

# **FIRM BROCHURE**

## **Form ADV Part 2A**

**March 8, 2024**

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**Part 2A of Form ADV (the “Brochure”) provides information about the qualifications and business practices of Beverly Investment Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at (310) 246-1200 and/or [canon@beverlyadvisors.com](mailto:canon@beverlyadvisors.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.**

**Beverly Investment Advisors, LLC is registered as an investment adviser with the U.S. Securities and Exchange Commission; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.**

**Additional information about Beverly Investment Advisors, LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **ITEM 1: COVER PAGE**

Please refer to previous page.

## **ITEM 2: MATERIAL CHANGE**

Beverly Investment Advisors, LLC (“BIA”) is amending this Brochure with an update to the following items:

Item 4 – Advisory Services – updated to reflect current assets under management.

These are BIA’s only changes within this brochure. BIA encourages each client to read this brochure carefully and to call with any questions you have. Our previous version of the Form ADV Part 2A was dated September 28, 2023.

Pursuant to SEC Rules, BIA will ensure that clients receive a summary of any material changes to this Brochure within 120 days of the close of BIA’s fiscal year, along with a copy of this Brochure or an offer to provide the Brochure. Additionally, as BIA experiences material changes in the future, we will send you a summary of our “Material Changes” under separate cover. For more information about the firm, please visit [www.beverlyadvisors.com](http://www.beverlyadvisors.com).

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## ITEM 4: ADVISORY BUSINESS

### A. Description of Firm

Beverly Investment Advisors, LLC (“BIA”) is a Beverly Hills, California based investment management firm, founded in 2007. BIA provides customized independent, objective advice regarding asset management, retirement planning, and pension consulting for individuals, including high net-worth individuals, endowments, pension and profit-sharing plans, and corporate entities.

BIA is currently registered with the Securities and Exchange Commission as an investment adviser. BIA is 100% owned by Canon J. Price, Inc. and is a certified woman owned business.

### B. Types of Advisory Services Offered

BIA seeks to add value through tactical asset allocation and careful investments. BIA provides three types of advisory services: portfolio management, pension consulting, and financial planning, each of which is more fully described below.

#### 1. Portfolio Management Services

BIA provides limited discretionary, and occasionally non-discretionary, portfolio management services on a continuous basis. Non-discretionary means BIA provides recommendations to the client and the client makes the ultimate decision of whether to implement the recommendation, including the purchase or sale of investments. Discretionary means BIA typically has full investment discretion over (1) which securities are to be bought or sold in client accounts; (2) the amount of securities to be bought or sold in client accounts; and (3) when transactions are made. This means that BIA does not have to obtain prior consent from the client when investing client assets.

The investment advice provided is variable depending upon the desires, investment objectives, and other preferences of the client and in accordance with a written portfolio management agreement entered into between BIA and the client. Client portfolios constructed by BIA will typically consist of a combination of no-load mutual funds (i.e. a fund that does not charge any type of sales load), exchange traded funds (ETFs) and fixed income securities. However, BIA will utilize equity securities, corporate debt securities (bonds), municipal bonds, U.S. government securities, and interest in partnerships, among others, if BIA determines such investments to be in the best interest of its clients.

Once a client’s portfolio is constructed, BIA provides continuous supervision and management of the portfolio in accordance with the client’s stated investment objectives, risk tolerance, investment time horizon, tax considerations and other reasonable guidelines and restrictions imposed by the client. The client is responsible for informing BIA of any changes to his/her investment objectives, individual needs, and/or restrictions. In addition, BIA does not and will not assume any responsibility for the accuracy of the information provided by the client.

Prior to entering into a portfolio management agreement with BIA, a client should carefully consider:

- (a) 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;
- (b) that volatility from investing in the stock market can occur; and
- (c) that over time the client's assets will fluctuate and at any time can be worth more or less than the amount invested.

### Pension Consulting Services

BIA provides pension-consulting services to employee benefit plans (*e.g.*, pension plans, profit sharing plans) and their fiduciaries based upon an analysis of the needs of the plan and in accordance with a written pension consulting agreement entered into between the plan and BIA. In general, these services will be provided on a non-discretionary basis, but in some cases can be on a discretionary basis depending on the needs of the client. The services consist of:

- recommendations involving plan design;
- investment choices to be included in the plan for participants; and
- the management of the plan assets.

During the initial client consultation, BIA also provides general advice to employers and their key executives on developing and structuring compensation, retirement, and benefit plans. Additionally, BIA will provide general one on one guidance to plan participants, provide group education, as well as, bilingual support for Hispanic employees.

For services provided on a non-discretionary basis, BIA will perform the analysis and discuss recommendations with each client. Clients are free at all times to accept or reject any recommendations made by BIA and also retain the authority and discretion on whether or not to implement any of BIA's recommendations. If the client decides to implement some or all of BIA's recommendations, the client has the option, but is under no obligation, to request that BIA implement such recommendations. Those clients who wish to engage BIA for implementation of BIA's recommendations will be required to enter into a separate written agreement with BIA for its portfolio management services. In accordance with the separate agreement, BIA will be paid separate and additional fees based on the client's account assets that are managed by BIA.

For client accounts that are regulated under the Employee Retirement Income Securities Act ("ERISA"), BIA will provide pension consulting services to the plan fiduciaries as described above. Typically, as described above, the client must make the ultimate decision as to whether to implement BIA's recommendations and is free to seek independent advice about the appropriateness of any recommended services for the plan.

## 2. Financial Planning

Financial planning advice typically involves providing a variety of services, principally advisory in nature, to individuals regarding the management of their financial resources and is based upon

an analysis of individual client needs. The services range from comprehensive financial planning to hourly consultations, depending on the needs of each client. Generally, BIA first conducts a complimentary initial consultation during which pertinent information about the client's financial circumstances and objectives is collected. For more comprehensive services, BIA reviews and analyzes the information provided by the client and then creates a written financial plan containing recommendations, which are designed with the intention of achieving the clients' stated financial goals and objectives. The written plan is then presented to the client for review.

Financial plans are based on the client's financial situation at the time the plan is presented and are based on financial information disclosed by the client to BIA. Clients are advised that certain assumptions will be made with respect to interest and inflation rates, use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. BIA cannot offer any guarantees or promises that the client's financial goals and objectives will be met. As the client's financial situation, goals, objectives, or needs change, the client must notify BIA promptly.

Clients are free at all times to accept or reject any or all recommendations made by BIA and further retain the authority and discretion on whether or not to implement the written plan. If the client decides to follow the written plan, the client has the option, but is under no obligation, to request that BIA implement the recommendations outlined in the written plan. Those clients who wish to engage BIA for implementation of the written plan will be required to enter into a separate written agreement with BIA for its portfolio management services. In accordance with the separate agreement, BIA will be paid separate and additional fees based on client account assets that are managed by BIA.

### **C. Assets Under Management**

As of December 31, 2023, the following represents the amount of client assets under management ("AUM") by BIA on a discretionary and non-discretionary basis:

<b>Type of Account</b>	<b>AUM</b>
Discretionary	\$ 72,163,389.00
Non-Discretionary	\$ 23,470,742.00
Total:	\$ 95,634,131.00

## **ITEM 5: FEES AND COMPENSATION**

### **A. Portfolio Management Fees**

Portfolio management fees are payable quarterly in advance based on the following fee schedule:

<b>Account Size</b>	<b>Annualized Fee</b>
On the first \$250,000-\$2,000,000	1.00%
Assets above \$2,000,000	0.75%

Please note, the fees assessed to legacy clients of BIA who signed Portfolio Management Agreements prior to March 1, 2017 are based upon a different fee schedule as delineated in their Portfolio Management Agreement.

These fees are payable at the beginning of each calendar quarter, computed on the value of the account on the last day of the previous quarter (which includes cash and cash equivalents). The initial fee is payable when the account is established and is prorated for a partial quarter. Additional deposits to the account are subject to the same fee-paying procedure.

The fees outlined above represent the fees BIA generally charges for portfolio management services. However, BIA fees are negotiable and arrangements with any particular client can differ from those described above.

For clients receiving portfolio management services, BIA requires the client's account assets to be custodied with Schwab Institutional, a division of Charles Schwab & Co., Inc. ("Schwab"). In addition to the fees charged by BIA, there are transactions charges involved when purchasing and selling securities in client accounts, which are charged by Schwab. A written confirmation of each transaction including all transaction charges will be sent by Schwab to the client immediately following execution of each transaction. Please refer to Item 12 for detailed information on these brokerage services.

Payment of BIA's portfolio management fees will be deducted from each client's account on a quarterly basis by Schwab and paid directly to BIA, unless otherwise directed in writing by a client. The consent for deduction of fees is generally contained in the written agreement the client enters into with BIA. Schwab will deliver a monthly account statement directly to the client. The statements will include all transactions that took place in the account during the period covered and reflect any fees deducted and paid to BIA. Clients are encouraged to review their account statements for accuracy and compare them to the reports received by BIA. Should there be any discrepancies, clients should rely on the information in their Schwab account statement.

Upon termination of the portfolio management agreement, BIA will provide the client with a refund of any pre-paid unearned advisory fees. The amount of the refund will be calculated by pro-rating the number of days remaining in the quarter from the termination date.

## **B. Pension Consulting Fees**

The annual fee for pension consulting services is generally equal to 0.20% of assets under management. However, fees are negotiable and arrangements with any particular client can differ from those described above. The annual fee is either billed quarterly or annually in arrears, depending on the election of the client. Pension consulting fees billed quarterly in arrears are based upon the market value of the assets on the last day of the prior quarter. Pension consulting fees billed annually in arrears are based on the asset value in the account on the last business day of the fourth calendar quarter. Fees will be assessed pro rata in the event the pension consulting agreement is executed at any time other than the first day of a billing period.

Alternatively, BIA, can assess a fixed fee for pension consulting services. Under such arrangements, the fee is negotiated on a case-by-case basis, depending on the scope and complexity of the requested services, and will be clearly set forth in the written agreement for services signed by BIA and the client.

In the event that BIA's services are terminated mid-quarter, the fee shall be prorated through the date of termination as defined in the Agreement and any earned, unpaid balance will be immediately due and payable by client, and any pre-paid unearned fees will be promptly refunded to the client.

### **Financial Planning Fees**

BIA utilizes the following financial planning fee schedule, subject to negotiation depending on the nature, complexity, and time involved in providing the client with requested services.

- **Fixed Fees:** The fixed fee for a comprehensive or specific financial plan will range between \$500 and \$1,000. If the client chooses to have BIA provide financial planning services, an initial retainer of 50% of the estimated fee is payable in advance of any services rendered, with the balance due upon completion of contracted services.
- **Hourly Fees:** An hourly fee of \$300 is assessed for clients who request specific consulting services and do not desire a written financial plan. Hourly fees are generally calculated and payable at the conclusion of each session, although in some cases they can be paid weekly, monthly, or periodically in advance, depending on the scope of the services provided.

When the scope of the financial planning services has been agreed upon, a determination will be made as to the applicable fee. The final fee shall be directly dependent upon the facts and circumstances of the client's financial situation and the complexity of the financial plan or service(s) requested. *In limited circumstances*, the cost/time could potentially exceed the initial estimate. In such cases, BIA will notify the client and will request that the client pay an additional fee.

Upon termination of the financial planning agreement, BIA will provide the client with a pro-rata refund of any pre-paid unearned financial planning fees or an invoice for any earned unpaid fees.

### **C. General Information on Fees**

The actual fees charged a client will be outlined in the written agreement entered into between BIA and the client.

All fees paid to BIA for the various services it provides to clients are separate and distinct from the fees and expenses charged by third parties. These separate fees and expenses include, but are not limited to, custodial fees, execution costs, and mutual fund fees and expenses. Client assets can also be subject to transaction fees, brokerage fees and commissions, retirement plan administration fees (if applicable), trustee fees, 12b-1 fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and



securities transactions. For mutual funds and exchange traded funds, a client will be charged internal management fees, distribution fees, redemption fees and other expenses, which are fully described in the applicable fund's prospectus. Notably, BIA will not receive any portion of these other fees and expenses.

Clients should review the fees charged to their account(s) to fully understand the total amount of all fees charged. Clients should understand that lower fees for comparable services can be available from other investment advisory or financial planning firms.

### **Important Considerations**

In accordance with Rule 204-3 under the Investment Advisers Act of 1940, as amended (“Advisers Act”), BIA will provide a current copy of Form ADV Part 2A and relevant brochure supplements to each client or prospective client prior to or as the same time as the execution of a written agreement with BIA. The written agreement between BIA and the client will continue in effect until terminated by either party pursuant to the terms of the agreement and fees will be due or refunded, as applicable, in accordance with this Item.

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

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

BIA does not charge performance-based fees (*i.e.*, fees calculated based on a share of capital gains on or capital appreciation of the client’s assets or any portion of the client’s assets). Consequently, BIA does not engage in side-by-side management of accounts that are charged a performance-based fee with accounts that are charged another type of fee (such as assets under management). As described above, BIA provides its services for a fixed fee, hourly charges and/or based upon a percentage of assets under management, in accordance with SEC Rule 205(a)(1). Notably, accounts that are managed in the same style (*e.g.*, moderately aggressive) can be managed differently due to the client's overall investment objective, discretion of the investment professional assigned to the account, asset size and account restrictions.

### **ITEM 7: TYPES OF CLIENTS**

BIA provides independent, objective advice regarding asset management, retirement planning, and pension consulting for individuals, including high net-worth individuals, endowments, pension plans and profit-sharing plans, and corporate entities.

Generally, a minimum of \$1,000,000 is required to open and maintain a portfolio management account. This requirement can be waived at BIA’s sole discretion.

There are times when certain restrictions are placed by a client, which prevents BIA from accepting or continuing to manage the portfolio management account. BIA reserves the right to not accept and/or terminate management of a client’s account if it feels that the client-imposed

restrictions would limit or prevent it from meeting and/or maintaining its overall investment strategy.

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

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

BIA's uses an investment methodology that employs fundamental research and a disciplined four step process. This process includes: 1) neutral portfolio allocation; 2) opportunistically adjust target asset allocation; 3) risk assessment based on scenario analysis; and 4) rigorous research to identify securities and mutual fund managers.

Step 1: BIA begins with a neutral allocation of asset classes covering certain portfolio investment types, which consist of: conservative balanced, balanced, equity tilted balanced, and equity. For example, a neutral allocation for a balanced portfolio is approximately 40% investment grade bonds, 40% large cap stocks, 8% small cap stocks and 12% foreign securities. These neutral allocations are the basic starting point which BIA believes represents a reasonable static investment allocation. They also serve as a benchmark against which to measure value added and a frame of reference to help ensure a consistent discipline in decision making.

Step 2: BIA determines target allocations for each portfolio investment type by performing an in-depth analysis of fundamentals and valuations of asset classes and identifying potential new opportunities. These opportunities can include asset classes not currently defined in neutral allocations, such as investments in real estate through real estate investment trusts (REITs).

Step 3: BIA will perform a risk assessment using a scenario analysis. For example, as different risk scenarios are identified they are used to assess the potential impact on each holding as well as the portfolio type as a whole. Each portfolio investment type has a one-year loss threshold and any risk identified in excess of the threshold could prompt an adjustment to the allocation percentages.

Step 4: The final step is to select the actual investments. BIA performs an evaluation of the historical data of a broad universe of securities. The securities screened generally consist of investment grade and high yield bonds, large and small capitalization U.S. stocks, international stocks, no-load mutual funds (i.e. a fund that does not charge any type of sales load), and exchange traded funds (ETFs). BIA's process for selecting the investments for each portfolio type begins with a performance evaluation and screening of the broadest available universe of securities and fund managers. Specifically, a quantitative review of fund managers is performed, taking into account each fund's historical performance, returns versus peer group, consistency with investment objectives and a comparison of expenses. A qualitative review of securities is performed, which considers, among other things, a company's disciplined approach, team focus and quality, stability and culture of the organization, and shareholder orientation.

BIA also utilizes its access to research, such as Morningstar and other commercial software, to

assist in its overall evaluation of securities and fund managers.

Client account investments and allocations are customized to help meet the investment goals and needs of the client. BIA performs ongoing monitoring of account investments. When appropriate BIA will perform portfolio modifications and reallocations as determined to be advisable for the client's needs and the applicable market and economic conditions.

## **B. Risk of Loss**

BIA's investment recommendations are subject to various markets, currency, economic, political, and business risks, and such investment decisions are not always profitable. Clients should be aware that there can be a loss or depreciation to the value of the client's account, which clients 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 is being made.

In addition, generally, the market value of stocks will fluctuate with market conditions, and small cap stock prices generally will move up and down more than large cap stock prices. Small-cap stocks are subject to a higher degree of risk than more established (large cap) companies' securities. The illiquidity of the small-cap market can adversely affect the value of client investments. The market value of bonds will generally fluctuate inversely with interest rates and other market conditions prior to maturity and will equal par value (face value) at maturity. Interest rates for bonds can be fixed at the time of issuance or purchase, and payment of principal and interest can be guaranteed by the issuer and, in the case of U.S. Treasury obligations, backed by the full faith and credit of the U.S. Treasury. The market value of Treasury bonds will generally fluctuate more than Treasury bills since Treasury bonds have longer maturities. In addition, there is no assurance that a mutual fund or ETF will achieve its investment objective. Past performance of investments is no guarantee of future results. High yield bonds are considered to be predominantly speculative with respect to the payment of interest and repayment of principal. Such securities are also subject to greater volatility as a result of changes in prevailing interest rates than other debt securities. Investments in overseas markets (international securities) also pose special risks, including currency fluctuation and political risks, and such investment can be more volatile than that of a U.S. only investment. The risks are generally intensified for investments in emerging markets.

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

BIA does not represent, guarantee, or imply that the services or methods of analysis employed by us can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

Additional risks involved in the securities recommended and strategies utilized by BIA can include, among others:

- *Stock market risk*: the chance that stock prices overall will decline. The market value of equity securities will generally fluctuate with market conditions. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Prices of equity securities tend to fluctuate over the short term as a result of factors affecting the individual companies, industries, or the securities market as a whole. Equity securities generally have greater price volatility than fixed income securities.
- *Sector risk*: the chance that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the overall market.
- *Issuer risk*: the risk that the value of a security may decline for reasons directly related to the issuer, such as management performance, financial leverage, and reduced demand for the issuer's goods or services.
- *Non-diversification risk*: the risk of focusing investments in a small number of issuers, industries, or foreign currencies, including being more susceptible to risks associated with a single economic, political, or regulatory occurrence than a more diversified portfolio might be.
- *Smaller company risk*: the risk that the value of securities issued by a smaller company may go up or down, sometimes rapidly and unpredictably as compared to more widely held securities. Investments in smaller companies are subject to greater levels of credit, market, and issuer risk.
- *Foreign (non-U.S.) investment risk*: the risk that investing in foreign securities may result in the portfolio experiencing more rapid and extreme changes in value than a portfolio that invests exclusively in securities of U.S. companies. Investments in emerging markets are generally more volatile than investments in developed foreign markets.
- *Interest rate risk*: the chance that prices of fixed income securities will decline because of rising interest rates. Similarly, the income from fixed income securities may decline because of falling interest rates.
- *Credit risk*: the chance that an issuer of a fixed income security will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that fixed income security to decline.
- *Reinvestment risk*: The risk that interest and principal payments from a bond will be reinvested at a lower yield than that received on the original bond. During periods of declining interest rates, bond payments may be invested at lower rates; during periods of rising rates, bond payments may be invested at higher rates.
- *Exchange Traded Fund (ETF) risk*: the risk of an investment in an ETF, including the possible loss of principal. ETFs typically trade on a securities exchange and the prices of their shares fluctuate throughout the day based on supply and demand, which may not correlate to their net asset values. Although ETF shares will be listed on an exchange, there can be no guarantee that an active trading market will develop or continue. Owning an ETF generally reflects the risks of owning the underlying securities it is designed to

track. ETFs are also subject to secondary market trading risks. In addition, an ETF may not replicate exactly the performance of the index it seeks to track for a number of reasons, including transaction costs incurred by the ETF, the temporary unavailability of certain securities in the secondary market, or discrepancies between the ETF and the index with respect to weighting of securities or number of securities held.

- *Mutual Fund Risk:* Investing in mutual funds carries the risk of capital loss. Mutual funds are not guaranteed or insured by the FDIC or any other government agency. Clients can lose money investing in mutual funds. All mutual funds have costs that lower investment returns.
- *Management risk:* the risk that the investment techniques and risk analyses applied by BIA may not produce the desired results and that legislative, regulatory, or tax developments, may affect the investment techniques available to BIA. There is no guarantee that a client's investment objectives will be achieved.
- *Opportunity Cost Risk:* The risk that an investor may forego profits or returns from other investments.

Clients are advised that volatility from investing can occur, and that all investing is subject to risk. Consequently, the value of an account could at any time be worth more or less than the amount invested.

## **ITEM 9: DISCIPLINARY INFORMATION**

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

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

BIA and its associated persons do not have any financial industry activities, financial industry affiliations, nor recommend other advisers.

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

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

The Investment Advisers Act of 1940 imposes a fiduciary duty on all investment advisers to act in the best interest of its clients. BIA's clients therefore entrust us to use the highest standards of integrity when dealing with their assets and making investments that impact their financial future. Our fiduciary duty compels all employees to act with integrity in all of our dealings.

Because BIA's investment professionals are permitted to transact in the same securities for their personal accounts as they buy or sell for client accounts, it is important to mitigate potential

conflicts of interest. To that end, BIA has adopted personal securities transaction policies in the form of a Code of Ethics (“Code”), which all BIA associated persons must follow. This Code provides such personnel with guidance in their ethical obligations regarding their personal securities transactions and fiduciary duties formulating the basis of all of our client dealings. Specifically, the Code requires certain personnel to report personal trades and holdings and prohibits or requires pre-clearance for certain trades in certain circumstances. The Code also contains procedures for reporting violations and enforcement. The Code is reviewed and distributed to BIA associated persons annually. BIA will provide a copy of the Code to any client or prospective client upon written request.

BIA obtains information from a wide variety of publicly available resources. BIA and its personnel do not have, nor claim to have, insider or private knowledge. To ensure insider trading does not take place and to address the conflict of interest regarding obtaining confidential information, BIA has adopted a firm wide policy statement outlining insider-trading compliance by BIA, its associated persons, and other employees. This statement has been distributed to all associated persons and other employees of BIA and has been signed and dated by each such person.

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

Because the Code would permit associated persons of BIA to invest in the same securities as clients, there is a possibility that the BIA associated person could benefit from market activity by a client in a security held by that person. Employee trading is continually monitored under the Code, with an eye to reasonably prevent conflicts of interest between BIA and its clients.

BIA does not affect any principal or agency cross securities transactions for client accounts, nor does it affect cross-trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Should BIA ever decide to affect principal trades or cross-trades in client accounts, it will comply with the provisions of Rule 206(3) of the Advisers Act.

### **ITEM 12: BROKERAGE PRACTICES**

#### **A. The Custodian and Brokers We Use**

BIA does not maintain custody of your assets that we manage, although we are deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15—Custody, below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your

assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we can assist you in doing so. Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see “Your brokerage and custody Costs”).

## **B. How We Select Custodians/Brokers**

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. We consider a wide range of factors, including:

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

## **C. Custody and Brokerage Costs**

For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, many mutual funds, and ETFs) will not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab’s Cash Features Program. For some accounts, Schwab will charge you a percentage of the dollar amount of assets in the account in lieu of commissions. Schwab’s commission rates and asset-based fees applicable to our client accounts were negotiated based on our commitment to maintain BIA client assets in accounts at Schwab. This commitment benefits you because the overall commission rates and asset-based fees you pay are lower than they would be otherwise. In addition to commissions and asset-based fees, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-

dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How we select brokers/custodians”).

#### **D. Best Execution**

It is the policy and practice of BIA to strive for the best price and execution that are competitive in relation to the value of the transaction (“best execution”). In order to achieve best execution, BIA will use Charles Schwab. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the overall best qualitative execution, taking into consideration the full range of their services, including among other things, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, in certain instances BIA will not obtain the lowest possible commission rates for client transactions. BIA is not required to negotiate “execution only” commission rates, thus clients are deemed to be paying for research and related services (*i.e.*, “soft dollars”) provided by Charles Schwab which are included in the commission rate.

To ensure that Charles Schwab is conducting overall best qualitative execution, the Firm will periodically (and no less often than annually) evaluate the trading process of Charles Schwab. The Firm’s evaluation will consider the full range of brokerage services offered by Charles Schwab, which includes, but is not limited to price, commission, timing, research, capable floor brokers or traders, competent block trading coverage, ability to position, capital strength and stability, reliable and accurate communications and settlement processing, use of automation, knowledge of other buyers or sellers and administrative ability.

#### **E. Directed Brokerage**

The Charles Schwab custodial arrangement is a type of directed brokerage arrangement since Schwab generally requires that client transactions be placed with Schwab for execution. Clients should understand that not all advisers require their clients to use only one custodian or otherwise direct brokerage. BIA has selected Schwab to provide its clients with brokerage and custodial services because it believes Schwab can provide best execution. To help ensure that clients are receiving best execution and to address the conflict of interest surrounding this arrangement, BIA performs periodic reviews of the quality of execution and services provided by Schwab.

#### **F. Trade Aggregation and Allocation**

Transactions for each client will be affected independently unless BIA decides to purchase or sell the same securities for several clients at approximately the same time. BIA performs investment management services for various clients, some of which have similar investment objectives. The Firm can (but is not obligated to) aggregate or “batch” sale and purchase orders with other client



accounts that have similar orders being made contemporaneously, if in BIA's judgment such aggregation is reasonably likely to result in an overall economic benefit to the affected accounts. Such benefits include better transaction prices and lower trade execution costs. BIA can combine such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among the Firm's clients, differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently.

Because of prevailing market conditions, it will not always be possible to execute all shares of an aggregated trade, in which case the Firm will allocate the trade among participating accounts in an equitable manner determined prior to execution of the trade. Ordinarily, the executing broker-dealer will provide an average price, and where possible, average transaction costs that will be allocated to all accounts participating in the aggregated trade. In certain cases, BIA will not be able to purchase or sell the same security for all clients that could transact in the security, which is generally based on various factors such as the type of security, size of the account, cash availability, and account restrictions. If such orders cannot be fully executed under prevailing market conditions, BIA will allocate the securities traded among clients and each similar order in a manner which it considers equitable, taking into consideration, among other things, the size of the orders placed, the relative cash positions of each account, the investment objectives of the accounts, and liquidity of the security.

#### **G. Custody and Brokerage Costs**

Schwab generally does not charge BIA client accounts separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. For some accounts, Schwab will charge you a percentage of the dollar amount of assets in the account in lieu of commissions. Schwab's commission rates and asset-based fees applicable to BIA client accounts were negotiated based on our commitment to maintain BIA client assets in accounts at Schwab. This commitment benefits you because the overall commission rates and asset-based fees you pay are lower than they would be if BIA had not made the commitment. In addition to commissions, or asset-based fees Schwab charges a flat dollar amount as a "trade away" fee for each trade that BIA executes by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize trading costs, BIA exclusively uses Schwab to execute trades for your account.

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

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we do not have to request them) and at no charge to us. Following is a more detailed description of Schwab's support services:

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

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

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

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

- Educational conferences and events  
Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting and support

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

*Our interest in Schwab Services.* The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We do not have to pay for Schwab's services. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. This creates an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business and Schwab's payment for services for which we would otherwise have to pay rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential

conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/ custodians") and not Schwab's services that benefit only us.

### **ITEM 13: REVIEW OF ACCOUNTS**

For investment management services, client portfolios are reviewed on a regular basis. Triggering factors for additional review include, but are not to, the state of the markets, unusual economic or industry developments, changes in the state of the economy, the complexity of the individual client portfolio or changes in a client's financial situation, such as investment goals, tax considerations or change in employment. Additional reviews are also available at the client's request.

For pension consulting services, accounts are reviewed at least quarterly.

For financial planning services the client will receive an annual review and update to their financial plan. Such reviews can be subject to an hourly rate of \$300.

All reviews are conducted by Canon J. Price or the investment adviser representative assigned to the client account.

All portfolio management clients receive a comprehensive quarterly analysis and report from BIA, along with a monthly statement from their custodian. The comprehensive report includes investment performance, tax efficiency, portfolio appraisal, current & target asset allocation, cash flow and fixed income reporting.

Financial Planning clients receiving comprehensive services will receive a written financial plan from BIA.

Pension consulting clients will receive a written report at least quarterly, intended to supplement those provided by the Custodian. The report will enable the client to analyze the performance of the plan more objectively than relying solely on the report/statements provided by the custodian.

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

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. In addition, Schwab has also agreed to pay for certain products and services for which we would otherwise have to pay once the value of our clients' assets in accounts at Schwab reaches a certain amount. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12— Brokerage Practices).

**A. Compensation for Client Referrals**

BIA may, from time to time, enter into agreements with individuals and organizations that refer clients to BIA ("promoters"). All such agreements will be in writing and comply with the requirements of Rule 206(4)-1 of the Advisers Act. If a client is introduced to BIA by a promoter, BIA will pay that promoter a fee in accordance with the requirements of Rule 206(4)-1 of the Advisers Act and any corresponding state securities law requirements. While the specific terms of each agreement can differ, generally, the compensation will be based upon BIA's engagement of new clients and the retention of those clients and is calculated using a varying percentage of the fees paid to BIA by such clients. Any such fee shall be paid solely from BIA's fees and shall not result in any additional charge to the client.

Each prospective client who is referred to BIA under such an arrangement will receive a copy of BIA's Form ADV Part 2 and a separate written disclosure document disclosing the nature of the relationship between the third-party promoter and BIA and the amount of compensation that will be paid by BIA to the third party. The promoter is required to obtain the client's signature acknowledging receipt of BIA's Form ADV Part 2 and the promoter's written disclosure statement.

Currently, BIA does not have any agreements with any promoters to refer clients to BIA.

**B. Other Compensation**

While there is no direct link between the investment advice given to a portfolio management client and BIA requiring portfolio management clients to use Schwab as their custodian, certain indirect economic benefits are received by BIA due to this arrangement. These benefits include: a dedicated trading desk, an account services manager dedicated to BIA accounts, access to a real time order matching system, ability to "block" client trades, electronic download of trades, balances and positions in the custodian's portfolio management software, duplicate and batched client statements, confirmations and year-end summaries, the ability to have advisory fees directly debited from client accounts (in accordance with federal and state requirements), and availability of their proprietary research. These products and services provide lawful and appropriate assistance to BIA in the performance of its investment decision-making responsibilities.

While BIA and its associated persons endeavor at all times to put the interest of the clients first, as part of their fiduciary duty, clients should be aware that receipt of additional compensation itself creates a potential conflict of interest. To help ensure that clients are receiving best execution and to address the conflict of interest surrounding this arrangement, BIA performs periodic reviews of the quality of execution and services provided by Schwab.

From time to time, BIA will enter into consulting or service agreements with third party providers to assist BIA with its marketing efforts, such as drafting periodic newsletters to send to clients and/or prospects.

## ITEM 15: CUSTODY

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct Schwab to deduct our advisory fees directly from your account [or if you grant us authority to move your money to another person's account]. Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them. We also urge you to compare Schwab's account statements with the periodic account statements you will receive from us.

## ITEM 16: INVESTMENT DISCRETION

### A. Discretionary Authority: Limitations

Unless clients specifically request in writing that BIA manage all or part of their accounts on a non-discretionary basis, BIA typically has full investment discretion over (1) which securities are to be bought or sold in client accounts; (2) the amount of securities to be bought or sold in client accounts; and (3) when transactions are made. This means that BIA does not have to obtain prior consent from the client when investing client assets. Non-discretionary means BIA provides recommendations to the client and the client makes the ultimate decision of whether to implement the recommendation, including the purchase or sale of investments.

Investment discretion is to be exercised in a manner consistent with each client's stated investment objectives, risk tolerance, and time horizon. In addition, BIA's authority to trade securities can be limited in certain circumstances by applicable legal and regulatory requirements. In some instances, BIA's discretionary authority can be limited by conditions imposed by clients on BIA's discretionary authority, including restrictions on investing in certain securities or types of securities. All such limitations, restrictions, and investment guidelines must be provided to BIA in writing.

### B. Limited Power of Attorney

Unless clients specifically request in writing that BIA manage all or part of their account on a non-discretionary basis, clients authorize BIA to exercise full discretionary authority with respect to all investment transactions involving the client's investment management account by signing BIA's Agreement. Pursuant to such Agreement, BIA is designated as the client's attorney-in-fact with discretionary authority to effect investment transactions in the client's account which authorizes BIA to give instructions to third parties in furtherance of such authority.

## ITEM 17: VOTING CLIENT SECURITIES

It is the policy of BIA to not vote proxies on behalf of clients. Custodians are directed to forward all shareholder-related materials to the owner of the account. Proxy voting for plans governed by ERISA must conform to the plan document in effect. In case where the investment manager is listed as the fiduciary responsible for voting proxies, the responsibility will be designated to

another fiduciary and reflected in the plan document. BIA shall not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client.

## **ITEM 18: FINANCIAL INFORMATION**

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