

Part 2A of Form ADV: *Firm Brochure*

Bonnie Wusz & Associates, Inc.  
(dba as BW & Associates, Inc.)

3111 N Tustin Street  
Suite 215  
Orange, CA 92865

Telephone: 714-998-2077  
Email: [carrie@bwandassociatesinc.com](mailto:carrie@bwandassociatesinc.com)  
Web Address: [www.bwandassociatesinc.com](http://www.bwandassociatesinc.com)

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This brochure provides information about the qualifications and business practices of BW & Associates, Inc. If you have any questions about the contents of this brochure, please contact us at 714-998-2077. 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.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about BW & Associates, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 116471.

## Item 2 Material Changes

BW & Associates are required to make clients aware of information that has changed since the last annual update to the Firm Brochure ("Brochure") and that may be important to them. Clients can then determine whether to review the brochure in its entirety or to contact us with questions about the changes.

This Brochure dated March 28, 2024, updates and replaces the brochure dated September 8, 2023. The following material changes were made:

*Item 4 – Advisory Services* – updated to reflect the firm's assets under management as of December 31, 2023.

*Item 10 - Other Financial Industry Activities and Affiliations* – updated the disclosure on the receipt of additional compensation by BWA representatives to reflect that when BWA clients purchase money market funds that pay a 12b-1 fee, the firm does not charge an advisory fee on those investments.

BW & Associates has made additional non-material updates to other sections in this Brochure, so we encourage each client to review the complete Brochure carefully and to call us with any questions you may have.

Pursuant to SEC Rules, BW & Associates will ensure that clients receive a summary of any material changes to this Brochure within 120 days of the close of our fiscal year, along with a copy of this Brochure or an offer to provide the full Brochure. Additionally, as BW & Associates experiences material changes in the future, we will send you a summary of our "Material Changes" under separate cover.

Additional information about BW & Associates and our investment adviser representatives is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may request a copy of our current Brochure at any time by calling 714-998-2077.

We encourage each client to review the complete Brochure carefully and to call us with any questions you may have. Consistent with the rules, we will ensure that you receive a summary of any material changes to this Brochure at least annually, along with an offer to provide a copy of the updated Brochure within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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#### Item 4 Advisory Business

Bonnie Wusz & Associates, Inc. doing business as BW & Associates, Inc. ("BWA") is an SEC registered investment adviser with its principal place of business located in California. BWA began conducting advisory business in April 1989.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

Wusz Family Trust dated 6/4/1991, Timothy & Bonnie Wusz Trustees

BWA offers the following advisory services to our clients.

##### *INVESTMENT MANAGEMENT SERVICES* *INDIVIDUAL PORTFOLIO MANAGEMENT*

Generally, our firm provides on-going non-discretionary investment advice to our clients regarding the investment of their managed account assets. BWA has limited discretion to take certain actions, which are outlined in Item 16 of this Form ADV. Recommendations made by BWA are based on the individual needs of the client. During our initial data-gathering process for new clients, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs ("Investment Guidelines"). As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background. Based on the client's Investment Guidelines, BWA then makes investment recommendations to the client for their managed account assets and will only implement such recommendations upon client approval. Importantly, BWA relies solely upon the information provided by the client with respect to the client's Investment Guidelines. Clients are responsible for promptly notifying us of any material changes in the information furnished by the client or information that is otherwise material to client's financial situation, investment objectives, time horizon, risk tolerance and/or liquidity needs.

Mainly, the recommendations made by BWA are for investments in open-end mutual funds. However, we will recommend other types of securities if we believe it to be in the best interest of a client. Our commitment is to provide our clients with the knowledge and understanding that will help them remain invested in securities that are in line with their Investment Guidelines.

Our team makes every effort to enlighten clients when they want to make less than advantageous decisions. Our advisors, in such circumstances, will often share alternative methods of achieving the same goal. For instance, when a client instructs us to facilitate a sizable liquidation from their IRA to pay off a mortgage, we most likely inquire about their tax situation. In some cases, this action could result in a devastating tax consequence, so we provide alternative options to the client, such as taking the distributions from an after-tax account or taking monthly distributions from the IRA to fund the mortgage in lieu of the sizeable lump sum.

The BWA team is dedicated to servicing our clients' investing needs by providing prudent advice tailored to the needs of each client.

In addition to providing prudent investment information and recommendations, we offer guidance and implementation on an array of on-going circumstances such as the amount of feasible monthly investment income to take before or during retirement; processing IRA distributions and tax withholding, if desired; educating clients, when appropriate, of Required Minimum Distributions from their IRA account and subsequently implementing them; altering income amounts and/or tax withholding percentages as dictated by client; processing clients' requested lump sum distributions and/or systematic withdrawals, educating and recommending, when appropriate, tax advantaged investment opportunities intended for children and/or grandchildren or other loved ones.

BWA prepares documentation and facilitates the processes of re-registration of assets due to death (often to multiple beneficiaries), re-registration of divisions of trust documents and assistance in understanding the nature of their trust documents, required divisions and accounting required, and referring them to their attorneys and accountants. BWA assists with the preparation of documentation for the splitting of assets due to divorce, gifting of securities, and registration for changes in trustees and/or establishment of a trust. BWA provides information on the gain/loss of securities in a client's account(s), when available, and contacts clients whenever it appears that they may be taking greater distributions than their portfolio can prudently accommodate.

Account supervision is guided by the client's stated Investment Guidelines, as well as tax considerations. BWA is neither an attorney nor an accountant and recommends clients seek legal, accounting, or tax advice from appropriate professionals.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding mutual fund shares and variable annuities.

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when deemed suitable and consistent with the client's Investment Guidelines. Please refer to Item 8 for further information on our investment recommendations and the applicable risks.

#### FINANCIAL PLANNING AND CONSULTING SERVICES

As part of our investment management services, BWA provides financial planning and consulting services to our advisory clients on a complimentary basis. Our financial planning services are designed to provide our clients with an analysis of steps the client may wish to consider within their investment portfolio and financial situation in order to help achieve their financial goals and objectives. To begin this process, BWA will interview the client to gather certain necessary information. In general, financial planning advice can address cash flow and tax considerations, insurance needs, retirement, education, and/or estate planning. We provide ongoing financial planning advice; however, the depth of the financial planning services we provide are based on a client's needs. Specifically, we will deliver a written financial plan only to clients that have specifically requested detailed financial planning services and a written plan, and BWA has agreed to provide such.

Consulting services are provided when clients require a more focused review of their investments. For example, when they are only looking for advice regarding retirement planning, estate planning, business planning, or college planning.

When providing financial planning and consulting services, BWA advisory representatives will recommend, dependent on a client's needs, certain investment and/or insurance products (e.g., mutual funds, 529 plans, insurance annuities). Because certain advisory representatives of BWA are also registered representatives of a broker-dealer and insurance agents affiliated with an insurance agency and can receive compensation when a BWA client purchases such products, providing the recommendations creates a conflict between the interest of the BWA advisory representative and the interests of the clients. Importantly, clients have full discretion to accept or reject BWA's recommendations at any time and are not required to implement such recommendations with BWA, its representatives, or the broker-dealer or insurance agency with which the representatives are affiliated with. Please see Item 10 for further information on these conflicts, including how BWA addresses such conflicts.

### INVESTMENT ADVISORY AGREEMENT

Prior to engaging BWA to provide advisory services, clients are required to enter into a written investment advisory agreement with us (the "IA Agreement"). The IA Agreement outlines the terms and conditions under which BWA will render our services. Either party may terminate the IA Agreement at any time upon 30 days written notice to the other party. Upon notice by the client of termination and prior to the effective date, the terminating client is required under the IA Agreement to provide BWA with written instructions as to the liquidation or settlement of the client's account(s).

Neither party may assign the IA Agreement without the consent of the other party. This does not prevent an assignment by BWA in connection with any transaction which does not result in a change of its actual control or management, as defined by applicable law.

In accordance with Rule 204-3 and Rule 204-5 under the Investment Advisers Act of 1940, as amended ("Advisers Act"), BWA will provide this disclosure brochure (Form ADV Part 2A), one or more brochure supplements (Form ADV Part 2B), and Form CRS (Client Relationship Summary) to each client or prospective client prior to or contemporaneously with the execution of the IA Agreement.

### AMOUNT OF MANAGED ASSETS

As of 12/31/2023, we were actively managing \$523,403,279 of client's assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### INVESTMENT MANAGEMENT SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT FEES

Our annual fee for investment management services ("IA Fee") is based upon a percentage of assets under management in client accounts and generally ranges from 0.75% to 1.25%.

Assets Under Management ("AUM")	% of AUM
Under \$200,000	1.25%
\$200,000 - \$1,999,999	1.00%

\$2,000,000 - \$3,999,999	0.90%
\$4,000,000 and over	0.75%

For purposes of valuing a client's AUM, BWA will aggregate the AUM values of a household (which is defined by BWA to be a client's husband, wife, domestic partner, and minor children), which will potentially lower the applicable IA Fee assessed by BWA based on the above tiered rate schedule. This tiered rate schedule has the ability to lower, or increase, a client's IA Fee based on account additions or distributions of assets, and market fluctuations. Certain BWA legacy clients (including certain family members) typically have lower IA Fees than the BWA fee schedule reflected above, and in some cases are charged a flat percentage IA Fee (i.e., no tier applies). BWA's IA Fee is negotiable as described below.

Beginning August 2023, for new clients the IA Fee will be calculated and deducted from their account(s) by American Funds Service Company ("AFS"), which is the entity that maintains clients' accounts.

BWA's IA Fee will be calculated by AFS quarterly in arrears on the last business day of February, May, August, and November. The IA Fee will be based on the average daily value of a client's AUM during each billing quarter, divided by the number of days in the year multiplied by the number of days in the quarter. AFS will deduct the calculated IA Fee from clients' accounts by redeeming mutual fund shares proportionately for each mutual fund held within a client's account, unless a client has specifically elected a specific fund for fee payment. The IA Fee deduction will take place at the beginning of March, June, September, and December. Clients should be aware that such redemptions could create a taxable event, depending on factors such as the type of account.

For a new client that opens one or more accounts during a billing quarter, the IA Fee will be prorated based on the number of days each account was open during the billing quarter.

For certain current clients, written notification has been provided outlining that AFS will begin calculating and deducting their IA Fee starting with the November 2023 billing quarter. For others, the new billing process will go into effect upon the execution of a revised IA Agreement. Until such a time, BWA will continue to calculate and bill their IA Fee in accordance with the language in their current IA Agreement.

In the event that BWA's services are terminated during a billing quarter, any earned, unpaid fees will be deducted from the client's account(s) upon such termination, and any prepaid, unearned fees will be promptly refunded to the client. The number of days the assets were managed during the billing quarter until termination is used to determine the amount of the management fee earned.

*Negotiability of Advisory Fees:* BWA IA Fees are negotiable, and the Firm has full discretion to negotiate alternative fees on a client-by-client basis. Certain factors will be considered in determining the IA Fee schedule. These can include the complexity of the client's portfolio and individual circumstances, assets to be placed under management, net worth, anticipated future additional assets, related accounts, portfolio style, account composition, and reports requested or required for the client, among other factors. The specific annual IA Fee schedule will be identified in the IA Agreement between BWA and each client.

BWA does not charge a minimum IA fee, but we do have clients with different (higher and lower) fee structures than the one shown above. Also, BWA has in the past, and reserves the right in the future, to waive IA Fees for certain friends and family of the Firm. BWA's IA Fee charged to clients can be changed upon 30 days' notice to the affected clients.

#### GENERAL INFORMATION

*Termination of the Advisory Relationship:* The IA Agreement may be canceled at any time by either party (the client or BWA), for any reason, upon 30 days written notice to the other party.

*Mutual Fund Fees:* BWA invests clients in open end mutual funds. Each mutual fund charges fees to their shareholders, which are described in the mutual fund's respective prospectus. Such fees usually include a management fee, administrative and operations fees, and certain distribution fees (e.g., 12b-1 fees). These fees are generally referred to as a fund's "expense ratio" and are deducted at the mutual fund level when calculating the fund's net asset value ("NAV"). The deduction of fees has a direct bearing on the fund's performance. Certain mutual funds also charge an up-front or back-end sales charge and/or redemption fees. In addition, some open-end mutual funds offer different share classes of the same fund, and one share-class can have an expense ratio and sales/redemption fees that are higher than another share class. The most economical share class will depend on certain factors, including but not limited to the amount of time the shares are held by a client and the amount a client will be investing. Mutual fund expense ratios and sales/redemption fees vary by mutual fund, so it is important to read the mutual fund prospectus to fully understand all the fees charged.

BWA strives to purchase, when available, the lowest cost mutual fund share class for clients. In addition, for new clients that hold any mutual funds upon account opening, BWA will determine whether such mutual fund remains suitable for the client's current objective and if we believe it is, then we will check to see if a lower cost share class is available and recommend the client transfer their mutual fund holding into such share class. However, there can be times when BWA does not have access to lower cost share classes.

All fees paid to BWA for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the investment management services provided by our firm which are designed, among other things, to assist the client in determining which funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

*Additional Fees and Expenses:* In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information. Additional information on fees and expenses can be found in our IA Agreement. The fees charged to a client's account lowers the overall performance of the account even though the advisory advice is intended to generate greater overall performance net of those fees.



Therefore, clients should review all applicable direct and indirect fees charged, including but not limited to custodian fees, transaction fees, fees associated with investments (e.g., mutual funds), and advisory fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Also, as outlined in Item 4 above, when providing financial planning and consulting services, BWA advisory representatives will recommend, dependent on a client's needs, certain investment and/or insurance products (e.g., mutual funds, 529 plans, insurance annuities). Because certain advisory representatives of BWA are also registered representatives of a broker-dealer and insurance agents affiliated with an insurance agency and can receive compensation when a client purchases such products, providing the recommendations creates a conflict between the interest of the BWA advisory representative and the interests of the clients. Clients have full discretion to accept or reject BWA's recommendations at any time and are not required to implement such recommendations with BWA, its representatives, or the broker-dealer or insurance agency with which the representatives are affiliated with. Please see Item 10 for further information on these conflicts, including how BWA addresses such conflicts.

*ERISA Accounts:* BWA is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include, among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, BW & Associates, Inc. may only charge advisory fees for investment advice on products for which our firm and/or our related persons do not also receive any commissions or 12b-1 fees.

*Advisory Fees in General:* Clients should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees.

*Limited Prepayment of Fees:* Under no circumstances do we require or solicit payment of fees in excess of \$1,200, and more than six months in advance of services rendered.

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

BWA does not charge performance-based fees.

## **Item 7 Types of Clients**

BWA provides advisory services to the following types of clients: Individuals (other than high net worth individuals); High net worth individuals; charitable organizations; corporations or other businesses not listed above.

BWA generally requires a minimum investment of \$50,000 to open an account; however, we reserve the right to waive this minimum. We have done this in the past, and may in the future, mainly for family members of legacy clients who are no longer minors, and firm personnel and their friends and family

members. In addition, we have in the past, and may in the future choose to aggregate other accounts of a client to meet this minimum or make other exceptions as we deem appropriate.

When BWA provides investment advice to a client, we are deemed a fiduciary under certain federal regulations, and 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 the firm makes money creates conflicts of interest; however, as a fiduciary, BWA and its supervised persons are required to always act in our clients' best interests, which means we must, at a minimum take the following steps:

- Meet a professional standard of loyalty and care when making investment recommendations.
- Always put our clients' interests ahead of our own when making recommendations and providing services.
- Disclose all conflicts of interest and how the Firm addresses such conflicts.
- Adopt and follow policies and procedures designed to help ensure that we give advice and provide services that remains in each client's best interest.
- Charge an advisory fee that is reasonable for our services.
- Not provide, or withhold, any information that could render our advice and/or services misleading.

If a client's account is a pension or other employee benefit plan governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), BWA may be a fiduciary to the plan. In providing our investment advisory services, the sole standard of care imposed upon us is to act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. BWA 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 IA 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 BWA; (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**

### METHODS OF ANALYSIS

Our goal is to consistently empower our clients to surpass their financial dreams by encouraging placement of their stated long-term financial goals ahead of short- term market volatility. Historically, equity performance over the long haul has provided superior appreciation over fixed income securities and has consequently provided a greater opportunity of securing long-term financial aspirations. Statistics reveal that perseverance to remain in a diversified portfolio of well managed equity funds throughout market cycles has rendered attractive long-term results, which have outpaced inflation. Clients who are looking for high short-term gains within their long- term financial objectives by employing market timing or tactical management techniques (in a desire to mitigate the effects of

market downturns) are not well suited to BWA's philosophy or practices and are tactfully and respectfully recommended that our firm is not a good fit.

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

*Asset Allocation.* Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities comprised of various asset classes that are suitable to the client's investment goals and risk tolerance.

A risk of short-term equity investing techniques, such as market timing or tactical management (which we do not employ), is that incorrect predictions can result in forfeiture of significant upside surges (and profits). A risk in a long-term equity investment strategy (which we do employ) is that by holding the securities, we do not liquidate during market spikes for the purpose of locking in short-term profits. Moreover, there will be periods of time when the securities will decline sharply in value.

*Mutual Fund Analysis.* We look at the experience and track record of the manager of the mutual fund 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 also monitor the funds in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund, which could make the holding(s) less suitable for the client's portfolio.

*Risks for all forms of analysis.* Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### INVESTMENT STRATEGIES

We use the following strategy in managing client accounts, provided that such strategy is appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

*Long-term purchases.* We purchase securities with the idea of holding them in the client's account for a year or longer. Typically, we employ this strategy when:

- We believe the securities of funds, or separate accounts to be comprised of cost effective, profitable companies of timely industries which will provide attractive growth potential.

- We desire exposure to a portfolio of diversified assets classes with the conviction that, over time, different classes will outperform during different market cycles thus providing the portfolio with less volatility than any single asset class.

A risk in a long-term investment strategy is that by holding the securities, we do not liquidate during market spikes for the purpose of locking in short term profits. Moreover, there will be periods of time when the securities will decline sharply in value.

*Risk of Loss.* Securities investments are not guaranteed, and you may lose money on your investments, which you should be prepared to bear. There can be no assurance that a client's investment objectives will be obtained and no inference to the contrary should be made. BWA mainly recommends mutual funds for investment in a client's managed account, which have different objectives and invest in different types of asset classes, including but not limited to both domestic and international equities and fixed income securities. Risks pertaining to each mutual fund are outlined in the respective fund's prospectus and should be read carefully. Below is a list of some of the main applicable risks:

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.

Equity Risk: The risk that stock prices can fall over short or extended periods of time. Historically, the equity markets have moved in cycles, and the value of each strategy's equity securities can fluctuate significantly from day-to-day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies can suffer a decline in response. These factors contribute to price volatility, which is the principal risk of investing in the strategies we offer.

Bond Pricing Risk: The price of bonds depends in part on the current rate of interest. Rising interest rates decrease the current price of bonds because current purchasers require a competitive yield. As such, decreasing interest rates increase the current value of bonds with associated decrease in bond yield.

Inflation Risk: Inflation is the loss of purchasing power through a general rise in prices. For bonds, interest rate risk is commonly measured by a bond's duration, the greater a bond's duration, the greater the impact on price of a change in interest rates. Investors can incur a gain or loss from bonds sold prior to the final maturity date.

Foreign Risk: Investments in overseas markets (international securities) pose special risks, including currency fluctuation and political risks, and such investments can be more volatile than that of a U.S. only investment. The risks are generally intensified for investments in emerging markets.

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 Risk: 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, with significant impact, especially for companies operating outside of the United States or those companies

who conduct a substantial amount of their business outside of the United States.

Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate).

Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

Credit Risk: The risk that principal and/or interest on a fixed income investment will not be paid in a timely manner or in full due to changes in the financial condition of the issuer. Generally, the higher the perceived credit risk, the higher the rate of interest investors will receive on their investment.

Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product.

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 may result in bankruptcy and/or a declining market value.

Prior to entering into a Client Agreement with BWA, 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 five to seven years; (2) that volatility from investing in the stock market can occur; and (3) that over time the client's assets will fluctuate and at any time be worth more or less than the amount invested.

Also, when providing financial planning and consulting services, BWA advisory representatives will recommend, depending on a client's needs, certain investment and/or insurance products, such as 529 plans and insurance annuities. These investment products carry a number of risks, which are dependent on the type of product and what each product is investing in. The risks are outlined in each product's offering documents, which should be read carefully prior to investing.

The SEC has issued investor bulletins, which outline important considerations for investors to know prior to investing in 529 plans<sup>1</sup> and annuities<sup>2</sup>. Clients are encouraged to ask BWA representatives any questions you have regarding these, and other investment products recommended by BWA. Please also refer to Item 10 regarding the conflicts that arise because certain BWA representatives receive compensation when a BWA client purchases these and other types of investment products.

<sup>1</sup> See <https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-bulletin-10-questions-consider-before>

<sup>2</sup> See <https://www.investor.gov/introduction-investing/basics/investment-products/annuities>

## **Item 9    Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

Ms. Bonnie Wusz, BWA's President and other advisory representatives of BWA are also registered representatives with Cetera Advisor Networks LLC ("Cetera"). This firm is an unaffiliated registered broker/dealer with the Financial Industry National Regulatory Authority (FINRA), the Securities and Exchange Commission (SEC) and various states and a member of the Securities Investor Protection Corporation (SIPC). From time to time, Ms. Wusz, and the investment advisory representatives of BWA recommend investment products to a prospect or client that are sold through Cetera. When a prospect or client opens a brokerage account with Cetera and implements any recommendation made by a BWA representative through Cetera, the representative making the recommendation will receive compensation, which can include a commission on a securities transaction, a mutual fund sales load, ongoing 12b-1 distribution fees, and/or service fees from mutual funds purchased in the client's brokerage account.

Also, there are times when a BWA representative recommends a money market mutual fund to a BWA client. BWA's policy is to purchase institutional class shares (e.g., F2 class) when available. However, if such class shares are not available and BWA purchases a share class with 12b-1 fees, then the BWA representative will receive the 12b-1 fees during the period that the client maintains that share class of the mutual fund investment in their managed account. Importantly, these, and all recommendations provided by a BWA representative, are only made when the BWA representative believes it is in the client's best interest. In addition, BWA does not charge an IA Fee on clients' assets invested in any money market funds that are paying BWA representatives a 12b-1 fee.

In addition, Ms. Wusz and other employees of BWA are licensed insurance agents with Cetera, which also is a licensed insurance agency. In their separate capacities as insurance agents, these individuals from time to time recommend insurance and insurance-related investment products to BWA's advisory clients, for which these individuals will receive separate and additional compensation should a client purchase the recommended insurance product. These insurance products can include, but not be limited to life insurance, accident and health insurance, and all types of annuities.

The amount of compensation received by Ms. Wusz and BWA representatives that serve as registered representatives and/or insurance agents, varies and is dependent on the type of investment and/or insurance product that is purchased by a client. However, the receipt of additional compensation by a BWA representative creates a conflict of interest since it can affect the judgement of the representative when making recommendations.

To help mitigate the conflict, each client is informed of the compensation received by Ms. Wusz and BWA representatives at the time of the recommendation (and through the delivery of this Disclosure Brochure) and clients are encouraged to ask Ms. Wusz and the BWA representatives any questions you have regarding this issue. Please also see the steps outlined further below.

Also, except for the investments in money market funds by BWA clients in their managed accounts, the compensation received by Ms. Wusz and BWA's advisory representatives from these outside business activities are not derived from investments made in a BWA client's managed account, and they only receive the compensation when a client opens a brokerage account with Cetera to implement certain financial planning recommendations made by BWA, and/or purchases insurance through Cetera or any insurance agency that they are licensed with.

Clients are not under any obligation to implement any recommendations through BWA, its advisory representatives, or Cetera.

As referenced, the receipt of additional compensation by BWA and its representatives creates a conflict of interest that can impair the objectivity of our firm and these individuals when making recommendations. BWA and our representatives endeavor at all times to put the interest of BWA clients first as part of our fiduciary duty as a registered investment adviser. To that end, we take the following additional steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products through the Firm, our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed and approved prior to engagement;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

BWA and our personnel have a duty of loyalty, fairness, and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of securities transactions reports as well as securities holdings reports that must be submitted by the firm's access persons (i.e., employee with access to client transactions and investment recommendations). Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement, and record-keeping provisions.

BWA's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by calling us at 714-998-2077.

BWA and individuals associated with our firm are prohibited from engaging in principal transactions. BWA and individuals associated with our firm are prohibited from engaging in agency cross transactions. Our Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts, securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security (not including open end mutual funds) prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts. Since open end mutual funds are only priced once daily, shareholders investing on the same day receive the same price for their transactions, which eliminates the potential conflict. Therefore, BWA employees are not required to pre-clear investments in any open-end mutual fund made in their personal accounts.

To address the actual and potential conflicts of interest that arise due to the personal trading activity of our personnel, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.



2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account (except open end mutual funds). This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments by access persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
6. All of our principals and employees are mandated by our Code of Ethics to act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
7. We require each supervised person of our firm to read a copy of our Code of Ethics and acknowledge receipt in writing, initially upon hire, annually, and anytime an amendment is made.
8. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
9. Any individual who violates any of the above restrictions is subject to sanctions, which can include termination depending on facts and circumstances.

## **Item 12 Brokerage Practices**

For clients' managed accounts, investments in open end mutual funds recommended by BWA are purchased for clients directly with the mutual fund company, in the name of each client.

As a fiduciary, BWA is required to seek best execution for its clients. By trading directly with the mutual fund company, BWA is able to purchase the lowest class of shares available and clients do not have to pay any upfront sales loads.

A client could invest in a mutual fund directly, without our services. However, the client would not receive the advisory services provided by our firm which are designed, among other things, to assist the client in determining which funds are most appropriate to the client's financial condition and objectives. As part of our best execution obligation, BWA will annually evaluate our trading process to help ensure we are obtaining the best overall deal for the clients at the time of each trade.

Due to the fact that BWA mainly trade open end mutual funds for managed accounts and place the trades directly with the mutual fund company, we do not block (aggregate) client trades.

As a fiduciary, BWA has the responsibility to effect orders correctly, promptly and in the best interests of our clients. In the event an error occurs in the handling of any client transactions, due to BWA's actions or inaction, BWA's policy is to seek to identify and correct the error as promptly as possible without disadvantaging the client or benefiting BWA in any way.

If the error is the responsibility of BWA, the client transaction will be corrected and BWA will be responsible for any client loss resulting from an inaccurate or erroneous order.

BWA's policy and practice is to monitor and reconcile all trading activity, identify, and resolve any trade errors promptly, document each trade error with appropriate supervisory approval and maintain a trade error file.

BWA does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

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

#### *INVESTMENT MANAGEMENT SERVICES* *INDIVIDUAL PORTFOLIO MANAGEMENT*

**REVIEWS:** The securities held in clients' managed accounts are monitored on an ongoing basis. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, the market, political or economic environment. These accounts are reviewed by: Laurel Hackett and Bonnie Wusz.

**REPORTS:** In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer and account custodian, we provide annual consolidated account reports summarizing balances and holdings.

#### *FINANCIAL PLANNING SERVICES*

**REVIEWS:** Reviews may occur at different stages depending on the client's needs and goals. Typically, no formal reviews will be conducted, unless requested by the client and only in the event that the change could negatively affect the outcome of the client's overall financial plan.

**REPORTS:** Written Financial Plans will not typically be provided unless requested by the client and agreed to by BWA.

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

It is BW & Associates, Inc.'s policy not to engage solicitors/promoters or to pay related or non-related persons to refer potential clients to our firm.

#### *OTHER COMPENSATION*

When providing financial planning and consulting services, BWA advisory representatives will recommend certain investment and/or insurance products to BWA clients. Because certain advisory representatives of BWA are also registered representatives and insurance agents of Cetera and can receive compensation when a client purchases such products, providing the recommendations creates a conflict between the interest of the BWA advisory representative and the interests of the clients. Clients have full discretion to accept or reject BWA's recommendations at any time and are not required to implement such recommendations with BWA, its representatives, or the broker-dealer or insurance agency with which the representatives are affiliated with. Please refer to Item 10 for further information on the conflicts and how BWA addresses the conflicts.

Our firm and/or our officers and representatives have been in the past and may be in the future eligible to receive an invitation to annual conferences that are intended to be educational in nature. In the past, educational trips have been sponsored by Cetera and/or the American Funds Group. Cetera has also sponsored a conference based on minimum production requirements. In addition, as registered representatives of Cetera, Ms. Wusz and Ms. Hackett received a retention bonus from Cetera.

While we always endeavor to put the interest of our clients first as part of our fiduciary duty, the possibility of receiving educational trips or bonuses based on production creates a conflict of interest, as it could affect the judgment of these individuals when making recommendations. Please refer to Item 10 for further information on how BWA addresses conflicts surrounding the receipt of additional compensation.

### **Item 15 Custody**

Pursuant to Rule 206(4)-2 of the Advisers Act, BWA is deemed to have “constructive custody” of client funds because the Firm has the authority and ability to debit its fees directly from the accounts of those clients receiving our investment management services.

As part of this billing process, the clients’ custodian debits the amount of the BWA IA Fee from each client’s account. Please refer to Item 5 above for further information on the firm’s fee billing process.

On at least a quarterly basis, the custodian is required to send to the client a statement showing, among other things, all transactions within the account during the reporting period, including the IA Fee deduction.

It is important for clients to carefully review their account statements to verify the accuracy of the fees, among other things. Clients should contact us directly if they believe that there may be an error in their statement or the IA Fee paid.

In addition to the periodic statements that clients receive directly from their custodians, we also send consolidated reports to our clients on an annual basis. We urge our clients to carefully compare the information provided in both statements to ensure that all account transactions, holdings, and values are correct and current.

Our firm does not have physical custody of client accounts.

### **Item 16 Investment Discretion**

BWA provides its advisory services on a non-discretionary basis, which requires the client's verbal approval prior to implementation of any recommendations. Clients have full authority to accept or reject our recommendations and are not obligated to implement any recommendations with BWA.

BWA only has limited discretionary authority to reallocate assets sufficient to cover the approximate annual IA Fee and to debit the fee itself. Clients give us limited discretionary authority when they sign an advisory agreement with our firm.

## **Item 17 Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Clients are responsible for instructing each custodian of their assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

## **Item 18 Financial Information**

We are required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. BWA has no such financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

BWA has not been the subject of a bankruptcy petition at any time.