

# Bright Futures Wealth Management, LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Bright Futures Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at (585) 231-1595 or by email at: [keith.condemi@ceteraadvisors.com](mailto:keith.condemi@ceteraadvisors.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 Bright Futures Wealth Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) Bright Futures Wealth Management, LLC's CRD number is: 284920.*

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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 since the last annual update on 03/22/2023 are described below. Material changes relate to Bright Futures Wealth Management, LLC's policies, practices or conflicts of interests.

- Charles Schwab & Co., Inc. Advisor Services has acquired TD Ameritrade. Due to this acquisition clients of Bright Futures Wealth Management, LLC have transitioned from TD Ameritrade to Charles Schwab & Co., Inc. Advisor Services. (Items 12 and 14)

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

Bright Futures Wealth Management, LLC (hereinafter “BFWM”) is a Limited Liability Company. The firm became a registered investment adviser in 2017 and the principal owner is Keith Edward Condemi. Minority owners are Bruce A. Berman, Lourdes M. DeJesus, Collin R. Fingon, Melissa M. Florin, Craig D. LeFeber, Martin E. Paul, Jeffrey Smith, Sharon Ifrach, and Robert N. Richard.

### B. Types of Advisory Services

#### *Portfolio Management & Selection of Other Advisers*

BFWM offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. BFWM creates an Investment Policy Statement for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels). Portfolio management services include, but are not limited to, the following:

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

BFWM may also direct clients to third-party investment advisers to manage all or a portion of the client’s assets. Before selecting other advisers for clients, BFWM will always ensure those other advisers are properly licensed or registered as an investment adviser.

BFWM evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. BFWM 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.

BFWM seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of BFWM’s economic, investment or other financial interests. To meet its fiduciary obligations, BFWM attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, BFWM’s policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is BFWM’s policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

## ***Pension Consulting Services***

BFWM offers ongoing consulting services to pension or other employee benefit plans (including but not limited to 401(k) plans). Pension consulting may include, but is not limited to:

- identifying investment objectives and restrictions
- providing guidance on various assets classes and investment options
- providing advice regarding qualified default investment alternatives (“QDIA”) for participants who fail to make an investment election
- recommending money managers to manage plan assets in ways designed to achieve objectives
- monitoring performance of money managers and investment options and making recommendations for changes
- recommending other service providers, such as custodians, administrators and broker-dealers
- creating a written pension consulting plan

These services are based on the goals, objectives, demographics, time horizon, and/or risk tolerance of the plan and its participants.

## ***Financial Planning***

Financial plans and financial planning may include, but are not limited to: investment, retirement, college, business, divorce, insurance, debt, credit, tax, and estate planning.

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

BFWM generally limits its investment advice to registered investments including mutual funds, fixed income securities, options, real estate funds (including REITs), insurance products including annuities, equities, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds, non-U.S. securities and/or private placements. BFWM may use other securities (such as alternatives) as well to help diversify a portfolio when applicable.

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

BFWM offers the same suite of services to all of its clients. Specific client investment strategies and their implementation are dependent upon the client’s Statement of Investment Objectives which outlines each client’s current situation (income, tax levels, and risk tolerance levels). Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. All restrictions must be provided in writing to BFWM and BFWM must provide written confirmation either accepting or not accepting any of the restrictions. However, if the restrictions prevent BFWM from properly servicing the client account, or if the restrictions would require

BFWM to deviate from its standard suite of services, BFWM reserves the right to end the relationship.

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

BFWM participates in and sponsors a wrap fee program, which is an investment program where the client pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. BFWM manages the investments in the wrap fee program, but does not manage those wrap fee accounts any differently than it would manage non-wrap fee accounts. Fees paid under the wrap fee program will be given to BFWM as a management fee. However, this brochure describes BFWM's non-wrap fee advisory services; clients utilizing BFWM's wrap fee portfolio management should see the separate Wrap Fee Program Brochure. Further, the custodian selected by BFWM may be the sponsor of a wrap program. In this case, the custodian assesses one fee to the client and remits the advisory fee to BFWM.

#### **E. Assets Under Management**

BFWM has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-Discretionary Amounts:</b>	<b>Date Calculated:</b>
\$ 388,387,230	\$0.00	December 2023

### **Item 5: Fees and Compensation**

#### **A. Fee Schedule**

##### *Portfolio Management & Selection of Other Advisers Fees*

<b>Total Assets Under Management</b>	<b>Maximum Annual Fees</b>
\$0 - \$10,000	2.50%
\$10,001 - \$250,000	2.50%
\$250,001 - \$500,000	2.25%
\$500,001 - \$1,000,000	1.75%
\$1,000,001 - \$2,500,000	1.50%
\$2,500,001 - \$5,000,000	1.25%
\$5,000,001 - \$100,000,000	1.00%

*The advisory fee is calculated using the value of the assets on the last business day of the prior billing period.*

These fees are generally negotiable and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Clients may terminate the agreement without penalty and may receive a refund of BFWM's fees within five business days of signing the Investment Advisory Contract, if fees are paid in advance. Thereafter, clients may terminate the Investment Advisory Contract generally with 30 days' written notice.

### ***Pension Consulting Services Fees***

#### **Fixed Fees**

The rate for creating client pension consulting plans is up to \$50,000.

#### **Hourly Fees**

The hourly fee for these services is between \$100 and \$300.

#### **Asset-Based Fees**

<b>Total Assets Under Management</b>	<b>Maximum Annual Fees</b>
\$0 - \$10,000	2.50%
\$10,001 - \$250,000	2.50%
\$250,001 - \$500,000	2.25%
\$500,001 - \$1,000,000	1.75%
\$1,000,001 - \$2,500,000	1.50%
\$2,500,001 - \$5,000,000	1.25%
\$5,000,001 - \$100,000,000	1.00%

*The advisory fee is calculated using the value of the assets on the last business day of the prior billing period.*

These fees are generally negotiable and the final fee schedule is attached as Exhibit II of the pension consulting agreement. Clients may terminate the agreement without penalty and may receive a refund of BFWM's fees within five business days of signing the Investment Advisory Contract, if fees are paid in advance. Thereafter, clients may terminate the pension consulting agreement generally with 30 days' written notice.



## ***Financial Planning Fees***

### **Fixed Fees**

The negotiable fixed fee for financial planning is up to \$50,000.

### **Hourly Fees**

The negotiable hourly fee for financial planning is between \$100 and \$300.

These fees are generally negotiable and the final fee schedule is attached as Exhibit II of the financial planning agreement. Clients may terminate the agreement without penalty for a full refund of BFWM's fees within five business days of signing the financial planning agreement. Thereafter, clients may terminate the financial planning agreement generally with 30 days' written notice.

## ***Consulting Fees***

### **Fixed Fees**

The negotiable fixed fee for consulting is up to \$50,000.

### **Hourly Fees**

The negotiable hourly fee for consulting is between \$100 and \$300.

These fees are generally negotiable and the final fee schedule is attached as Exhibit II of the financial planning agreement. Clients may terminate the agreement without penalty for a full refund of BFWM's fees within five business days of signing the financial planning agreement. Thereafter, clients may terminate the financial planning agreement generally with 30 days' written notice.

## **B. Payment of Fees**

### ***Payment of Portfolio Management & Selection of Other Advisers Fees***

Asset-based portfolio management fees are withdrawn directly from the client's accounts on a quarterly basis, with prior client's written authorization. Fees may be paid in advance or in arrears, please reference Exhibit II of your BFWM Advisory Contract for which.

### ***Payment of Pension Consulting Fees***

Asset-based pension consulting fees are either withdrawn directly from the client's accounts with client's prior written authorization or billed directly to the client payable

via check or wire; the plan may select the method in which it is billed. Please reference Exhibit II of your Investment Advisory Contract for how fees will be charged.

Fixed pension consulting fees are paid via check or wire. These fees are paid 50% in advance, but never more than six months in advance, with the remainder due upon presentation of the plan.

Hourly pension consulting fees are paid via check or wire. These fees are paid 50% in advance, but never more than six months in advance, with the remainder due upon presentation of the plan.

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

Financial planning fees are paid via check or wire, 50% in advance, but never more than six months in advance, with the remainder due upon presentation of the plan.

### ***Payment of Consulting Fees***

Consulting fees are paid via check or wire, no more than \$450 in advance. Written invoices will be sent to the client for all future fees in arrears, payable within 30 days of the invoice.

## **C. Client Responsibility For Third Party Fees**

This brochure describes BFWM's non-wrap fee advisory services; clients utilizing BFWM's wrap fee portfolio management should see the separate Wrap Fee Program Brochure. Client accounts not participating in the wrap fee program are responsible for the payment of all third party fees (i.e., custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by BFWM. Please see Item 12 of this brochure regarding broker/custodian relationships.

## **D. Prepayment of Fees**

Refunds of fees for accounts billed in advance will be returned within thirty days to the client via check, or return deposit back into the client's account.

For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

Fixed fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination.

For hourly fees that are collected in advance, the fee refunded will be the balance of the fees collected in advance minus the hourly rate times the number of hours of work that has been completed up to and including the day of termination.

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

Certain BFWM personnel are insurance agents and/or registered representatives of a broker-dealer. In these roles, they accept compensation for the sale of investment products to BFWM clients. Please also see Item 10 below.

### ***1. This is a Conflict of Interest***

Supervised persons may accept compensation for the sale of investment products, including asset based sales charges or service fees from the sale of mutual funds to BFWM's clients. This presents a conflict of interest and gives the supervised person an incentive to recommend products based on the compensation received rather than on the client's needs. When recommending the sale of investment products for which the supervised persons receives compensation, BFWM will document the conflict of interest in the client file and inform the client of the conflict of interest.

### ***2. Clients Can Purchase Recommended Products From Other Brokers***

Clients always have the option to purchase BFWM recommended products through other brokers or agents that are not affiliated with BFWM.

### ***3. Commissions are not BFWM's primary compensation for advisory services***

Commissions are not BFWM's primary source of compensation for advisory services.

### ***4. Advisory Fees in Addition to Commissions or Markups***

Advisory fees that are charged to clients are not reduced to offset the commissions or markups on investment products recommended to clients.

In addition to advisory fees, your Advisor may earn sales incentives or awards from Cetera Advisors, LLC ("Cetera") based on the value of assets under management, investment products sold, number of sales, client referrals, amount of new deposits or amount of new accounts at Cetera. Your Advisor may also receive forgivable loans from Cetera, which are conditioned on your advisor retaining Cetera's broker-dealer and/or registered investment advisor services. This additional economic benefit creates a conflict of interest for your Advisor to retain affiliation with Cetera in order to avoid re-payment on a loan. Cetera and BFWM maintain a Code of Ethics requiring your Advisor to always act in your best interest and maintain a supervisory structure to monitor the advisory activities of your Advisor in order to reduce potential conflicts

of interest. For any Advisor who receives the above compensation or economic benefits from Cetera, it will be disclosed on that Advisor's ADV 2B.

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

BFWM 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**

BFWM generally provides advisory services to the following types of clients:

- ❖ Individuals/Estates
- ❖ Accredited Investors
- ❖ Entities (Corporations, Partnerships, Non-Profits)
- ❖ Trusts
- ❖ Pension and Profit Sharing Plans

There is no account minimum for any of BFWM's services.

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

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

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

BFWM's methods of analysis including, but not limited to Charting analysis, Cyclical analysis, Fundamental analysis, Modern portfolio theory, Quantitative analysis or Technical analysis.

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

**Cyclical analysis** involves the analysis of business cycles to find 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.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

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

### *Investment Strategies*

BFWM uses long term trading, margin transactions or options trading (including covered options, uncovered options, or spreading 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 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.

**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, then it changes the very cycles these investors are trying to exploit.

**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.

**Modern portfolio theory** assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The

implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

**Quantitative analysis** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

**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 take into account new patterns that emerge over time.

**Investing involves risks that may not be articulated above.**

### *Investment Strategies*

BFWM's use of margin transactions or options trading generally holds greater risk. Clients should be aware that there is a material risk of loss using any of these strategies.

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Margin transactions** use leverage that is borrowed from a brokerage firm as collateral. When losses occur, the value of the margin account may fall below the brokerage firm's threshold thereby triggering a margin call. This may force the account holder to either allocate more funds to the account or sell assets on a shorter time frame than desired.

**Options transactions** involve a contract to purchase a security at a given price, not necessarily at market value, depending on the market. This strategy includes the risk that an option may expire out of the money resulting in minimal or no value, as well as the possibility of leveraged loss of trading capital due to the leveraged nature of stock options.

**Selection of Other Advisers:** BFWM's selection process cannot ensure that money managers will perform as desired and BFWM will have no control over the day-to-day operations of any of its selected money managers. BFWM would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift" or even regulatory breaches or fraud.

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

### C. Risks of Specific Securities Utilized

BFWM's use of margin transactions or options trading generally holds greater risk of capital loss. Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds and Agency Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked and agency bonds are dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed "electronic shares" not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

**Real estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Private placements** carry a substantial risk as they are subject to less regulation than are publicly offered securities, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and the liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets.

**Options** are contracts to purchase a security at a given price, risking that an option may expire out of the money resulting in minimal or no value. An uncovered option is a type of options contract that is not backed by an offsetting position that would help mitigate risk. The risk for a “naked” or uncovered put is not unlimited, whereas the potential loss for an uncovered call option is limitless. Spread option positions entail buying and selling multiple options on the same underlying security, but with different strike prices or expiration dates, which helps limit the risk of other option trading strategies. Option transactions also involve risks including but not limited to economic risk, market risk, sector risk, idiosyncratic risk, political/regulatory risk, inflation (purchasing power) risk and interest rate risk.

**Alternative Investments** are investments that cover a wide variety of investments (including structured products) and strategies, which share the ability to pursue unique return streams from those offered by traditional stock and bond investments.

**Non-U.S. securities-** present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

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



## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

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

Certain supervised persons of BFWM are registered representatives of Cetera Advisors, LLC, a registered broker-dealer.

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

Neither BFWM nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

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

Certain supervised persons of BFWM are investment adviser representatives of Cetera Advisors, LLC, a registered investment adviser firm. In addition, supervised persons of the firm are licensed insurance agents and a real estate broker. The firm also has related persons which are an insurance agency and an accounting firm.

The supervised persons will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. BFWM may also have business dealings with the related

persons involving advisory clients. BFWM always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services of any representative of BFWM in connection with such individual's activities outside of BFWM or the services of any related person of BFWM.

Some supervised persons are also licensed insurance agents. From time to time, they will offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. BFWM always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients always have the right to decide whether or not to utilize the services of any representative of BFWM in such individual's outside capacities.

They will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. BFWM always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services of any representative of BFWM in connection with such individual's activities outside of BFWM.

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

BFWM may direct clients to third-party investment advisers to manage all or a portion of the client's assets. BFWM will be compensated via a fee share from the advisers to which it directs those clients. This relationship will be memorialized in each contract between BFWM and each third-party advisor. The fees shared will not exceed any limit imposed by any regulatory agency. This creates a conflict of interest in that BFWM has an incentive to direct clients to the third-party investment advisers that provide BFWM with a larger fee split. BFWM will always act in the best interests of the client, including when determining which third-party investment adviser to recommend to clients. BFWM will ensure that all recommended advisers are licensed or notice filed in the states in which BFWM is recommending them to clients.

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

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

BFWM has 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. BFWM's Code of Ethics is available free upon request to any client or prospective client.

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

Client approval will be sought for client investment in such recommendations and, if granted, such approval will be binding. If a principal transaction arises, BFWM will only execute such transaction with the consent of the applicable client. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of a related person, buys from or sells any security to any advisory client.

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

From time to time, representatives of BFWM may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of BFWM to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. BFWM will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage 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 BFWM may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of BFWM to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, BFWM will never engage in trading that operates to the client's disadvantage if representatives of BFWM buy or sell securities at or around the same time as clients.

## **Item 12: Brokerage Practices**

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

BFWM does not maintain custody of your assets on which we advise, although we may be 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 brokerdealer, 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/you instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so. If yes, you will open your account with Schwab by entering into an account agreement directly with them. Conflicts of interest associated with this arrangement are described below as well as in Item 14 (Client referrals and other compensation). You should consider these conflicts of interest when selecting your custodian. We do not open the account for you, although we may assist you in doing so. If you do not wish to place your assets with Schwab, then we may not be able to manage your account. 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”).

#### How we select brokers/custodians

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

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
  - Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded 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 the prices
- Reputation, financial strength, security, and stability
- Prior service to us and our clients
- Availability of other products and services that benefit us, as discussed below (see “Products and services available to us from Schwab”)

#### Your brokerage and trading 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 U.S. exchange-listed equities and ETFs) may 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 types of accounts and upon our request, Schwab will charge you a percentage of the dollar amount of assets in the account in lieu of commissions, where we have determined that

this pricing structure is appropriate for your account. *[Schwab's [commission rates [and/or] asset-based fees] applicable to our client accounts were negotiated based on the condition that our clients collectively maintain.* In cases where we choose to execute a trade with different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, to minimize your trading costs, we have Schwab execute most trades for your account. We are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. Although we are not required to execute all trade through Schwab, 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"). By using another broker or dealer you may pay lower transaction costs.

#### Products and services available to us from Schwab

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like ours. 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. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through our firm. 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 at no charge to us. Following is a more detailed description of Schwab's support services:

#### 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. Services that do 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 and operating our firm. 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, record keeping, and client reporting

#### 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 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 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. Schwab also provides us with other benefits, such as occasional business entertainment of our personnel. If you did not maintain your account with Schwab, we would be required to pay for these services from our own resources.

#### Our interest in Schwab's services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't 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.]** The fact that we receive these benefits from Schwab is an incentive for us to recommend the use of Schwab rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. It is possible the services that Schwab pays for are provided by an affiliate of ours or by another party that has some pecuniary, financial, or other interests in us. This creates an additional conflict of interest.] We believe, however, that taken in the aggregate, our recommendation 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.

**BFWM will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.**

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

See Item 14.

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

BFWM 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***

We do not recommend, request, require, or permit our clients to direct us to execute transactions through a specific broker-dealer.

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

If BFWM buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, BFWM would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. BFWM would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

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

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

All client accounts for BFWM's advisory services provided on an ongoing basis are reviewed and documented at least annually by the IAR's of BFWM, with regard to clients' respective investment policies and risk tolerance levels. All portfolios at BFWM are reviewed by the respective Investment Policy Committees at least monthly. The BFWM Compliance Committee will periodically review the IAR annual reviews and Investment Policy Committee adherence to these parameters.

All financial planning contracts are reviewed upon financial plan contract acceptance and financial plan completion and delivery is reviewed by a member of the BFWM Compliance Committee.

All Consulting services will be reviewed upon receipt of the consulting contract acceptance and invoice and corresponding payment.

## **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).

With respect to financial plans, BFWM's services will generally conclude upon delivery of the financial plan.

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

Each client of BFWM's advisory services will receive a report detailing the client's account, including assets held, asset value, and calculation of fees. This account statement will come from the custodian. BFWM will also provide quarterly a separate portfolio report.

Each financial planning client will receive the financial plan upon completion.

# **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)**

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. We benefit from the products and services provided because the cost of these services would otherwise be borne directly by us, and this creates a conflict. You should consider these conflicts of interest when selecting a custodian. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices).

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

BFWM may, via written arrangement, retain third parties to act as solicitors for BFWM's investment management services. All compensation with respect to the foregoing will be fully disclosed to each client to the extent required by applicable law. BFWM will ensure each solicitor is properly registered in all appropriate jurisdictions. All such referral activities will be conducted in accordance with Rule 206(4)-3 under the Advisers Act, where applicable.



## **Item 15: Custody**

Under securities 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/portfolio reports you will receive from us.

## **Item 16: Investment Discretion**

BFWM provides discretionary and non-discretionary investment advisory services to clients. The advisory agreement established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, BFWM generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share.

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

BFWM 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**

BFWM neither requires nor solicits prepayment of more than \$1200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions**

In light of the COVID-19 coronavirus and historic decline in market values, BFWM has elected to participate in the CARES Act's Paycheck Protection Program ("PPP") to strengthen its balance sheet. BFWM intends to use this loan predominantly to continue payroll for the firm and may ultimately seek loan forgiveness per the terms of the PPP.

Due to this and other measures taken internally, BFWM has been able to operate and continue serving its clients.

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

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