

## Item 1. Cover Page

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ADV Part 2A of Form ADV Investment Advisor Brochure



# BYRNE & COMPANY

## WEALTH MANAGEMENT, LLC

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Firm CRD # 160581

March 26, 2024

This Form ADV Part 2A ("Brochure") provides information about Byrne & Company Wealth Management, LLC and its business to clients and prospective clients. If you have any questions about the contents of this Brochure, please contact us using one of the methods listed above. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration of an investment advisor does not imply any certain level of skill or training.

Additional information about our firm is available on the SEC's website at: [adviserinfo.sec.gov](https://adviserinfo.sec.gov). Our CRD # is 160581.



## Item 2. Material Changes

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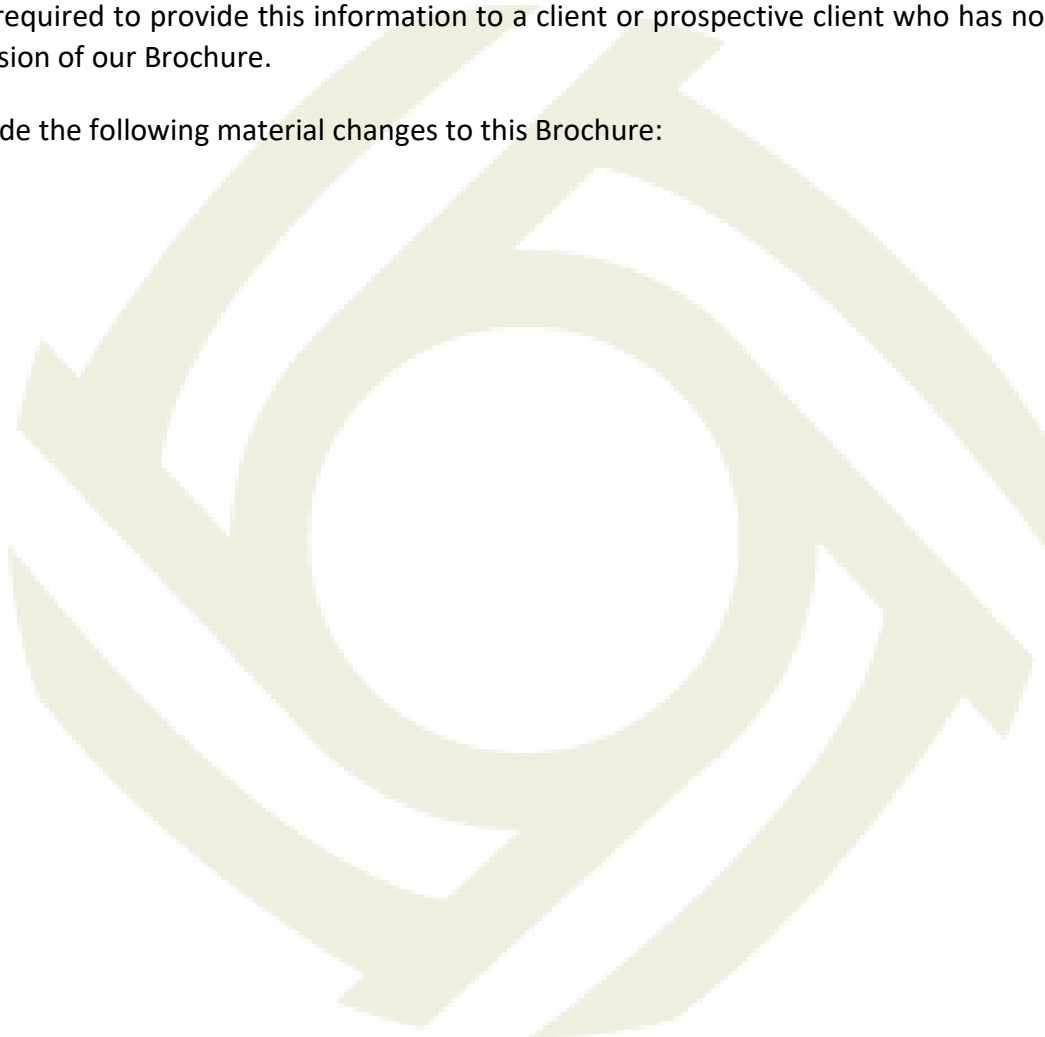
Byrne & Company Wealth Management, LLC is required to advise clients and prospective clients of any material changes to our Firm Brochure ("Brochure") from our last annual update dated January 10, 2023.

Clients will receive a summary of any material changes to our Brochures no later than April 30<sup>th</sup> each year (120 days after our fiscal year-end). At that time, we will offer a full copy of the current Disclosure Brochure with details of all material changes. We will also promptly provide interim material change disclosures, as necessary.

We are not required to provide this information to a client or prospective client who has not received a previous version of our Brochure.

We have made the following material changes to this Brochure:

None.



## Item 3. Table of Contents

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## Item 4. Advisory Business

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### FIRM DESCRIPTION

Byrne & Company Wealth Management, LLC (“we,” “us,” “our,” or “BCWM”) a Washington Limited Liability Company, was formed in 2012 and is 100% owned by Kevin Byrne, who is responsible for the overall investment strategy and management of client portfolios. We refer to current and prospective clients of BCWM as “you,” “your,” or “client.”

### TYPES OF ADVISORY SERVICES

BCWM offers Investment Management, Financial Planning, and Qualified Retirement Plan Services. These services are personalized for each client and only provided to those clients with whom we have entered into an agreement for that specific service.

#### Investment Management Services

With discretionary or non-discretionary Investment Management Services, BCWM offers comprehensive financial planning to clients who enter into a written Investment Advisory Agreement with us. We provide our services on an ongoing basis guided by your individual needs. We assist in identifying your investment goals and individual needs although it is your responsibility to provide information specific to your investment goals, time horizon, risk tolerance, and other financial circumstances. Our services are provided specifically for the assets you authorize - and we agree - to manage; they may not include all holdings or net worth.

#### Financial Planning/Investment Consulting Services

BCWM offers Financial Planning/Investment Consulting Services for those clients who enter into an hourly agreement with us. You will be provided with a written plan consistent with the scope of the engagement described in your agreement. The financial plans provided may not address all potential aspects of financial planning.

All reports, financial statements or analyses are provided exclusively for use in developing and implementing your financial plan. It is likely that there will be material differences between projected and actual results because future events vary and circumstances frequently change.

Our analyses are highly dependent on economic assumptions. Therefore, familiarity with historical data regarding key assumptions such as inflation, expenditures, and investment rates of return, as well as an understanding of how these assumptions affect the results of our analyses, is important. We may counsel on the consistency of these assumptions with relevant historical data, but we cannot express any assurance as to the accuracy or reasonableness of the specific data and assumptions. It is ultimately your responsibility to verify the assumptions and personal data upon which projections are based. The financial plan assumptions and reports are primarily a tool to alert you to certain possibilities. The reports are not intended to, nor do they provide any guarantee of, future events including investment returns. The implementation of the plan is solely your responsibility, and you are under no obligation to implement your plan through BCWM.

## **Qualified Retirement Plan Services**

BCWM offers Qualified Retirement Plan Services to plan sponsors who enter into a written 401(k) agreement. BCWM and our investment advisor representatives provide non-discretionary investment advice which includes recommendations and investment alternatives for the plan. We may agree to meet with you and your employees periodically to discuss the plan and the plan investments.

## **TYPES OF INVESTMENTS USED**

We consider many different types of securities when formulating our investment advice. We will evaluate your existing investments regarding your financial goals, risk tolerance, and investment time horizon, among other things. Depending on the situation, account(s) managed by us may contain one or more of the following: individual stocks, individual bonds, mutual funds, or exchange-traded funds ("ETFs"). In some situations, we may recommend that options be part of your investment portfolio.

Negatively correlated mutual funds or ETFs may be an investment we recommend in an attempt to reduce the volatility of your portfolio. Negatively correlated mutual funds or ETFs may rise in value while the general stock market declines and vice versa. The addition of negatively correlated investments does not in any way guarantee that the volatility, draw down, or loss of portfolio principal will be lower nor that it will increase long-term portfolio performance.

It is vital for you to inform us of any changes to your financial situation, including your goals, or investment time horizon.

## **CLIENT-TAILORED RELATIONSHIPS**

As a fiduciary to all our clients, BCWM always acts solely in your best interest. We offer the same suite of services to all clients. However, financial plans and their implementation are dependent upon your specific situation (income, tax levels, and risk tolerance levels) and are used to aid in the selection of a portfolio that matches your risk tolerance, needs, and targets. For clients engaged under an investment management agreement, our services are generally most appropriate for those with at least \$500,000 in investable assets.

You may impose restrictions related to investing in certain securities or types of securities in accordance with your values or beliefs. However, if the restrictions prevent us from properly servicing your account(s), or if the restrictions would require us to deviate from our standard suite of services, we reserve the right to end the relationship.

## **IMPORTANT INFORMATION FOR RETIREMENT INVESTORS**

When we recommend that you rollover retirement assets or transfer existing retirement assets (such as a 401(k) or an IRA) to our management, we have a conflict of interest. This is because we will generally earn additional revenue when we manage more assets. In making the recommendation, however, we do so only after determining that the recommendation is in your best interest. Further, in making any recommendation to transfer or rollover retirement assets, we do so as a "fiduciary," as that term is defined in ERISA or the Internal Revenue Code, or both. We also acknowledge we are a fiduciary under ERISA or the Internal Revenue Code with respect to our ongoing investment advisory recommendations and

discretionary asset management services, as described in the advisory agreement we execute with you. To the extent we provide non-fiduciary services to you, those will be described in the advisory agreement.

## **PARTICIPATION IN WRAP FEE PROGRAMS**

We do not offer or participate in a Wrap Fee Program.

## **ASSETS UNDER MANAGEMENT**

As of December 31, 2023, BCWM managed approximately \$114,484,000 of client assets. Of this amount, approximately \$112,869,000 was on a discretionary basis, and approximately \$1,615,000 was on a non-discretionary basis.

## **Item 5. Fees & Compensation**

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### **INVESTMENT MANAGEMENT SERVICES FEE**

Investment Management Services are charged an Assets Under Management (AUM) fee based on a percentage of the value of assets managed. The annual fee is billed on a pro rata basis each quarter, in advance, and is based on the value of the account on the last day of the previous quarter. For the initial quarter, the AUM fee is calculated on a pro rata basis based on the number of days the account is open during the quarter and is paid at the beginning of the next quarter. The custodian holding your assets provides all valuations for billing purposes. BCMW does not under any circumstances independently value holdings in your account(s). The following fee schedule is a sample of our fee schedule for AUM and is negotiable at our sole discretion.

| <b>Assets Under Management</b> | <b>Annual Fee %</b> |
|--------------------------------|---------------------|
| \$0 to \$500,000               | 1.00                |
| \$500,001 to \$1,000,000       | 0.85                |
| \$1,000,001 to \$2,000,000     | 0.75                |
| \$2,000,001 to \$4,000,000     | 0.50                |
| \$4,000,001 and Above          | Negotiable          |

We do not impose a minimum fee or account size; however, as noted above, our Investment Management Services are most appropriate for clients with at least \$500,000 in investable assets.

Fees are generally deducted directly from your account at the custodian per your written authorization. You may designate a specific account from which fees will be deducted. In limited circumstances, clients may also pay fees via check directly to us. Any such arrangement will be described in your written agreement with us. Services under our agreement may be terminated by either party upon receipt of written notice. Upon termination, any pre-paid but unearned fees will be refunded within 30 days. Any fees accrued but not yet charged will be pro-rated and billed based on the date of termination.

## HOURLY FEE

Hourly Planning/Investment Consulting Services are charged a non-negotiable hourly rate of \$275. The total fee for our services is based on the amount of time required to complete the task. An estimate of billable hours to complete the project is included in the Service Agreement between us. Fees for our hourly services are billed in arrears upon completion of services. If our agreement is terminated prior to completion of services, any earned but unbilled fees will be invoiced to you with a description of services completed. Incomplete work will not be provided.

## QUALIFIED RETIREMENT PLAN SERVICES FEE

Qualified Retirement Plan Services are charged an annual fee based upon a percentage of the market value of qualified retirement plan assets.

Qualified Retirement Plan consulting fees are calculated on a tiered basis, are negotiable, and are payable quarterly, in arrears, based on the total value of assets on the last day of each quarter. Fees are deducted directly from the plan. In limited circumstances, clients may be invoiced directly.

- For plans under \$1,000,001, a flat annual fee of \$4,000 will be assessed quarterly in arrears. This fee may be higher than normally charged in the industry and similar services may be offered by another advisor at a lower fee.
- For plans over \$1,000,000, fees will be subject to the following fee schedule:

| Assets Under Management    | Annual Fee % |
|----------------------------|--------------|
| \$1,000,001 to \$2,000,000 | .37          |
| \$2,000,001 to \$3,000,000 | .31          |
| \$3,000,001 to \$4,000,000 | .23          |
| \$4,000,001 to \$5,000,000 | .18          |
| \$5,000,001 to \$6,000,000 | .15          |
| \$6,000,001 to \$7,000,000 | .12          |
| \$7,000,001 and above      | Negotiable   |

Our agreement may be terminated by either party at any time upon written notice. Any fees accrued but not yet assessed to the account will be assessed at termination of the agreement. Fees for partial periods will be pro-rated based on the number of days the account(s) was managed for the quarter.



## OTHER FEES

### Transaction Fees

Transaction fees (commissions) are paid directly to your custodian or broker-dealer for executing securities transactions. Any such fees will be fully disclosed by your custodian and are separate from any investment advisory fee paid to BCWM.

These fees may include:

- Trading Fees
- Periodic Distribution Fees
- Electronic Fund and Wire Transfer Fees
- Certificate Delivery Fees
- Reorganization Fees
- Account Transfer Fees (Outbound)
- Return Check Fees
- International Security Transfer Fees
- Overnight Mail and Check Fees
- Rule 144 Transfer Fees
- Transfer Agent Fees

This list is not meant to be all-inclusive. Please refer to Item 12 of this document for an explanation of our brokerage practices. BCWM does not receive any of the custodial commissions or custodial fees.

### Investment Company Fees

Investment company funds (e.g., mutual funds or ETFs) that we recommend have their own internal expenses which are paid directly to the investment company. Some funds charge 12b-1 fees, distribution fees and/or shareholder service fees to broker-dealers that offer investment company funds to their clients. Another type of fee that may be assessed is a redemption fee which is charged by some funds when shares are sold and redeemed within a short period of time. A complete explanation of these charges is contained in the prospectus or statement of additional information provided to you by each investment company.

### Outside Compensation

BCWM does not receive any compensation other than fees paid associated with Investment Advisory Fees, Hourly Fees, and Qualified Retirement Plan Fees.

## Item 6. Performance-Based Fees & Side-By-Side Management

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We do not charge advisory fees based on a share of the capital appreciation of funds or securities in client's accounts.

## Item 7. Types of Clients & Account Requirements

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We provide advisory services to a variety of clients including individuals, families, businesses, pension plans, and non-profit organizations.

**MINIMUM ACCOUNT SIZE**

We do not have a minimum account size for our services, however, as indicated above, we believe our Investment Management Services are most appropriate for clients with at least \$500,000 in investable assets.

**Item 8. Methods of Analysis, Investment Strategies & Risk of Loss**

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**METHODS OF ANALYSIS****Fundamental Analysis**

We use fundamental analysis to analyze investments by examining publicly available financial statements, quality of reports, company management, competitive advantages, competitors, and markets. This method of analysis produces a quantitative value to compare with the current market value of the investment. We attempt to identify investments that are selling for less than their intrinsic value, i.e., whether the investment is undervalued or overvalued.

**Technical Analysis**

We use technical analysis to inform us as to price, volume, and valuation. These tools scrutinize the ways in which supply and demand for a security will affect changes in price, volume, and implied volatility. We also use technical analysis derived from various charting tools to generate short-term trading signals. This can assist us in improving the evaluation of a security's strength or weakness relative to the broader market or one of its sectors.

**Macro-Economic Analysis**

While technical analysis can provide us with insight into how a stock is trading, we also consider various macro factors within the current economic environment. These factors include, but are not limited to growth, unemployment, inflation, interest rates, and exchange rates.

**INVESTMENT STRATEGIES****Tactical Asset Allocation**

We use Tactical Asset Allocation, an active management strategy, to adjust the allocation of assets in a portfolio, thereby taking advantage of potential market opportunities. We adjust our asset allocation according to our opinion of the valuation of the investments held in client accounts. This strategy may result in being over-weighted in a particular sector of the market that we feel will out-perform other investments. We may also underweight a particular sector of the market we feel will underperform other investments. The preference is to hold investments long-term, but BCWM may recommend the liquidation of a certain investment if, in our opinion, it is no longer in your best interest to hold such investment.

## **Core-Satellite**

We use a Core-Satellite investment approach to minimize cost, tax liability, and volatility. The core of the portfolio consists of passive investments that track major market indices. Additional investments are added to your portfolio in the form of actively managed investments.

## **RISK OF LOSS**

All investments involve some degree of risk. Risk refers to the degree of uncertainty and/or potential of financial loss in all, or part, due to an investment decision. In general, investment risks increase as potential return increases when investors aim for higher returns. BCWM uses several strategies designed to reduce risk. Despite these strategies, historical data shows all market sectors experience cyclical volatility. Other risks apply which may include but are not limited to:

### **Asset Class Risk**

An asset class is a group of securities that exhibit similar characteristics and behave similarly in the marketplace. Multiple asset classes are used for diversification purposes, as each class is expected to reflect different risk and return investment characteristics. They may perform differently in any given market environment. The three primary asset classes are equities, fixed income, and cash equivalents.

### **Equity-Related Securities Risk**

All equity investments have the potential to be volatile and experience dramatic fluctuations in share value. This fluctuation can be driven by social, political, governmental, or general economic issues within that corporation's country of origin. These investments may be more volatile than either fixed income or cash equivalents.

Prices of common stock (equities) react to the economic conditions of the company that issued the security, the industry within which the company operates, and other market conditions. The prices of these securities may fluctuate widely. Investments related to the value of stocks may rise and fall based on an issuer's actual or anticipated earnings, changes in management, the potential for takeovers and acquisitions, and other economic factors.

Securities of small-cap issuers (small public companies) may present greater risks than those of large-cap issuers (large public companies). For example, some small- and mid-cap issuers often have limited product lines, markets, or financial resources. Also, their securities may be thinly traded and may be followed by fewer investment research analysts. Therefore, they may be subject to higher volatility in revenues, expenses, earnings, and price. The market prices of small- and mid-cap securities generally are more sensitive to changes in earnings expectations, to corporate developments, and to market rumors than are the market prices of large-cap issuers.

### **Fixed Income Securities Risk**

Prices of fixed income instruments (e.g., bonds) can exhibit volatility and change daily. Fixed income investments present numerous risks including interest rate, duration, reinvestment, prepayment, and credit risk. Fluctuation in interest rates impact the value of fixed-income investments. For example, a rise in interest rates lowers the value of fixed income investments with fixed interest rates and vice versa. Fixed income investments with longer durations tend to be more volatile than those with shorter

durations. Reinvestment risk is the inability to invest future cash flows of the security at favorable rates. Prepayment risk refers to the premature return of principal on a fixed income security where the current interest rate environment for reinvestment is lower. Credit risk is the risk that the security's issuer defaults on its obligations.

### **Foreign Securities Risk**

The securities markets of many foreign countries, including emerging countries, have substantially less trading volume than the securities markets of the US. Securities of some foreign companies are less liquid and more volatile than securities of comparable US companies. As a result, foreign securities markets may be subject to greater influence than US markets by adverse political, social, and economic events. Foreign markets may also be affected by large investors' trading significant blocks of securities which may impact price through trading volume. Further, many foreign governments are less stable than the US government. While we typically gain exposure to foreign markets through Exchange-Traded Funds (ETFs), mutual funds, or similar pooled vehicles rather than investing directly in foreign securities, the limited liquidity of some foreign markets may affect our ability to acquire or dispose of securities at a price and at the time we think is advisable. We may also obtain exposure to foreign markets through debt securities with multi-national banks. These securities pose the risks associated with domestic fixed income securities, as well as the risks posed by foreign securities. Overseas investments are further subject to exchange rate risk, or fluctuations in the value of the dollar versus the local currency of the investment's originating country.

### **Options/Derivatives**

Purchasing a long option gives the buyer the right, but not the obligation, to buy or sell a particular security at a specified price before the expiration date of the option. When an investor writes (or sells) an option, if the buyer exercises the option prior to expiration, the investor is obligated to deliver to the buyer of the option a specified number of shares, a pre-determined price per share, or the calculated money difference. The seller receives a premium in exchange for writing the option. The potential loss on short (naked) call options is hypothetically unlimited and this is not a strategy we employ (we generally limit our options activity to writing covered calls or buying puts), but we may use ETFs, funds, or third-party managers to implement this strategy. Options are time-decaying assets that expire on pre-determined dates. Commission charges for option transactions may be higher than those assessed for other assets, such as individual equities.

### **Leveraged ETFs and Leveraged Inverse ETFs**

Leveraged ETFs seek to deliver multiples of the performance of the index or benchmark it tracks. Inverse ETFs (also called "short" funds) are negatively correlated investments to their benchmark that seek to deliver the opposite of the performance of the index or benchmark it tracks. Like traditional ETFs, leveraged and inverse ETFs track a broad range of indices. They may track specific sectors, commodities, currencies, or some other benchmark. Inverse ETFs often are marketed as a way for investors to profit from, or at least hedge their exposure to downward moving markets. Leveraged inverse ETFs (also known as "ultra-short" funds) seek to achieve a return that is a multiple of the inverse performance of the underlying index. An inverse ETF that tracks a particular index, for example, seeks to deliver the inverse of the performance of that index, while a 2x (two times) leveraged inverse ETF seeks to deliver double the opposite of that index's performance. These strategies do not guarantee specific performance and they may fail to achieve the desired goal.

To accomplish their objectives, leveraged and inverse ETFs pursue a range of investment strategies through the use of swaps, futures contracts, and other derivative instruments. Most leveraged and inverse ETFs “reset” daily, meaning that they are designed to achieve their stated objectives on a daily basis. Their performance over longer periods of time (weeks or months) can differ significantly from the performance (or inverse of the performance) of their underlying index or benchmark during the same period of time. This effect can be magnified in volatile markets.

There is always a risk that leveraged or inverse ETF will not meet their stated objectives on any given trading day. While there may be trading and hedging strategies that justify holding this investment longer than a day, because they reset each day, their performance can quickly diverge from the performance of the underlying index or benchmark. The longer these investments are held, the more their performance will diverge from the index due to these internal factors.

### **Short Selling**

We do not typically employ individual issue short selling in our client portfolios, but funds or ETFs purchased for clients may use short selling. We may also use short funds or ETFs on a limited basis in client portfolios. Short selling involves selling securities which are not owned. The securities are borrowed from the purchaser with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent such decline exceeds all costs of borrowing and transacting the securities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could increase without limit, thus increasing the cost to the client of buying those securities to cover the short position. There can be no assurance that the securities necessary to cover a short position are available for purchase at or near prices quoted in the market. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

### **Issuer Risk**

Issuer risk is the risk that the security’s issuer becomes insolvent. The investment value is dependent not only on the performance of the underlying asset but also on the creditworthiness and solvency of the issuer, which may change over the term of the investment.

### **Market Risk**

The value of a particular investment may drop in reaction to tangible or intangible events, and market conditions. This type of risk is caused by external factors independent of a security’s particular underlying circumstances. For example, political, economic, and social conditions may trigger market events.

### **Liquidity Risk**

Liquidity is the ability to convert an investment into cash. Investments that are normally liquid may become difficult or, in some cases, impossible to sell at an acceptable price during periods of economic instability or other emergency conditions.

### **Regulatory Risk**

The risk that a change in laws or regulations will materially impact a security, business, sector, or market. Also, lack of regulation can lead to business practices that may adversely affect the value of an investment.

**Concentration Risk**

Concentration risk is the risk of amplified losses that may occur from having a large portion of your holdings in a particular investment, asset class, or market segment relative to your overall portfolio.

**Operational Risk**

Operational Risk is the potential loss from inadequate or failed procedures, systems, or policies. This can include management and employee errors, system failures, or any event that disrupts business processes. BCWM operates with one principal executive who also serves as our Chief Investment Officer (CIO) which could generate potential risk from a negative event impacting his ability to operate as CIO.

**Item 9. Disciplinary Information**

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We are required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of our firm, or the integrity of our management. We have no information to disclose applicable to this Item.

**Item 10. Other Financial Industry Activities & Affiliations**

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Neither BCWM nor any of our management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither BCWM nor any of our management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

**Item 11. Code of Ethics, Participation, or Interest in Client Transactions & Personal Trading**

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To fulfill our responsibilities as a fiduciary, we have adopted a Code of Ethics (the "Code"). The Code incorporates the following general principles that all employees are expected to uphold: (1) putting the clients' interest first at all times; (2) conducting all personal securities transactions in such a manner to be consistent with the Code and to avoid any actual or potential conflict of interest or any abuse of an employee's position of trust and responsibility; (3) not taking inappropriate advantage of their position; (4) treating all client information as confidential, and (5) maintaining independence in the investment decision-making process.

In addition to guidelines regarding personal trading, the Code also addresses and governs the giving and receiving of gifts and entertainment, service on outside boards of directors and other outside business activities. Our personnel are required to certify compliance with the Code on a periodic basis.

Please contact us at the telephone number or email address listed on the first page of this Brochure if you would like to receive a full copy of our Code of Ethics.



**CONFLICTS RELATED TO BCWM OR ITS EMPLOYEES TRADING FOR THEIR OWN ACCOUNT.**

Investments by BCWM or its employees, for their own accounts, in securities that are also held in client accounts could give the perception of interfering with our fiduciary duty of making decisions which are in the best interest of our clients and could otherwise have a disadvantageous effect on the values, prices or trading strategies of client portfolios. Our personal trading policy has been developed to address this particular conflict by requiring all employee transactions be executed with, or after, all client trading has been completed for the day. In some cases, the trades of clients and advisory personnel will be combined in a single block trade and all trades will receive the same average price.

**Item 12. Brokerage Practices**

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**RECOMMENDATION OF A BROKER / CUSTODIAN; FACTORS CONSIDERED IN OUR RECOMMENDATIONS**

All client assets must be held with a “qualified custodian,” generally a broker-dealer or a bank. That custodian is said to have “custody” of your assets. BCWM does not maintain custody of your assets. However, the SEC may deem BCWM to have “custody” if you have given us the authority to withdraw assets from your account (to pay our fees or to direct funds to third parties you authorize. See Item 15—Custody, below).

Although we occasionally work with other broker/dealers and custodians, we recommend Charles Schwab & Co., Inc. (“Schwab”), a registered broker-dealer, member SIPC, as our primary qualified custodian. BCWM is independently owned and operated and is not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities as we instruct. While we recommend you use Schwab, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We don’t open the account for you, though we may assist you with the process and handle the administrative aspects.

We review a range of factors to determine whether the terms Schwab provides are most advantageous to you overall compared with other available providers and their services such as:

- Combination of transaction execution services and asset custody services, generally without a separate fee for custody
- Capability to execute, clear, and settle trades
- Capability to facilitate transfers and payments to and from accounts
- Breadth of available investment products
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services and willingness to negotiate prices
- Reputation, financial strength, security, and stability
- Availability of other products and services that benefit us, as discussed below

**Schwab’s Brokerage and Custody Costs**

Schwab generally does not charge clients 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. Schwab is

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also compensated by earning interest on the uninvested cash in Schwab's Cash Features Program or on any margin balance maintained in Schwab accounts, and from other ancillary services.

Schwab discloses its fees and costs, and we take those costs into account when executing transactions on your behalf. Most trades no longer incur commissions or transaction fees, though there are exceptions. For example, Schwab charges you a flat dollar amount as "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. In order to minimize your trading costs, we have Schwab execute most trades for your account. BCWM does not utilize "prime broker" or "trade away" transactions.

Certain mutual funds and ETFs are also made available for no transaction fee; as a result many confirmations show "no commission" for a particular transaction. Typically, the custodian (not BCWM) earns additional remuneration from such services as recordkeeping, administration, and platform fees, for the funds and ETFs on their no-transaction-fee lists. This additional revenue to the custodian will tend to increase the internal expenses of the fund or ETF. BCWM selects investments based on our assessment of several factors, including liquidity, asset exposure, reasonable fees, effective management, and low execution cost. Where we choose a no-transaction-fee fund or ETF, it is because it has met our criteria in all applicable categories.

### **Products and Services Available to BCWM from Schwab**

Schwab Advisor Services™ is the Schwab business that serves independent investment advisory firms like BCWM. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), some of which are not typically available to Schwab retail customers. Certain retail investors, though, may be able to get institutional brokerage services from Schwab without going through us or another advisor. Schwab also makes available various support services to us which help us manage or administer our clients' accounts; and which help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to ask for them) and at no charge to us. The following is a more detailed description of Schwab's support services.

### **Schwab's Services that Benefit Clients**

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. These services generally benefit you and your account.

### **Schwab's Services that do not Directly Benefit Clients**

Schwab makes available to us other products and services that benefit BCWM but do not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts and operating our firm. One such service is investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts,



including accounts not maintained at Schwab. In addition, Schwab also makes available software and other technology that:

- Provides access to client account data
- Facilitates trade execution and the allocation of blocked orders for multiple accounts
- Provides pricing and other market data
- Facilitates payment of BCWM's fees directly from your account, if authorized in your advisory agreement
- Assists with back-office functions such as recordkeeping and client reporting

### **Schwab's Services that Generally Benefit Only Us**

Schwab offers other services intended to help us manage and further develop our business enterprise, a number of which we do not utilize (such as access to employee benefits providers and marketing consulting). The services we do tend to use include:

- Consulting on technology and business needs
- Consulting on legal and compliance needs
- Educational conferences and events
- Publications and conferences on practice management, business management, and industry data

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or pays all or a part of a third party's fees. If you did not maintain your account with Schwab, we would be required to pay for these services from our own resources. The software, technology, and account access Schwab provides create an operational and compliance benefit for BCWM that does not necessarily translate directly into a client benefit. While we believe that Schwab is quite competitive and provides good value to our clients overall, the efficiencies provided to BCWM create an incentive for us to recommend Schwab over other custodians, even though other custodians offer similar services and support. In some cases, this means that clients could pay more for custody and execution through Schwab than through others. This is a conflict of interest which we mitigate through disclosure. We also review the capacities and costs of Schwab regularly to ensure that our clients are receiving quality executions and competitive pricing, as well as more intangible service benefits.

### **DIRECTED BROKERAGE**

Because we execute your investment transactions through the custodian holding your assets, we are effectively requiring that you "direct" your brokerage to your custodian, absent other specific instructions as discussed below. Because we are not choosing brokers on a trade-by-trade basis, we may not be able to achieve the most favorable executions for clients and this may ultimately cost clients more money. Not all investment advisors require directed brokerage.

We do not use, recommend, or direct activity to brokers in exchange for client referrals. Although not a normal business practice for BCWM, we may permit clients to direct us to use brokers other than the custodian. If we agree to accommodate your request to do this, we will likely have little or no ability to

negotiate commissions or influence execution price, and you will also not benefit from any trade aggregation we may implement for other clients. This may result in greater costs to you.

## **AGGREGATED OR BLOCK TRANSACTIONS**

When we decide to purchase or sell a specific security for multiple clients at the same time, we will generally aggregate client transactions with those of other client accounts at the same custodian. This results in client trades being executed and billed at the same price.

When we choose to place a block transaction, we issue instructions to purchase a particular number of shares or face amount of a security and all participating clients and their pro-rated shares of the block are known at the time of the transaction. We generally trade in liquid securities and partial allocations are not a concern under normal market conditions. However, should we not receive the full amount of the requested, or if multiple executions are required, the following apply:

- If the full amount we requested is not obtained (and we determine to stop trading), we will pro-rate the purchased shares equally across all participating accounts. However, if employee transactions are included in the block and only a partial fill is completed, employee transactions are excluded (per our Code) until all client trades are completed.
- If multiple fills occur during the same day to complete the full block, then all purchases are averaged to price and each participating client receives their full allocation at that average price.

## **TRADE ERRORS POLICY**

From time to time, an error in submitting a trade order on your behalf may take place. When this occurs, BCWM may place a correcting trade with the broker-dealer which has custody of your account. BCWM will take the appropriate measures to return your account to its intended position.

## **RESEARCH AND OTHER SOFT DOLLAR BENEFITS**

We do not have any traditional “soft dollar” arrangements in place, in which we agree to direct a certain amount of commission dollars to a specific custodian in exchange for research or other services. Rather, the services described in this Item 12 are made available to us simply because we maintain client accounts on the custodian platform.

BCWM uses Schwab’s Institutional services to service all or a substantial number of our client accounts.

The availability to take advantage of the foregoing products and services is not contingent upon us committing to a custodian any specific amount of business (assets in custody or trading commissions). In some cases, clients could pay more for custody and execution through Schwab (or other custodian we recommend) than through others. We review the capacities and costs of custodian regularly to ensure that our clients are receiving quality executions and competitive pricing, as well as more intangible service benefits.

As part of our fiduciary duty to our clients, we endeavor at all times to put the interest of our clients first. We want our clients to be aware that the utilization of the above benefits and services from a custodian

creates a conflict of interest, as this could indirectly influence our choice of either broker-dealer for both custody and brokerage services. We review our choice of custodians on an annual basis to reaffirm the health of each entity, the quality of executions, and the additional services provided by the custodian. We believe our selection of Schwab as custodian and broker is in the best interest of our clients because of the scope, quality, and price of their services.

## **BEST EXECUTION**

As indicated above, we typically require that clients open brokerage/custodial accounts at custodians not affiliated with us – typically Schwab. We are not compensated directly for recommending custodians to clients, though we may receive indirect economic benefits from those custodians as outlined above. The criteria for recommending a custodian include reasonableness of commissions and other costs of trading, ability to facilitate trades, securities lending needs, access to client records, computer trading support and other operational considerations. These factors are reviewed from time to time to ensure that the best interests of our clients are upheld.

In seeking “best execution” for clients, the key factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into account the full range of services, including execution capability, technological processes used for submitted trades and other valuation services.

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

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### **REVIEWS**

BCWM monitors investment advisory portfolios as part of a continuous and ongoing process, and we review all investment advisory accounts no less than quarterly. We evaluate consistency with the investment strategy and for performance. Portfolio reviews may be triggered by changes in your personal, tax, or financial status. Macroeconomic and company-specific events may also trigger reviews. You are encouraged to notify BCMW if changes occur in your financial situation that may impact your investment plan. Financial plans are reviewed only upon request unless you retain us to update the plan on a continuous basis.

### **REPORTS**

You will receive brokerage statements no less than quarterly from your qualified custodian. These account statements describe all activity in your account(s) including account holdings, transactions, and investment advisory fees deducted from the account. All Investment Management clients receive written reports quarterly from BCWM.

## **Item 14. Client Referrals & Other Compensation**

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BCWM receives a benefit from Charles Schwab & Co., Inc. (“Schwab”) in the form of support products and services made available to independent investment advisors whose clients maintain accounts at Schwab. These products and services are discussed in greater detail above in Item 12 - Brokerage Practices. BCWM does not receive an economic benefit, directly or indirectly, from any other third party for advice rendered

to our clients, nor does BCWM, directly or indirectly, compensate any person or third party for client referrals.

## **Item 15. Custody**

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All client funds and securities are maintained with a qualified custodian; we don't take physical possession of client assets. You will receive account statements and transaction confirmation notices directly from the Custodian at least quarterly, which you should carefully review. We urge you to carefully compare the Custodian's account statements with the periodic data you receive from us and to notify us promptly of any discrepancies.

We have the ability to deduct our advisory fees directly from your accounts based on your written authorization to do so, and this ability is technically considered "custody" but doesn't require separate reporting or a surprise audit of BCWM. In addition, in some cases clients execute Standing Letters of Authorization ("SLOAs"), which are written directives from the client authorizing us to initiate payments from their custodial accounts to client-specified third parties. Although SLOAs are client-initiated and client-authorized, our ability to facilitate the payments covered by the SLOAs is considered "custody" under SEC guidance and requires us to report that we have custody over these account assets on our ADV 1A. To the extent the SLOAs comply with certain conditions, however, including that clients have the right to terminate the SLOA, and that the qualified custodian will confirm the status of the SLOA annually directly with the client, BCWM is not subject to a surprise custody audit.

## **Item 16. Investment Discretion**

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As indicated in Item 4, above, we provide discretionary investment management services. Our discretionary authority is pursuant to the written agreement between you and BCWM. BCWM requires you to provide any limitations or investment restrictions in writing.

## **Item 17. Voting Client Securities**

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BCWM does not have any authority to and does not vote proxies on behalf of any advisory clients. You retain responsibility for receiving and voting proxies for any and all securities maintained in your accounts. If you request, we will provide information or our professional insight into various matters related to your proxies. For investment accounts governed by ERISA (i.e. pension or other employee benefit plans), BCWM does not accept the right to vote, as it is expressly reserved for the client or plan fiduciary.

## **Item 18. Financial Information**

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BCWM does not have any financial commitment that impairs our ability to meet contractual and fiduciary commitments to our clients and neither BCWM nor its management persons have been the subject of a bankruptcy proceeding. We do not require prepayment of over \$1200 in fees per client, six or more months in advance.