

**Part 2A of Form ADV: Beard Investment Services, Inc.**

**Beard Investment Services, Inc.**

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This brochure (Part 2A of Form ADV) provides information about the qualification and business practices of Beard Investment Services, Inc. If you have any questions about the contents of this brochure, please contact us at (330) 758-0575, or by email at [office@beardpension.com](mailto:office@beardpension.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Beard Investment Services, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Beard Investment Services, Inc. is a registered investment advisor. Registration of an investment advisor does not imply a certain level of skill or training.

**MARCH 25, 2024**

## Item 2: Material Changes

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### Annual Update

Beard Investment Services, Inc. (BIS) is providing this information as part of our annual updating amendment that contains material changes from our last annual update. This section discusses only material changes since the last annual update, March 27, 2023. There are no material changes.

### Full Brochure Availability

The Firm Brochure for Beard Investment Services, Inc. is available by contacting Atty. James Rafoth, CPA at (330) 758-0575 or by e-mail at [jim@beardpension.com](mailto:jim@beardpension.com).

In 2024, all new clients are being provided a full copy of our brochure.

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## Item 4: Advisory Business

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### Firm Description

Beard Investment Services, Inc. (BIS) is an investment advisor founded in October 1990 and registered with the SEC. We specialize in customized portfolio management for individual investors, high net worth individuals, pension and profit sharing plans, 401(k) Plans and corporations.

### Principal Owners

Beard Investment Services, Inc. is owned by James Rafoth (33.33%), Robert Smallwood, Jr. (33.33%) and Bradley Walker (33.33%). These individuals are registered Investment Advisor Representatives of Beard Investment Services, Inc.

### Types of Advisory Services

We specialize in customized portfolio management for individual investors, high net worth individuals, pension and profit sharing plans, 401(k) Plans and corporations.

### Tailored Relationships

We will work with our clients that have specific needs to tailor portfolios to meet their investment parameters, time horizon, risk tolerance, and return objectives.

### Wrap Fee Programs

Beard Investment Services, Inc. does not offer wrap fee programs.

### Client Assets

We manage your accounts on non-discretionary basis. As of December 31, 2023, we managed \$455,467,279 in client assets on a non-discretionary basis. Beard Investment Services, Inc. does not have any discretionary accounts.

## Item 5: Fees and Compensation

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### Description

Services Offered Through SEI Asset Management Program and Beard Investment Services, Inc. Management Program

### Compensation and Fee Schedule

Our standard fee schedule is based on market value of the client's portfolio as follows:

<u>Amount Invested</u>	<u>Quarterly Rate</u>	<u>Annualized Rate</u>
First \$500,000	.2500%	1.00%
Next \$500,000	.1875%	0.75%
Next \$500,000	.1250%	0.50%
Excess of \$1,500,000	.0625%	0.25%

Fees are based on a client's total relationship with us. For certain clients, we may reduce fees or establish a fixed rate fee schedule. Investment Fees are located in Exhibit B of the Client Investment Advisory Agreement.

#### AMERICAN FUNDS SERVICE COMPANY F-2 FEE SCHEDULE

American Funds Service Company "AFS" agrees to debit Client accounts at the annual tiered rate offered by the Firm as follows:

MARKET VALUE	QUARTERLY RATE	ANNUALIZED RATE
\$0 - \$499,999.99	.25%	1.0%
\$500,000.00 - \$999,999.99	.2125%	.85%
\$1,000,000.00 - \$1,499,999.99	.1875%	.75%
\$1,500,000.00 – \$1,999,999.99	.1625%	.65%
\$2,000,000.00 AND ABOVE	.125%	.50%

In the event of a reduction of Account assets during a calendar quarter representing substantially all of Account assets, prorated fees will be charged based on market value on the date notice is received.

#### Fee Billing

SEI fees are charged in arrears at the end of the calendar quarter based on account values at the end of each calendar quarter charging one-fourth of the annualized basis points each quarter.

AFS fees charged are calculated by AFS for each quarterly period ending the last business day of February, May, August and November using the average daily net asset value of assets invested in the Funds through the Program during quarter divided by the number of days in the year multiplied by the number of days in the quarter.

Trust/Trustee are usually prorated and charged to the plan participants by the Trust. Should the Trust or Trustee(s) terminate these services during the quarter, the Trust/Trustee is charged a pro-rated fee for the quarter.

#### Other Fees

Our management fees are separate from charges assessed by third parties such as broker dealers, custodians and mutual fund companies. Brokerage and other transaction costs charged by broker dealers executing transactions and custodians maintaining your assets are in addition to the management fees and are not negotiable. Investment advisor clients that hold mutual funds in their portfolio(s) will also pay investment management fees and/or administrative fees. These fees are paid to the managers of the fund for their role in managing the fund(s) on a daily basis. Mutual funds, variable annuities and or other platforms may assess other fees and expenses such as 12B-1 fees or commissions in connection with the placement of those funds.

## **Fees Paid in Advance and Termination of Advisory Services**

We do not require any prepayment of fees.

Clients may terminate their advisory contract with Beard Investment Services, Inc. in writing at any time. We recommend you use a mail service where a signed receipt is required. Fees will be charged on a prorated basis upon termination. We may terminate relationships with clients, in writing, upon 30 days notice and our management fee will be charged on a prorated basis. Your death will not terminate the Investment Management Agreement or authority granted to Beard Investment Services, Inc. until we have received actual written notification of your death.

## **Additional Compensation**

Beard Pension Services, Inc. (an affiliate of Beard Investment Services, Inc.) may receive fees related to its pension and 401(k) Plan accounts in its capacity as a "Third Party Administrator or TPA" for providing services and consulting services to the qualified Plan Sponsor. These fees commonly referred to as "TPA Fees" are typically paid by the qualified Plan sponsor company.

## **Item 6: Performance-Based Fees & Side-by-Side Management**

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### **Sharing of Capital Gains or Capital Appreciation**

Beard Investment Services, Inc. does not accept performance based fees based on a share of the capital gains or appreciation of the assets of the client.

## **Item 7: Types of Clients**

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### **Description**

We specialize in customized portfolio management for individual investors, high net worth individuals, pension and profit sharing plans, 401(k) Plans and corporations.

### **Account Minimums**

Beard Investment Services, Inc. has no account minimums.

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

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### **Methods of Analysis**

We generally work with our clients to develop a proper allocation and diversification among various asset classes – stocks, bonds, alternative investments, and cash, etc. Depending on the client's individual goals, objectives, and risk tolerance we may recommend an active or passive approach to manage their investments. Our portfolio construction process is designed to maximize the rate of return and minimize volatility by identifying the proper level of diversification between asset classes.

Depending on the client's objectives, we may employ various sub asset classes to any particular investment strategy. For instance, the U.S. equity market has four distinct sub-asset classes: large cap

value, large cap growth, small cap value and small cap growth. We typically utilize all of these asset classes in a recommended investment strategy since no one can consistently predict where the next source of returns will come from in the U.S. equities market.

Market movements may cause a shift in portfolio allocation from their original design as different sectors of the market appreciate or depreciate over time. Also, our client's objectives may shift as their personal situations change. Typically, our firm will rebalance the investment mix to original allocation percentages which helps maintain a level exposure to risk.

## Investment Strategies

Beard Investment Services, Inc. undertakes to provide each client with objective setting and asset allocation services and assistance as follows:

1) We determine the investor's risk profile and investment objectives by obtaining your investment objectives, investment time horizon and risk profile through an interview process and additional collected information if necessary.

2) We set a relevant asset allocation policy for each investor, diversifying your portfolio among asset classes and investment styles. You may choose one of many mutual fund asset allocation models. You may also purchase mutual funds and/or individual stocks without choosing one of the asset allocation models. If you so choose to invest without a model, automatic rebalancing will not be available.

3) If you choose an asset allocation model, automatic rebalancing of your portfolio will occur. Rebalancing maintains the proper allocation to each asset class in the model. Rebalancing occurs automatically if the underlying mutual funds deviate from the prescribed asset allocation by greater than a predetermined variance percentage. Rebalancing occurs quarterly.

4) All accounts will receive regular reports including year-end tax reports. Periodic performance reporting will be provided as specifically agreed upon.

### 401(k) Investment Management Services for Daily Value Plans

Beard Investment Services, Inc. provides the Trust or Trustee(s) of 401(k) Plans or 401(k) Plan Sponsors investment advisory services related to selecting investment alternatives and managing employee 401(k) participation through an investment management/accounting platform.

Beard Investments Services, Inc. working with the Trust/Trustees of the 401(k) Plan in its capacity as an investment advisor will select a group of mutual funds as the investment alternatives available for 401(k) plan participants to choose from. Beard Investment Services, Inc. will prepare benefit enrollment packages and Beard Investments Services, Inc. representatives will conduct employee meetings introducing and discussing the investment alternatives available to the eligible employees in the 401(k) plan.

Assets placed in this program are held by an independent custodian. The independent custodian places trades with the funds to purchase and sell shares daily as required by the 401(k) plan participants through contributions and withdrawals to/from 401(k) plan accounts. Plan participants have the ability to



independently access their account and make changes to their asset allocation at any time. Fund shares to be purchased and sold by the plan participants are aggregated each day using a mutual fund record keeping platform. Mutual funds shares are purchased and sold daily as needed. The mutual fund record keeping system tracks the ownership of shares for each 401(k) participant. The designated recordkeeper mails out statements to 401(k) plan participants quarterly.

## **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. Investment values will fluctuate both up and down, are subject to market volatility, and may be worth more or less than the original cost. All securities involve the loss of principal. In addition, while we believe our methodology and strategies will be profitable, there is no assurance this will always be the case.

While your account may allow margin transactions, we generally do not recommend the use of margin. We want you to understand the risks of margin transactions and recommend that you read your broker dealer's written disclosure document describing margin trading and its related risks.

## **Item 9: Disciplinary Information**

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### **Legal and Disciplinary**

Registered Investment Advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Beard Investment Services, Inc. and the integrity of our management of your assets. We have no information that applies to this item.

### **Criminal or Civil Action**

Registered Investment Advisors are required to disclose all material facts regarding any criminal or civil actions that would be material to your evaluation of Beard Investment Services, Inc. and the integrity of our management of your assets. We have no information that applies to this item.

### **Administrative Proceeding**

Registered Investment Advisors are required to disclose all material facts regarding any administrative proceeding that would be material to your evaluation of Beard Investment Services, Inc. and the integrity of our management of your assets. We have no information that applies to this item.

### **Self-Regulatory Proceeding**

Registered Investment Advisors are required to disclose all material facts regarding any self-regulatory proceedings that would be material to your evaluation of Beard Investment Services, Inc. and the integrity of our management of your assets. We have no information that applies to this item.

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

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### **Broker-dealer or Registered Representative**

The investment adviser representatives of Beard Investment Services, Inc. are registered representatives (RRs) of ValMark Securities, Inc. When executing transactions in the capacity as a registered representative, RRs receive commissions from the sale of securities and investment products. RRs receive a portion of the distribution/service fees (trails) for the sale of mutual funds.

This relationship creates a potential conflict of interest for registered representatives in that they are compensated for recommending and selling investment products. ValMark Securities, Inc. addresses this potential conflict of interest in that broker dealer registered representatives who receive commissions from sales in brokerage accounts are to make needs-based recommendations for the best available product, transactions are reviewed by a supervisor for suitability, brokerage accounts for commissions, broker dealer clients are not charged a management fee and all our registered representatives receive ethics training as part of their ongoing training. ValMark Securities Inc. is not affiliated with Beard Investment Services, Inc.

Beard Investment Services, Inc. Advisor Representatives do not earn commission based compensation on investment advisor accounts.

### **Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Adviser or Associated Person**

Beard Investment Services, Inc. and our staff are not affiliated with a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser.

### **Material Relationships or Arrangements with Financial Industry**

Beard Investment Services, Inc. (BIS) is an affiliate of Beard Pension Services, Inc. Beard Pension Services, Inc. receives fees when it serves in the capacity as a "Third Party Administrator or TPA" for providing services and consulting services to the 401(k) Plans and/or 401(k) Plan Sponsors. These fees commonly referred to as "TPA Fees" are paid by the 401(k) Plan sponsor company.

The Investment Advisor Representatives of Beard Investment Services, Inc. are also insurance agents affiliated with Executive Insurance Agency, Inc., an agency under common ownership and management of ValMark Advisers, Inc. Investment advisor representatives when acting in an insurance agent capacity are eligible to receive insurance commissions surrounding the sales of insurance products sold through Executive Insurance Agency, Inc. which is an affiliate of ValMark Securities, Inc. BIS is not affiliated with Executive Insurance Agency, Inc.

### **Recommend or Select Other Investment Advisers**

As part of the BIS Asset Management Program, Beard Investment Services, Inc. may employ models and funds created and mutual funds selected by third parties.

The BIS Investment Advisor Representatives are also Investment Advisor Representatives of ValMark Advisers, Inc., a SEC registered RIA. As Investment Advisors of ValMark Advisers, Inc., Investment Advisor Representatives receive fees from consultations with clients and/or financial plans. ValMark Advisers, Inc. is an affiliate of ValMark Securities, Inc. BIS is not affiliated with Valmark Advisers, Inc.

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

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### **Code of Ethics**

Beard Investment Services, Inc. has adopted a formal Code of Ethics. This Code of Ethics includes requirements to make sure that we meet our fiduciary responsibilities which include the following subjects:

1. Definition of Terms
2. Standard of Conduct & Statement of General Fiduciary Principles
3. Protecting Inside Information
4. Restrictions of Personal Investing
5. Reporting Personal Securities Transactions and Accounts
6. Monitoring Personal Securities Transactions
7. Administration of the Code of Ethics and Violations
8. Acknowledgement of Code of Ethics

Beard Investment Services, Inc. will provide a copy of our Code of Ethics to clients and prospective clients upon request. To obtain a copy contact Atty. James Rafoth, CPA at (330) 758-0575 or by e-mail at [jim@beardpension.com](mailto:jim@beardpension.com).

### **Recommend Securities with Material Financial Interest**

Beard Investment Services, Inc. and its investment advisor representatives do not have any material financial interest in any public companies.

### **Invest in Same Securities Recommended to Clients**

Most of our client recommendations are mutual fund shares. It is possible that our employees and officers could invest in the same mutual funds that we recommend to clients. Because mutual fund transactions are priced at the end of the day or a designated cut-off time, both the employee and our client will receive the same price.

### **Personal Trading Policies**

Our firm has "Personal Securities Transaction Policy" that as a general rule states that in a situation where an investment conflict of interest occurs between a client and one of our associates or affiliates, the conflict of interest will be resolved in the best interests of the client. Officers and employees are required to report existing personal investments they own so the firm can properly manage any conflicts of interest. Our employees and officers are required to submit quarterly personal securities transaction reports to the compliance officer.

## **Item 12: Brokerage Practices**

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### **Selecting Brokerage Firms**

We recommend brokers or dealers to effect portfolio transactions. In doing so, consideration is given to the proven integrity and financial responsibility of the various firms as well as to their demonstrated execution experience and capability generally and in regard to particular markets or securities and to the competitiveness of the commission rates they charge.

With respect to any brokerage commissions charged by executing broker-dealers, we will regularly and

continuously review such charges within the forgoing criteria and such other comparative standards which it may regard as pertinent for the purpose of evaluating reasonableness of commissions charged to our clients. As permitted by law, (specifically by the provisions of Section 28(e) of the Securities Exchange Act of 1934), we may cause clients to pay a broker-dealer an amount of commission for executing a portfolio transaction order on behalf of its clients which is in excess of the commissions other broker-dealers would have charged for effecting such a transaction. In order to do so, we must determine in good faith that the higher commissions are reasonable in relation to the value of the brokerage and research services provided by the executing broker-dealer viewed in terms of either a particular transaction or our overall responsibilities to our other clients.

## Research and Soft Dollars

We receive information and research including economic and financial market commentaries from third party entities.

## Brokerage for Client Referrals

We do not engage in the practice of directing brokerage trades to outside broker dealers for client referrals.

## Directed Brokerage

In almost every case we direct trades based on each client's direction. Typically, our trades are placed directly with the client's custodian. In a very rare circumstance, a trade may be done with one broker dealer and settled with the client's account at another broker dealer as part of a COD transaction. This is always per the client's instruction.

## Order Aggregation

Most transactions for each client account are entered on a transaction-by-transaction basis. The broker dealer with which we direct trades to may decide to purchase or sell the same securities for several clients at approximately the same time and might combine (otherwise known as aggregating or batching transactions) for these orders. This process occurs through the use of an average price account. By aggregating orders of the same securities, the broker dealer may be able to obtain a better overall execution price. In addition, you may be able to obtain lower transaction costs that might or might not have been obtained had multiple orders been placed independently. When aggregating trades in the average price account the brokerage firm generally averages the price and charges one commission per client per security. We receive no additional compensation, fees or remuneration from the aggregation of client trades in an average price account.

## Item 13: Review of Accounts

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### Periodic Reviews

Our review process typically includes a discussion with the client regarding any changes to his/her financial goals and purpose for the invested assets. Next, we review the performance of the account and discuss any recommendations for changing the investment strategy. Account reviews are typically scheduled in advance with a client, however, our clients are always welcome to call and schedule an appointment at any time. In addition, we review any asset allocation models recommended to our clients and the underlying funds included in the models.

## Review Triggers

Review meetings with clients are typically scheduled for a variety of reasons including the following:

1. The advisor has scheduled a regular quarterly, semi-annual, or annual meeting with the client.
2. We have proposed changes to the client's investment strategy and would like to discuss it with them.
3. The client's needs or purpose for the investment account have changed and they would like to discuss it with the advisor.

## Regular Reports

The broker dealer or custodian handling your account sends you account statements at least quarterly. These account statements show money balances, securities held in the account, investment values and transactions made.

## Item 14: Client Referrals and Other Compensation

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**Economical Benefits.** Various third parties that the firm directs clients or transactions to may provide information and/or research which could include: economic and financial market commentaries, tax reports and other research materials/articles.

### Third Party Solicitors

We do not pay any individuals or organizations for client referrals.

## Item 15: Custody

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### Account Statements

We do not custody your funds and securities. As a result, Beard Investment Services, Inc. does not accept securities or forward securities to your brokerage firm or custodian. The only checks accepted as payable to Beard Investment Services, Inc. are those submitted for payment of advisory fees. We do not accept authority to withdraw securities or funds (other than for payment of advisory fees) from your account.

The custodian handling your account sends account statements at least quarterly. These account statements show money balances, securities held in the account, investment values and transactions made.

Beard Investment Services, Inc. is deemed to have custody due to its ability to deduct management fees in accordance with the advisory agreement, but does not otherwise have any access to client assets.

## **Item 16: Investment Discretion**

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### **Discretionary Authority for Trading**

Beard Investment Services, Inc. does not have any discretionary accounts. We do not exercise discretion in your account(s).

### **Limited Power of Attorney**

Beard Investment Services, Inc. does not have any limited power attorney accounts. We do not use limited power of attorney to make investments in your account(s).

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

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### **Proxy Voting**

We do not accept authority to vote securities on your behalf. Your brokerage firm or custodian sends proxies or other solicitations about your securities directly to you. If you have questions about a particular solicitation, you can contact your representative for advice. You are not obligated to follow your representative's advice on voting your securities.

## **Item 18: Financial Information**

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### **Prepayment of Fees**

Fees for your investment advisor services are charged quarterly based upon the value of assets managed based valuations done by the client's custodian or other pricing services at the end of each calendar quarter. We do not require any prepayment of fees.

### **Financial Condition**

Beard Investment Services, Inc. has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients.

### **Bankruptcy**

Beard Investment Services, Inc. has not been subject to a bankruptcy proceeding.