

# Bautis Financial, LLC

## Firm Brochure

*This brochure provides information about the qualifications and business practices of Bautis Financial, LLC. If you have any questions about the contents of this brochure, please contact us at (862) 205-5800 or by email at: [marc@bautisfinancial.com](mailto:marc@bautisfinancial.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Bautis Financial, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Bautis Financial, LLC's CRD number is: 148582*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of Bautis Financial, LLC on 02/24/2023 are described below. Material changes relate to Bautis Financial, LLC's policies, practices or conflicts of interests.

- Bautis Financial, LLC has updated the primary office address (Cover page).
- Bautis Financial, LLC has transitioned to registration with the United States Securities and Exchange Commission from its prior registration at the state level.

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

This firm has been in business since January 5, 2009, and the principal owner is Marc Arthur Bautis.

### **B. Types of Advisory Services**

Bautis Financial, LLC (hereinafter “BF”) offers the following services to advisory clients:

#### ***Investment Supervisory Services***

BF offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. BF creates an Investment Policy Statement for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client’s specific situation. Investment Supervisory Services include, but are not limited to, the following:

- |                       |                                |
|-----------------------|--------------------------------|
| • Investment strategy | • Personal investment policy   |
| • Asset allocation    | • Asset selection              |
| • Risk tolerance      | • Regular portfolio monitoring |

BF evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. BF will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

#### ***Financial Planning***

Financial plans and financial planning may include, but are not limited to:

- Asset and Liability Analysis
- Cash Flow Analysis
- Vision and Goal setting
- Student Loan Analysis and Recommendations
- Education Funding Analysis
- Insurance Needs Analysis
- Tax Planning Strategies
- Retirement Planning
- Estate Planning
- Implementation of Wealth Center
- Equity Compensation Analysis

These services are based on annual fixed fees and the final fee structure is documented in Exhibit II of the Financial Planning Agreement.

### ***Services Limited to Specific Types of Investments***

BF limits its investment advice and/or money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, hedge funds, third party money managers, REITs, and private placements. BF may use other securities as well to help diversify a portfolio when applicable.

### **C. Client Tailored Services and Client Imposed Restrictions**

BF offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent BF from properly servicing the client account, or if the restrictions would require BF to deviate from its standard suite of services, BF reserves the right to end the relationship.

### **D. Wrap Fee Programs**

BF does not participate in any wrap fee programs.

### **E. Amounts Under Management**

BF has the following assets under management:

| Discretionary Amounts: | Non-discretionary Amounts: | Date Calculated: |
|------------------------|----------------------------|------------------|
| \$ 121,970,868         | \$0                        | January 2024     |

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Investment Supervisory Services Fees*

| Total Assets Under Management | Annual Fee |
|-------------------------------|------------|
| \$1 - \$1,000,000             | 1.00%      |
| Above \$1,000,000             | 0.80%      |

These fees are negotiable and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Fees are paid quarterly in arrears, and clients may terminate their contracts with thirty days' written notice. Because fees are charged in arrears, no refund policy is necessary. Clients may terminate their accounts without penalty within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization.

#### *Financial Planning Fees*

When BF first meets with a client BF tries to determine the complexity of the engagement and how much time it is going to take based on the specific services that are relevant, and that the client wishes to engage BF on. Below are the high level and subservices provided by BF:

##### **Investment Planning**

- Review of a portfolio
- Help with allocating assets
- Withdrawal strategies if client is in that phase of life
- Advice with Equity compensation from client's employer
- Review of alternative investments

##### **Estate Planning**

- Coordinating with client's attorney on wills, power of attorneys, health care proxies, ...
- Helping client with project and understand the client's estate taxes
- Advising client on options to reduce potential estate taxes
- Charitable giving planning

##### **Retirement planning**

- Setting retirement goals
- Analyzing whether client is on track to reach those goals
- Advising on Social Security and Medicare options
- Helping with Requirement minimum distributions
- Small Business retirement plans



- Analyzing whether a roth conversion makes sense
- Analyzing pensions and potential options with receiving pension benefits

### **Risk Management**

- Reviewing client's existing policies
- Analyzing client's needs across Life Insurance, Long Term Care, Disability, Health Insurance and providing advice on the client's different options

### **Cash Flow and Budget**

- Analyzing the client's spending
- Help putting a budget together and tracking it
- Help plan for large expenses
- Analyzing whether client has a big enough emergency fund
- Analyzing a potential move with client's residence
- Helping client analyze refinance or line of credit options.

### **Assistance to loved ones**

- Gifting Strategies
- Putting a caregiving plan together
- How best to save for collect

### **Tax Planning**

- Review of cost basis for client's securities
- Opportunities to harvest tax losses
- Potential roth conversions
- Health Savings and FSA analysis

### **Other Factors**

- Does the client want us to coordinate with their other advisors, attorneys, or accountants
- How often does the client want to meet

Fixed annual fees for financial planning range from \$2400, \$5000, or \$10,000 depending on the complexity of the engagement.

## **B. Payment of Fees**

### ***Payment of Investment Supervisory Fees***

Advisory fees are withdrawn directly from the client's accounts with client written authorization or may be invoiced and billed directly to the client; clients may select the method in which they are billed. Fees are paid quarterly in arrears.

### ***Payment of Financial Planning Fees***

Financial Planning fees are paid via check in arrears upon completion. Because fees are charged in arrears, no refund is necessary.

### **C. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by BF. Please see Item 12 of this brochure regarding broker/custodian.

### **D. Prepayment of Fees**

BF collects its fees in arrears. It does not collect fees in advance.

### **E. Outside Compensation For the Sale of Securities to Clients**

Neither BF nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

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

BF does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

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

BF generally provides investment advice and/or management supervisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals

There is no account minimum.

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

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

#### ***Methods of Analysis***

BF's methods of analysis include charting analysis, fundamental analysis, technical analysis, and cyclical analysis.

**Charting analysis** involves the use of patterns in performance charts. BF uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

**Cyclical analysis** involved the analysis of business cycles to find favorable conditions for buying and/or selling a security.

### ***Investment Strategies***

BF uses long term trading and short term trading strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **B. Material Risks Involved**

### ***Methods of Analysis***

**Charting analysis** strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in solely using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

**Cyclical analysis** assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns and 2) if too many investors begin to implement this strategy, it changes the very cycles they are trying to take advantage of.

### ***Investment Strategies***

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading generally hold greater risk and clients should be aware that there is a chance of material risk of loss using any of those strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

BF generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business or the integrity of our management.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither BF nor its representatives are registered as a broker/dealer or as representatives of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither BF nor its representatives are registered as a FCM, CPO, or CTA.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

BF always acts in the best interest of the client. Neither BF nor its representatives have any outside relationships material to this Advisory Business.

### **D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections**

BF does not utilize nor select other advisors or third party managers. All assets are managed by BF management.

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

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

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Clients may request a copy of our Code of Ethics from management.

### **B. Recommendations Involving Material Financial Interests**

BF does not recommend that clients buy or sell any security in which a related person to BF has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of BF may buy or sell securities for themselves that they also recommend to clients. BF will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of BF may buy or sell securities for themselves at or around the same time as clients. BF will not trade non-mutual fund or non-ETF securities 5 days prior to or 5 days after trading the same security for clients.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

The Custodian was chosen based on their relatively low transaction fees and access to mutual funds and ETFs. BF will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

### **1. *Research and Other Soft-Dollar Benefits***

BF receives no research, product, or service other than execution from a broker-dealer or third-party in connection with client securities transactions ("soft dollar benefits").

### **2. *Brokerage for Client Referrals***

BF receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### **3. *Clients Directing Which Broker/Dealer/Custodian to Use***

BF will not allow clients to direct BF to use a specific broker-dealer to execute transactions. Clients must use BF recommended custodian (broker-dealer). Not all investment advisers require their clients to direct brokerage. By requiring clients to use our specific custodian, BF may be unable to achieve most favorable execution of client transactions and this may cost clients money over using a lower-cost custodian.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

BF maintains the ability to block trade purchases across accounts but will rarely do so. While block trading may benefit clients by purchasing larger blocks in groups, we do not feel that the clients are at a disadvantage due to the best execution practices of our custodian.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed at least annually only by Marc Arthur Bautis, Managing Member. Marc Arthur Bautis is the chief advisor and is instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at BF are assigned to this reviewer.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Marc Arthur Bautis, Managing Member. There is only one level of review and that is the total review conducted to create the financial plan.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive at least quarterly a written report detailing the client's account which will come from the custodian.

Clients are provided a one-time financial plan concerning their financial situation. After the presentation of the plan, there are no further reports. Clients may request additional plans or reports for a fee.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

BF does not receive any economic benefit, directly or indirectly from any third party for advice rendered to BF clients.

### **B. Compensation to Non -Advisory Personnel for Client Referrals**

BF does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

BF does not take custody of client accounts at any time. Custody of client's accounts is held primarily at the Custodian. Clients will receive account statements from the custodian and should carefully review those statements.

## **Item 16: Investment Discretion**

For those client accounts where BF provides ongoing supervision, BF maintains limited power of authority over client accounts with respect to securities to be bought and sold and amount of securities to be bought and sold. All buying and selling of securities is explained to clients in detail before an advisory relationship has commenced.

## **Item 17: Voting Client Securities (Proxy Voting)**

BF will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

BF does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither BF nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

BF has not been the subject of a bankruptcy petition in the last ten years.