades. **At no time will Beacon, or any Supervised Person of Beacon, transact in any security to the detriment of any Client.**

## **Item 12 – Brokerage Practices**

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### **A. Recommendation of Custodian[s]**

At no time will the Adviser accept, maintain possession, or have custodial responsibility for the Client's funds or securities. This Agreement applies to all Accounts established at the Custodian at the time of this Agreement or during the term of this Agreement. Accounts held away from the Client's primary Custodian as listed in Schedule A of this Agreement are billed to Account[s] at the Custodian, which may be modified from time to time. Account[s] allocated to Independent Managers may be held with the Custodian or another custodian as contracted with or required by the Independent Manager.

The Client may suggest, in writing, a Custodian which is different from the Custodian chosen by the Adviser. Unless the Adviser agrees to utilize the Client's designated Custodian, the Adviser will direct and place all orders for the execution of transactions with or through the Custodian, under the Client's independent, exclusive agreement with the Custodian. The Client acknowledges that directing the brokerage activities solely to the Custodian may result in the loss of best execution of orders at the most favorable prices reasonably obtainable. The terms of the Account[s], which contains the assets to which this Agreement pertains, shall be determined solely by and between the Client and the Custodian. The Adviser shall not be liable to the Client for any act, conduct or omission by the Custodian acting as broker-dealer or custodian. The Adviser shall not be responsible for ensuring the Custodian's compliance with the terms of the Account[s] and payment of brokerage or custodian charges and fees. The Client acknowledges that the Custodian will provide duplicate confirmations and/or electronic access to the Adviser for all transactions in the Account[s]. The Adviser is authorized and empowered to issue trading instructions to the Custodian and to request information about the Account[s] from the Custodian.

Beacon has established an institutional relationship with custodians to assist in managing Client account[s]. Access to these platforms are provided at no charge to the Adviser. The Adviser receives access to software and related support without cost because the Adviser renders investment management services to Clients that maintain assets at these custodians. The software and related systems support may benefit the Adviser, but not its Clients directly. In fulfilling its duties to its Clients, the Adviser endeavors at all times to put the interests of its Clients first. Clients

should be aware, however, that the receipt of economic benefits from a Custodian creates a conflict of interest since these benefits may influence the Adviser's designation of this Custodian over one that does not furnish similar software, systems support, or services.

Beacon does not receive any compensation from any third party in connection with the recommendation for establishing an account.

### **B. Aggregating and Allocating Trades**

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of the order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the Custodian. Beacon will execute its transactions through the Custodian. Beacon may aggregate orders in a block trade or trades when securities are purchased or sold through the Custodian for multiple accounts in the same trading day. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This allocation must be done in a way that does not consistently advantage or disadvantage any particular Clients' accounts.

## **Item 13 – Review of Accounts**

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### **A. Frequency of Reviews**

Securities in Client accounts are monitored on a regular and continuous basis by Beacon's Chief Compliance Officer. Formal reviews are generally conducted at least annually or more frequently depending on the needs of the Client.

### **B. Causes for Reviews**

In addition to the investment monitoring noted in Item 13.A., each Client account is reviewed at least annually. Reviews may be conducted more frequently at the Client's request. Accounts may be reviewed by Beacon unilaterally as a result of major changes in economic conditions, known changes in the Client's financial situation, and large deposits or withdrawals in the Client's account[s]. The Client is encouraged to notify Beacon if changes occur in the Client's personal financial situation that might adversely affect the Client's investment plan. Additional reviews may be triggered by material market, economic or political events.

### **C. Review Reports**

c. These brokerage statements are sent directly from the Custodian to the Client. The Client may also establish electronic access to the Custodian's website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client's account[s]. The Adviser may also provide Clients with periodic reports, no less than once per year, regarding their holdings, allocations, and performance.

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

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### **A. Compensation Received by Beacon**

Beacon may refer Clients, without compensation, to various unaffiliated, non-advisory professionals (e.g. attorneys, accountants, estate planners) to provide certain financial services necessary to meet the goals of its Clients. Likewise, Beacon may receive non-compensated referrals of new Clients from various third parties.

### **B. Client Referrals from Solicitors**

Beacon does not engage paid solicitors for Client referrals.

## **Item 15 – Custody**

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Beacon does not accept or maintain custody of any Client accounts, except for the authorized deduction of the Adviser's fees. All Clients must place their assets with a "qualified custodian". Clients are required to engage the Custodian to retain their funds and securities and direct Beacon to utilize that Custodian for the Client's security transactions. Clients should review statements provided by the Custodian and compare to any reports provided by Beacon to ensure accuracy, as the Custodian does not perform this review. For more information about custodians and brokerage practices, see Item 12 – Brokerage Practices.

If the Client gives the Adviser authority to move money from one account to another account, the Adviser may be deemed to have custody of those assets. In order to avoid additional regulatory requirements, the Custodian and the Adviser have adopted safeguards to ensure that the money movements are completed in accordance with the Client's instructions.

## **Item 16 – Investment Discretion**

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Except with respect to Clients that are Retirement Plans, Beacon generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by Beacon. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of a wealth management agreement containing all applicable limitations to that authority. All discretionary trades made by Beacon will be in accordance with each Client's investment objectives and goals.

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

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Beacon does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. The Adviser will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting.

## **Item 18 – Financial Information**

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Neither Beacon, nor its management, has any adverse financial situations that would reasonably impair the ability of Beacon to meet all obligations to its Clients. Neither Beacon, nor any of its Investment Adviser Representatives, have been subject to a bankruptcy or financial compromise. Beacon is not required to deliver a balance sheet along with this Disclosure Brochure as the Adviser does not collect advance fees of \$1,200 or more for services to be performed six months or more in the future.