

# Bay Harbor Wealth Management, LLC:

Form ADV Part 2A: Firm Brochure

## Item 1 - Cover Page

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Date of Brochure: March 28, 2024

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This brochure provides information about the qualifications and business practices of Bay Harbor Wealth Management, LLC (“BHWB,” “We,” “Us,” “Our” or the “Firm”). If you have any questions about the contents of this brochure, please contact Us at 410-403-2060 or [info@bayharborwealth.com](mailto:info@bayharborwealth.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 Bay Harbor Wealth Management, LLC is also available on the internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view information on that website by searching for the Firm’s name or by using its CRD number: 294000.

\*Registration as an investment advisor does not imply a certain level of skill or training.

## Item 2 - Material Changes

Investment advisers are required to prepare a disclosure document such as this one, commonly referred to as a “Brochure,” that describes the adviser and its business practices. We are required to amend Our Brochure at least annually and provide clients and prospective clients with a summary of any material changes since the previous annual amendment.

This version of Our Brochure, dated March 28, 2024, is an annual updating amendment. The material changes to Our Brochure since Our last annual updating amendment dated March 30, 2023 are as follows:

- We revised Item 4 to include a description of Our client portal maintained with Black Diamond, a third-party portfolio management and reporting software, and the add-on feature, ByAllAccounts (“BAA”), which enables clients to link their outside accounts to the platform, as well as the conflict of interest involved with Our use of this feature. Please see Item 4 for additional information, including how We address this conflict of interest.
- We revised Items 4 and 5 to reflect that we no longer provide educational seminars/workshop services.
- We revised Item 5 to indicate that depending on the insurance product, certain types of fee-based annuities will amount to greater overall compensation to Our Firm or its advisory affiliates than similar commissionable annuities. Conversely, certain types of commissionable annuities will amount to greater overall compensation to Our Firm or its advisory affiliates than similar fee-based annuities. This presents a conflict of interest. Please see Item 5 for additional information, including how We address this conflict of interest.
- We revised Item 5 to reflect that We typically charge lower fees for accounts that are in a fixed-income strategy that includes the use of individual bonds than We charge for accounts that are in an ETF strategy that doesn’t include the use of individual bonds. This presents a conflict of interest. Please see Item 5 for additional information, including how We address this conflict of interest.
- We revised Item 5 to reflect that Clients will typically pay charges imposed directly by private fund which shall be disclosed in the fund’s prospectus. Those fees are subject to change by the product sponsor, as set forth in the prospectus and the client’s agreement with the product sponsor. Our Firm does not receive a portion of these fees. For more information, please see Item 5.
- We revised Item 5 to reflect that when providing retirement plan consulting services, We have an incentive to encourage plan participation among employees in order to increase the amount of fees received from the plan. This presents a conflict of interest. Please see Item 5 for additional information, including how We address this conflict of interest.
- We revised the description of other fees or expenses that client accounts maintained by Schwab may incur in Item 5 to indicate that 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 client accounts in Schwab's Cash Features Program. Please see Item 5 for additional information.

- We revised Item 11 to describe the conflict of interest involved when Our employees invest in the same securities We recommend to clients, and to indicate that priority will always be given to the client's order over the order of BHWM's employees, with the exception of periodic rebalances. In the instances of rebalancing, any employee accounts will be grouped in with client accounts and be part of the random rebalancing, giving no priority to employee accounts over client accounts. Please see Item 11 for additional information.

Annually, We will ensure that you receive either an amended brochure or a summary of any material changes to this and any subsequent Brochure within 120 days of the end of Our fiscal year and promptly at any time if any of the information herein becomes materially inaccurate.

We will deliver a complete copy of Our Brochure upon your request at any time during the year.

Please contact Our President and Chief Compliance Officer, Lance Scott, at 410-403-2060 or via email at [info@bayharborwealth.com](mailto:info@bayharborwealth.com), to request a Brochure.

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## **Item 4 – Advisory Services**

Our Firm is an investment adviser that primarily provides individuals, high net worth individuals and other types of clients with discretionary investment advisory services. We are registered with the Securities and Exchange Commission. Our Firm is a Limited Liability Company formed under the laws of the State of Maryland. We have been operating in the financial services industry since 2011 and became registered as an investment adviser in 2018. Our Firm is wholly owned by Lance Scott, who also serves as President and Chief Compliance Officer.

In each section below, you will find more information about the specific services We offer.

### **Types of Advisory Services Offered**

The following are descriptions of the primary advisory services of BHWM. Please understand that a written agreement, which details the exact terms of the service, must be signed by you and the Firm before We can provide you the services described below. A more detailed explanation of Our services is as follows:

#### **1. Financial Planning & Consulting Services**

Our Firm may provide stand-alone financial planning and consulting services to clients for the management of financial resources based upon an analysis of current situation, goals, and objectives. Financial planning services will typically involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning or consulting may encompass investment planning, retirement planning, estate planning, charitable planning, education planning, corporate and personal tax planning, corporate structure, mortgage/debt analysis, insurance analysis, or business and personal financial planning.

Written financial plans or financial consultations rendered to clients may include general recommendations for a course of activity or specific actions to be taken by the clients. Implementation of the recommendations will be at the discretion of the client. Clients are free to implement recommendations through another financial advisor or firm and are under no obligation to implement the recommendations through Us. Our Firm will provide such clients with a summary of their financial situation, and observations for financial planning engagements.

#### **2. Asset Management Services**

We primarily provide direct asset management services to Our clients. As part of Our asset management service, We create a portfolio tailored to the specific needs of the client, potentially including individual stocks, bonds, exchange traded funds ("ETFs"), options, mutual funds and other public and private securities or investments. Portfolios will be designed to meet a particular investment goal, determined to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, portfolios are continuously and regularly monitored, and if necessary, rebalanced based upon the client's individual needs, stated goals and objectives.

Our Firm may utilize the services of various third-party investment advisory firms, platform providers, third-party managers, portfolio specialists, or sub-advisers (collectively, “sub-advisers”) for the management of client accounts. Before selecting a firm or individual, Our Firm will ensure that the chosen party is properly licensed or registered as required. We use sub-advisers to aid in the implementation of an investment portfolio, allocating client assets among such managers as appropriate. In such cases, the sub-advisers will be responsible for continuously monitoring client accounts and making trades in client accounts when necessary. While the chosen sub-advisers will provide advice on specific securities and/or other investments in connection with this service, Our Firm has discretionary authority to hire and fire such sub-advisers and reallocate assets among them as deemed appropriate. We will assist clients with identifying their risk tolerance and investment objectives, and, in turn, We may retain sub-advisers in relation to their stated investment objectives and risk tolerance.

Some sub-advisers are made available through an investment platform offered by AssetMark, LLC (“AssetMark”). Typically, when we recommend AssetMark to Our clients, each client then executes, at Our request, a separate client services agreement with AssetMark that authorizes participation on the platform.

BHWM assists the client in selecting the risk/return objective and sub-advisers that best suit the client’s objectives. Although We have the authority to direct investments without further specific authorizations by clients, in practice We often request that the client specifically directs the account to be invested in accordance with the chosen investment solution. When the client selects the investment solutions, the client further directs that the account be automatically adjusted to reflect any adjustment in the asset allocation by the selected sub-adviser. This client authorization results in the purchase and sale of securities without further authorization by the client or any other party at such time as the sub-adviser changes the composition of the selected model asset allocation.

Within the AssetMark platform BHWM may, without any further input from or permission of the client, move client assets from one sub-adviser to another, terminate the services of a sub-adviser with respect to a client, or reallocate client assets between sub-advisers.

Information regarding AssetMark and its platform can be found in the AssetMark Platform Disclosure Brochure. In that Brochure, clients can read about, among other things, the account minimums applicable to sub-advisers or other investment programs available on the platform. BHWM may have the ability to negotiate lower account minimums.

Prior to selecting sub-advisers, Our Firm will conduct due diligence on these managers as well as ongoing reviews of their management of client accounts. In order to assist in the selection of a sub-adviser, Our Firm will gather client information pertaining to financial situation, investment objectives, and reasonable restrictions to be imposed upon the management of the account.

Our Firm will review sub-adviser reports provided to the client at least annually. Our Firm will contact clients from time to time in order to review their financial situation and objectives; communicate information to sub-advisers as warranted; and, assist the client in understanding and evaluating the services provided by the sub-advisers. Clients will be expected to notify Our

Firm of any changes in their financial situation, investment objectives, or account restrictions that could affect their financial standing.

We also offer asset management services for fee-based fixed annuity insurance products. We will directly manage these annuity insurance products by reallocating buckets or sub-accounts within the annuities in accordance with the client's suitability profile. Clients who have elected to use this service must also enter into a separate agreement with the product sponsor designating Our Firm to manage the accounts. Insurance products may be available through other channels and as a client you are not obligated to purchase products recommended by Us.

As part of its asset management services, BHWM provides its clients with access to a client portal maintained with Black Diamond, a third-party portfolio management and reporting software. The cost for the Black Diamond client portal is paid by BHWM, and clients are not charged for this service. In addition to the client portal there is also an add-on feature, ByAllAccounts ("BAA"), which enables clients to link their outside accounts to the platform so they can see and track everything in one place. BHWM will incur an additional cost for any clients who elect to use the BAA feature. BAA is offered to clients at BHWM's sole discretion. This presents a conflict of interest, in that BHWM is incentivized to not recommend the use of BAA in order to avoid the additional cost. We address this conflict of interest by disclosing it here and ensuring BAA is offered to any clients for which We determine it is in their best interest.

### 3. Retirement Plan Consulting Services

We offer non-discretionary retirement plan consulting services to employer-sponsored retirement plans subject to the Employee Retirement Income Security Act of 1974 ("ERISA"). Our retirement plan consulting services include, but are not limited to, the following services:

#### Fiduciary Consulting Services

- Investment Policy Statement Preparation. The Firm assists clients in the development or review of an investment policy statement ("IPS"). The IPS establishes the investment policies and objectives for the plan. Clients have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the investment policy statement.
- Non-Discretionary Investment Advice. The Firm provides clients with general, non-discretionary investment advice regarding asset classes and investment alternatives available for the plan that are consistent with the plan's IPS. The Firm assists clients with the selection of a broad range of investment options consistent with the investment option selection provisions of ERISA Section 404(c) and the regulations thereunder. Clients have the final decision-making authority regarding the selection, retention, removal and addition of any investment options.
- Investment Monitoring and Reports. The Firm assists clients in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformance to the guidelines set forth in the IPS and make recommendations to maintain or remove and replace

investment options. The Firm will meet with clients on a periodic basis to discuss the reports and the investment recommendations.

- Qualified Default Investment Alternative Advice. The Firm provides clients with non-discretionary investment advice to assist in developing qualified default investment alternative(s) ("QDIA"), consistent with ERISA Section 404(c) and the regulations thereunder, for participants who are automatically enrolled in the plan or who otherwise fail to make an investment election. Clients retain the ultimate responsibility to comply with the requirements of Section 404(c), to monitor Section 404(c) compliance, and to follow the terms of the plan document.

The specific services to be provided will be listed in Our agreement with each retirement plan. The Firm acknowledges that in performing the retirement plan consulting services listed above it is acting as a "fiduciary" as such term is defined under ERISA Section 3(21)(A)(ii) for purposes of providing non-discretionary investment advice only. The Firm acts in a manner consistent with the requirements of a fiduciary under ERISA if, based upon the facts and circumstances, such services cause the Firm to be a fiduciary as a matter of law. All recommendations are submitted to the client for ultimate approval or rejection. The retirement plan which elects to implement any recommendations made by Us is solely responsible for implementing all transactions.

#### Non-Fiduciary Services

- Education Services to Plan Committee. The Firm assists in the education of the participants in the plan about general investment principles and the investment alternatives available under the plan. Such education services may include preparation of education materials and/or conducting investment education seminars and meetings for participants. Education services do not take into account the individual circumstances of each participant and do not refer to the appropriateness of any specific investment alternatives or options for the participants.
- Participant Enrollment. The Firm assists clients with group enrollment meetings designed to increase plan participation among employees and investment and financial understanding by the employees. These meetings do not include recommendations with respect to any specific investment alternatives or options available to participants.
- Service Provider/Vendor Services. The Firm assists clients by arranging for the plan's other third-party service providers to offer these services, as agreed upon between Firm and client. In such cases, the Firm acts only in accordance with instructions from the client and shall not exercise any independent judgment or discretion.

Although an investment adviser is considered a fiduciary under the Investment Advisers Act of 1940 (the "Advisers Act") and is required to meet the fiduciary duties required of an investment adviser, the services listed above as "Non-Fiduciary" are not considered fiduciary services for the purposes of ERISA since Our Firm is not acting as a fiduciary to the plan as the term "fiduciary" is defined in Section 3(21)(A)(ii) of ERISA. The exact services provided to clients are listed and detailed in the Retirement Plan Consulting Agreement.

#### **Tailoring of Advisory Services**



Our Firm offers individualized investment advice to Our asset management clients. General investment advice will be offered to Our financial planning & consulting clients.

Each Asset Management client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

### **Wrap Fee Programs**

We provide discretionary investment advisory services on a non-wrap fee basis. This means that if the client engages Us, the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, trade execution, custody).

### **Conflicts of Interest**

Please note that some of the Firm's investment adviser representatives ("IARs") are licensed to sell insurance and related products with Bay Harbor Insurance, LLC, a licensed insurance company. In such cases, the Firm's IARs will earn typical and customary commission for the sale of insurance products purchased for a client's account. This represents a conflict of interest in that Our representatives have an incentive to recommend purchasing insurance products based on compensation received rather than on the needs of the client. These products may be available through other channels and as a client you are not obligated to purchase products recommended by Our representatives. Please see Item 5 - Fees and Compensation and Item 10 - Financial Industry Affiliations for more information.

When We provide investment advice to clients regarding their retirement plan account or individual retirement account, We are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way We make money creates some conflicts with our client's interests, so We operate under a special rule that requires us to act in our client's best interest and not put our interest ahead of our clients. We may recommend that a client roll over their retirement assets into an account to be managed by Us. A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). A client or prospective client with an IRA also has several options, including (i) leaving the money in the current IRA, (ii) rolling over the assets to another IRA, (iii) rolling over the assets to an employer plan, if one is available and rollovers are permitted, and (iv) cashing out the account value (subject to possible tax consequences). If We are asked by a client or potential client to make a recommendation from among these choices, We have a conflict of interest in that We have an incentive to recommend that a client roll over their retirement assets into an account to be managed by the Firm. Such a recommendation creates a conflict of interest as We will earn a new (or increase Our current) Advisory Fee as a result of the rollover. We address this conflict of

interest by reviewing any such recommendation to ensure it is in the best interest of the client. No client is under any obligation to roll over retirement assets to an account managed by Us.

**Regulatory Assets Under Management**

Our Firm managed \$291,564,962 in client assets on a discretionary basis as of December 31, 2023.

## **Item 5 – Fees and Compensation**

In addition to the information provided in Item 4 – Advisory Business, this section provides additional details regarding Our Firm’s services along with descriptions of each service’s fees and compensation arrangements. It should be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms applicable to each client will be outlined in the agreement between the client and the Firm.

### **Financial Planning & Consulting Services**

For clients who have entered into a Financial Planning Agreement with Our Firm, We will charge clients on an hourly or flat fee basis for any financial planning and/or consulting services to be provided. The total estimated fee, as well as the ultimate fee charged, will be based on the scope and complexity of Our engagement with the client. The maximum hourly fee to be charged will not exceed \$500 per hour. Flat fees will range from \$500 to \$10,000. Our Firm will require a retainer of fifty-percent (50%) of the ultimate financial planning or consulting fee at the time of signing. The remainder of the fee will be directly billed to the client and due within thirty (30) days of a financial plan being delivered or consultation rendered. Our Firm will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 (six) months. BHWM reserves the right to waive the financial planning fee or include financial planning services for asset management clients in its sole discretion.

### **Asset Management Services**

The total annual advisory fee charged by BHWM for asset management services (“Advisory Fee”) is negotiable and will be outlined in the Investment Advisory Agreement signed by the client and Our Firm. The maximum Advisory Fee charged for these services is 1.4% of the total assets under management. If a client’s assets are managed by a sub-adviser, platform provider or third-party manager (collectively referred to herein as a “sub-adviser”) Clients will be provided with a copy of the chosen sub-adviser’s Form ADV Part 2, all relevant Brochures, and the sub-adviser’s privacy policy.

Unless otherwise agreed by the client in a written agreement separate from the Investment Advisory Agreement, all fees paid to sub-advisers are included in the Advisory Fee and will be paid by BHWM and not the client. Please note that in some cases the Advisory Fee is billed by the sub-adviser or platform and the portion due to BHWM is remitted to BHWM by the sub-adviser or platform, while the portion of the Advisory Fee due to the sub-adviser or platform is retained by the sub-adviser or platform. In some cases, sub-advisers require clients to sign agreements specifically authorizing payment of a sub-adviser’s fee, but even in such cases the sub-adviser fees are included in the Advisory Fee reflected in the Investment Advisory Agreement.

Annualized fees are billed on a pro-rata basis quarterly in advance based on the value of the account(s) on the last day of the previous quarter. The Advisory Fee charged for the partial quarter in which the client’s account is established is pro-rated for the remainder of the quarter and billed in the month following the month in which the account was established. Advisory Fees on the amount of any deposit made during a quarter that exceeds \$1,000 are assessed in arrears,

based upon the amount of the deposit and prorated to account for the number of days remaining in the quarter following the deposit. Credits for any withdrawal made during a quarter that exceeds \$1,000 are issued in the same manner for all accounts directly managed by BHWM without the use of a sub-adviser. There is no credit to the Advisory Fee for intra-quarter withdrawals from accounts managed on the AssetMark platform. The \$1,000 threshold is based on individual transactions, not cumulative deposits/withdrawals during a quarter.

Advisory Fees are negotiable and will be deducted from client account(s) by either BHWM or, if agreed by the client in a written agreement separate from the Investment Advisory Agreement, a sub-adviser. In rare cases, Our Firm will agree to direct bill clients. BHWM will also agree to a fixed fee for management services in rare cases, paid annually in advance.

For clients who authorize deduction of Advisory Fees, you understand and acknowledge the following:

- a) The client's independent custodian sends statements at least quarterly showing the market values for each security included in the account and all account disbursements, including the amount of the Advisory Fees paid to Our Firm;
- b) Clients will provide authorization permitting Our Firm to be directly paid by these terms. Our Firm will send an invoice directly to the custodian; and
- c) Our Firm does not currently send a copy of Our invoice to the client, but if We do a legend urging the comparison of information provided in Our statement with those from the qualified custodian will be included.

Advisory Fees are generally waived for accounts managed directly by BHWM with total assets valued less than \$1,000 at the time of billing. Accounts managed by sub-advisers are billed in accordance with their minimum account billing thresholds, as disclosed in the sub-adviser's respective disclosure brochures.

With regards to accounts managed within a fee-based fixed annuity insurance product, We will be paid an Advisory Fee in accordance with our Investment Advisory Agreement and/or the client's written agreement with the product sponsor. We do not receive any commissions on these products. Advisory Fees for fee-based fixed annuity insurance products are typically billed quarterly in arrears. Advisory Fees for the initial period are pro-rated based on the number of days service was provided. Advisory Fees are generally withdrawn directly from the client's account(s) with the client's written authorization. Some of Our IARs are also licensed to sell commissionable annuity insurance products with Bay Harbor Insurance, LLC, an affiliated entity of BHWM. Depending on the product, certain types of fee-based annuities will amount to greater overall compensation to Our Firm than Our advisory affiliates would receive from the sale of similar commissionable annuities. Conversely, certain types of commissionable annuities will amount to greater overall compensation to Our advisory affiliates than Our Firm would receive from the recommendation of similar fee-based annuities. This presents a conflict of interest in that We are incentivized to recommend the annuity which will result in greater overall compensation to Our Firm or its advisory affiliates, rather than based on Our client's needs. We

address this conflict by ensuring any recommendations of annuities are in the client's best interest.

Our receipt of an asset-based fee presents a conflict of interest. This is because the more assets there are in the client's account, the more the client will pay in fees. Therefore, We have an incentive to encourage clients to increase the assets in their accounts. We address this conflict of interest by ensuring any such recommendations are in the client's best interest.

On the AssetMark platform, fees for the sub-adviser's services and for AssetMark's services will be paid in the form of a cumulative "Platform Fee" to be paid by BHWB from the Advisory Fee. The Platform Fee is covered by and paid from the Advisory Fee the client pays BHWB. Fees and compensation for using the AssetMark platform and sub-advisers available on that platform are described in more detail in the AssetMark Platform Disclosure Brochure or, if applicable, in a separate disclosure BHWB delivers to you describing customized pricing.

Please note that the Client Services Agreement (between each client and AssetMark) and the AssetMark Platform Brochure both use different terminology to describe fees paid by the client than the terminology used in this Brochure and in BHWB's Investment Advisory Agreement. This is explained more fully below in this Item 5 under the heading "Terminology Differences When Discussing Fees."

We have negotiated Platform Fees with AssetMark that are lower than their published fees in most cases. However, Our continued ability to take advantage of these lower fees will not be available if the total of Our overall assets managed through AssetMark reaches below a certain level. The requirement of maintaining a certain amount of assets on the platform in order to receive the lower fees can be waived by AssetMark in its discretion. However, this requirement creates an incentive to continue to use AssetMark's services, which presents a conflict of interest.

Furthermore, We have a financial incentive to manage clients' accounts ourselves rather than through sub-advisers. That is because we pay sub-advisers and platform providers out of our annual Advisory Fee. Therefore, if two clients are charged the same Advisory Fee but one client's account is managed by a sub-adviser or through a platform provider to whom We pay a fee while another is not, we receive higher "Net Compensation" for the account that does not involve the use of a sub-adviser or platform provider (Example 1 below). Similarly, as between two accounts with the same Advisory Fee, an account that is managed by a sub-adviser who charges a 0.3% sub-adviser fee yields a higher Net Compensation to Us than an account whose sub-adviser charges a fee of 0.4% (Example 2 below). In these examples, the term "Net Compensation" means the total Advisory Fee less any applicable sub-adviser or platform provider fee. For accounts managed without use of a sub-adviser, the Net Compensation is equal to the Advisory Fee.

**Example 1:** Two clients with same total annual Advisory Fee

Client 1 – account managed by sub-adviser;

Client 2 – account managed by Us with no platform fee

<b>Client</b>	<b>Total Annual Advisory Fee</b>	<b>BHWM or Sub-Adviser Managed</b>	<b>Portion of Total Annual Advisory Fee Paid to Sub-Adviser (Sub-Advisory or Platform Fee)</b>	<b>Portion of Total Annual Advisory Fee Paid to BHWM</b>
Example Client 1	1.30%	Sub-Adviser	0.30%	1.00%
Example Client 2	1.25%	BHWM	N/A	1.25%

The above chart is for example purposes only. Actual fees and account managers may differ.

**Example 2:** Two accounts with same total annual Advisory Fee

Account 1 – account managed by sub-adviser with 0.40 sub-advisory fee

Account 2 - account managed by sub-adviser with 0.30 sub-advisory fee

<b>Account</b>	<b>Total Annual Advisory Fee</b>	<b>Sub-Adviser</b>	<b>Portion of Total Annual Advisory Fee Paid to Sub-Adviser (Sub-Advisory or Platform Fee)</b>	<b>Portion of Total Annual Advisory Fee Paid to BHWM</b>
Example Account 1	1.40%	Example Sub-Adviser A	0.40%	1.00%
Example Account 2	1.40%	Example Sub-Adviser B	0.30%	1.10%

The above chart is for example purposes only. Actual fees may differ.

However, even in accounts managed directly by Us, Our Advisory Fee and thus Net Compensation can vary depending on the strategy used and other factors. For example, We typically charge lower fees for accounts that are in a fixed-income strategy that includes the use of individual bonds than we charge for accounts that are in an ETF strategy that doesn't include the use of individual bonds. In setting Advisory Fees, We consider the additional costs of managing the two different types of accounts – sub-advised or non-sub-advised; these costs vary over time and are rarely equal. These costs include the costs of personnel, some of which may be allocated to one type of management versus the other. Some costs to us are attributable only to sub-advised accounts and not to directly managed accounts, while other costs are attributable only to directly managed accounts and not to sub-advised accounts. In setting Advisory Fees we also consider client-specific factors, such as the client's age, investment experience, accessibility and similar factors that might make it more or less costly to us to service the particular client. We refer to all these program-specific and client-specific costs discussed in this paragraph as "Additional Costs." Assuming the Additional Costs applicable to two portfolios are equal, the one that yields a higher Net Compensation to Us is also more profitable to Us.

The fact that our Net Compensation varies depending on the type of account or strategy we recommend represents a conflict of interest. However, we address the conflict of interest by evaluating which of several platforms, sub-advisers, models, programs or strategies would serve the client's best interests, and by seeking to set Advisory Fees designed to deliver a reasonable

profit to Us, considering both external and internal costs of providing investment advice to each specific client. Usually, we seek to charge Advisory Fees for accounts we manage without the use of a sub-adviser at lower rates than the rates we would seek to charge for a similar account managed through a sub-adviser. Because we do this, we actually receive higher Net Compensation from some sub-advised accounts than we do from some directly managed accounts. In that scenario, if the total Additional Costs are the same as between the two accounts, then the account managed through the sub-adviser is also more profitable to us.

Because Additional Costs vary among accounts, the profitability to Us of managing accounts in one way versus another cannot be determined solely by calculating the Net Compensation We receive. Considering all the above factors, some of our sub-advised clients are more profitable than some of our directly advised clients, and some of our directly advised clients are more profitable than some of our sub-advised clients. It all depends on the client, the negotiated fee, the unique costs of supporting that client, and the total mixture of Additional Costs and all other costs that go into providing those services.

#### Retirement Plan Consulting Services

Our Firm charges an annual investment advisory fee for retirement plan consulting services. Fees do not usually exceed 1% of the total plan assets placed under BHWM's advisement. Fees are billed to clients or deducted from the plan assets on a quarterly basis, in arrears, based upon the agreed annual percentage rate. The exact annual fee and method of payment will be specified in the Retirement Plan Consulting Agreement. Fees are negotiable.

Our receipt of an asset-based fee for retirement plan consulting services presents a conflict of interest. This is because the more assets there are in the plan, the more the plan will pay in fees. Therefore, We have an incentive to encourage plan participation among employees in order to increase the amount of fees received from the plan. This conflict of interest is ameliorated by the fact that plan participation is generally beneficial to most employees. We address this conflict of interest by ensuring that the recommendations We make are in the best interest of the plan and employees.

#### Terminology Differences When Discussing Fees

Please note that the Client Services Agreement between each client and AssetMark, and the AssetMark Platform Brochure, both use different terminology than the terminology used in this Brochure and in Our Investment Advisory Agreement. Often when clients are required to sign two advisory agreements, in so-called "dual contract" situations, it is not possible to use the exact same terminology in both agreements, because the terminology of the primary adviser (in this case, BHWM) must remain constant and flexible in order to describe a variety of situations involving different platform providers or sub-advisers that We may choose to use for the benefit of Our clients. The difference in terminology, however, does not change the amount paid by the client, nor does it change the amounts that each of the various service providers ultimately receives for the services provided to the client. In order to assist clients in comparing the terminology used in BHWM's documents with the terminology used in AssetMark's documents, We have prepared a key which is attached hereto as Exhibit I.

## Other Types of Fees & Expenses

Clients are responsible for any transaction charges imposed by the custodian for trades executed in their accounts. These transaction fees are separate from Our Firm's Advisory Fees and will be disclosed by the chosen custodian. Generally, this applies to any client's portfolio in which we continue exclusively to use models and sub-advisers who We historically used for Our clients on the platform previously made available to Our clients by Global Financial Private Capital, LLC ("Global"), hereinafter referred to as "Global Legacy Sub-Advisers." With the exception of State Street Global Advisors ("SSGA") strategies, all Global Legacy Sub-Advisers used by BHWM are classified as a non-wrap fee account on the AssetMark platform, and clients are responsible for paying transaction fees in those accounts, subject to the information in the next two paragraphs. A list of those sub-advisers is available for any client to review upon request. We have assured the total cost to clients whose portfolio fits this description will be reasonable by negotiating low Platform Fees with AssetMark and low transaction fees with Fidelity.

Custodians may waive or lower transaction fees for certain transactions in accounts that have elected to receive electronic statements and meet other applicable requirements. If the custodian offers this option, clients who wish to avoid transaction fees should contact their custodian for additional information. BHWM does not make any recommendations regarding whether a client should receive paper or electronic statements.

If a client's portfolio contains assets allocated to multiple Global Legacy Sub-Advisers, or a mixture of both Global Legacy Sub-Advisers and sub-advisers offered through the AssetMark platform that are not Global Legacy Sub-Advisers, that client will not be responsible for paying transaction fees regardless of whether electronic delivery is selected and regardless of account size, as transaction costs will be included in the Platform Fee We pay to AssetMark.

All clients will be delivered a current and accurate schedule of transaction and other fees charged by the custodian, and are encouraged to carefully review those documents. Those fees are subject to change by the custodian, as set forth in the client's custodial agreement with the custodian.

Clients will typically pay charges imposed directly by a mutual fund, index fund, exchange traded fund, or private fund, which shall be disclosed in the fund's prospectus (i.e., fund management fees, initial or deferred sales charges, mutual fund sales loads, 12b-1 fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, and other fund expenses). Those fees are subject to change by the product sponsor, as set forth in the prospectus and the client's agreement with the product sponsor. Our Firm does not receive a portion of these fees. For more information regarding brokerage practices, see Item 12.

With regards to accounts managed within a fee-based fixed annuity insurance product, clients are responsible for certain fees charged by the insurance company, including mortality and expense risk charges, rider fees, subaccount fees, and early surrender fees. These fees are in addition to and exclusive of Our Advisory Fee. The exact charges will be specified in the client's agreement with the product sponsor and the product prospectus (if applicable). Clients are



encouraged to review these documents carefully. Those fees are subject to change by the product sponsor, as set forth in the client's agreement with the product sponsor.

Third-Party Managers on the AssetMark Platform have discretion to engage in "trading away," which involves directing client trades away from Fidelity to an outside/third-party broker-dealer or custodian for execution. Third-Party Managers will only do so in the client's best interest. If the Third-Party Manager engages in a trading away transaction, the client's account will be subject to additional costs, including a trade-away fee which is typically \$20 per trade. Exact trade-away fees are described in the schedule of fees charged by the custodian provided to all clients.

For client accounts maintained at Schwab, 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. We negotiated lower commission rates with Schwab than their published fees based on the condition that We transfer a total of at least \$210 million of Our clients assets to accounts at Schwab within 12 months from the date of Our agreement with Schwab, which did in fact occur. Schwab further reimbursed the Transfer of Account Exit Fees of Our client accounts that transferred to Schwab within 12 months from the date of the agreement (up to a set amount). These commitments benefit Our clients because the overall commission rates and fees clients pay are lower than they would be otherwise. However, We have an incentive to recommend Schwab due to the past and ongoing receipt of these benefits, which presents a conflict of interest. We address this conflict of interest through our best execution review, as further described in Item 12.

In addition to commissions or other fees for trades executed in the accounts, Schwab charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that it has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's Schwab account. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer. Because of this, in order to minimize trading costs, We have Schwab execute most trades for client accounts maintained at Schwab. We have determined that having Schwab execute most trades is consistent with our duty to seek best execution of client trades in client accounts maintained at Schwab. Please see Item 12 for more information regarding brokerage practices.

Some of Our IARs are licensed to sell insurance and related products with Bay Harbor Insurance, LLC, an affiliated entity of BHWI. IARs in such cases will earn typical and customary commission for the sale of insurance products purchased for a client's account. This represents a conflict of interest in that IARs may recommend purchasing insurance products based on compensation rather than on the needs of the client. To mitigate this conflict of interest, We require all representatives who are licensed to offer insurance products to Our clients to assure that the issuing insurer reviews the potential sale of any products for the purpose of determining adherence to applicable insurance suitability standards, We fully disclose to a client when a

particular transaction will result in the receipt of commissions or other associated fees and We require all representatives to seek prior approval of any outside employment activity so that We may ensure that any conflicts of interest in such activities are properly disclosed. Insurance products may be available through other channels and as a client you are not obligated to purchase products recommended by Our representatives. You may purchase insurance products through agents We recommend who are not affiliated with Us.

#### Termination & Refunds

Either party may terminate the Investment Advisory Agreement for Our asset management service in writing at any time. If a client terminates within five (5) days of the date the agreement is signed, then the Firm will not charge any Advisory Fee. Upon notice of termination, Our Firm will process a pro-rata refund of the unearned portion of the Advisory Fees charged in advance at the beginning of the quarter or year.

Financial Planning & Consulting clients may terminate their agreement at any time before the delivery of a financial plan by providing written notice. For purposes of calculating refunds, all work performed by Us up to the point of termination shall be calculated at the hourly fee currently in effect. Clients will receive a pro-rata refund of unearned fees based on the time and effort expended by Our Firm.

#### Commissionable Securities Sales

Our Firm and representatives do not sell securities for a commission in advisory accounts.

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

BHWM does not charge performance-based fees (i.e., fees calculated based on a share of capital gains upon, or capital appreciation of, the funds or any portion of the funds of an advisory client). Additionally, We do not engage in side-by-side management of accounts.

### **Item 7 – Types of Clients**

BHWM generally provides investment advice to the following types of clients:

- Individuals
- High net worth individuals
- Trusts

Our Firm generally requires that new clients have a minimum liquid net worth of \$500,000 for Our asset management services. This minimum requirement is negotiable. Our Firm does not generally impose any other requirements for opening and maintaining accounts or otherwise engaging Us. Certain sub-advisers recommended by BHWM may have different account minimums, as described in those sub-adviser's respective disclosure brochures.

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

BHWM utilizes different methods of analysis and investment strategies. Each client's portfolio will be invested according to that client's investment goals, objectives, timeline, present and future income needs, and risk tolerance. We determine these objectives by working collaboratively with clients and evaluating new account documents thoroughly.

Once We ascertain the client's goals and objectives, We will develop specific risk-based asset allocation guidelines for the client's accounts. Risk-based asset allocation (RBAA) is an investment strategy that uses risk-based models in a passive as well as tactical approach. Generally, We recommend ETFs and may also recommend equities, mutual funds, bonds and third-party portfolios. We may also recommend sub-advisers as appropriate.

Our investment strategies include long term buy and hold and short-term trading strategies. It is important to remember that because market conditions can vary greatly, your asset allocation guidelines are not necessarily strict rules. Rather, We review accounts individually, and may deviate from the guidelines as We believe necessary or appropriate. The specific funds and portfolios We recommend for your account will depend on market conditions and Our research at the time.

In advising clients via the AssetMark platform, BHWM may select from mutual funds, exchange traded funds (ETFs), and other investment solutions offered on the platform. These solutions are provided by a number of institutional investment strategists and based on the information, research, asset allocation methodology and investment strategies of those institutional strategies, including AssetMark.

BHWM may also employ sub-advisers who will actively manage portfolios in an attempt to benefit from or protect against market volatility. These portfolios may not be suitable for investors who require a very low trading activity through all market conditions. You have the opportunity to place reasonable restrictions or constraints on the way your account is managed; however, such restrictions may affect the composition and performance of your portfolio.

We base Our analysis predominantly on publicly available research such as regulatory filings, press releases, competitor analyses, and in some cases research We receive from Our custodian or other market analyses.

Investing in securities involves risk of loss that clients should be prepared to bear. Prior to entering into an Investment Management Agreement with BHWM, a client should carefully consider: 1) committing to management only those assets that the client believes will not be needed for current purposes and that can be invested on a long term basis; 2) that volatility from investing in the stock market can occur; and 3) that over time the client's assets may fluctuate and at any time be worth more or less than the amount invested. It is impossible to name all possible types of risks. Among the risks are the following:

- **Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason, and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.
- **Currency Risk.** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- **Tax Risks Related to Short Term Trading.** Clients should note that the Firm may engage in short-term trading transactions. These transactions may result in short term gains or losses for federal and state tax purposes, which may be taxed at a higher rate than long term strategies. BHWB endeavors to invest client assets in a tax efficient manner, but all clients are advised to consult with their tax professionals regarding the transactions in client accounts. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.
- **Risks Related to Investment Term.** If you require Us to liquidate your portfolio during a period in which the price of the security is low, you will not realize as much value as you would have had the investment had the opportunity to regain its value, as investments frequently do, or had We been able to reinvest in another security.
- **Purchasing Power Risk.** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- **Business Risk.** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. For example, Treasury Bills are highly liquid, while real estate properties are not. Some

securities are highly liquid while others are highly illiquid. Illiquid investments carry more risk because it can be difficult to sell them.

- **Financial Risk.** Excessive borrowing to finance a business' operations decreases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.
- **Risks specific to sub-advisers and other managers.** If We invest some of your assets with another adviser, there are additional risks. These include risks that the other manager is not as qualified as We believe them to be, that the investments they use are not as liquid as We would normally use in your portfolio, or that their risk management guidelines are more liberal than We would normally employ. You should always review the Form ADV Part 2A ("Brochure") of each sub-adviser that manages your assets to review the specific risks of their investment strategies.
- **Risks specific to private funds.** If you decide to invest some of your assets in private fund investments, there are additional risks. Shares in private funds are not listed for trading on any securities exchange and are highly illiquid assets for which there is no secondary market. Shares are not transferable, and liquidity for investments in shares may typically be provided only through periodic tender offers by the fund. Shares are generally not redeemable at an investor's option nor are they exchangeable for shares of any other fund. Although a fund may offer to repurchase shares from time to time, it has no obligation to do so, and will only do so in the amounts and on such terms and conditions as the fund determines in its sole discretion. Shares are typically valued using Net Asset Value, which is generally calculated by subtracting the fund's liabilities and the liquidation value of any outstanding preferred securities from the fund's total assets and dividing the result by the total number of shares of the fund outstanding. Net Asset Values are subject to valuation risk and do not represent the actual price you would obtain if you attempted to sell the investment. You should not expect to be able to resell shares regardless of how the investment performs. If you are able to sell your shares, you will likely receive less than your purchase price. Private fund investments should be considered a speculative investment that entail substantial risks, and you should invest only if it can sustain a complete loss of your investment. You will receive a prospectus prior to investing in any private fund with additional risk disclosures specific to the fund and are encouraged to review those documents carefully. The risks and other characteristics of investing in interests in the fund are further explained in the private placement memorandum ("PPM"), offering memorandum or prospectus. All fund investors should receive and review those documents carefully before investing. All statements in this brochure are expressly subject to, and qualified by, the documents pertaining to the specific investment.

- **Annuities.** An annuity is a form of insurance where the seller or issuer (typically an insurance company) makes a series of future payments to a buyer (annuitant) in exchange for the immediate payment of a lump sum (single-payment annuity) or a series of regular payments (regular payment annuity). The payment stream from the issuer to the annuitant has an unknown duration based principally upon the date of death of the annuitant. At this point the contract will terminate and the remainder of the fund accumulated forfeited unless there are other annuitants or beneficiaries in the contract. Annuities can be purchased to provide an income during retirement. Annuities typically impose a variety of fees and expenses, in addition to sales and surrender charges and depending on the product, such as: mortality and expense risk charges; rider fees; sub account fees; administrative fees; underlying fund expenses; and charges for special features, all of which can reduce the return. Earnings in an annuity do not provide all the tax advantages of 401(k)s and other before-tax retirement plans. Once the investor starts withdrawing money from their annuity, earnings are taxed at the ordinary income rate, rather than at the lower capital gains rates applied to other non-tax-deferred vehicles which are held for more than one year. If the investor withdraws money from an annuity before a certain age, they may also have to pay a tax penalty to the Internal Revenue Service.
- **Fixed Indexed Annuities.** Fixed indexed annuities provide returns linked to the performance of a market index, such as the S&P 500 Index. The buyer typically makes either a lump sum payment or a series of payments to the insurance company which are allocated to one or more indexed investment options. The insurance company credits the buyer's account with a return that is based on the indexed investment option's return. Based on the contract terms and features, this return may be lower than the actual index's gain. The insurance company also makes payments based in fixed amounts or in amounts that increase by a fixed percentage. Often the interest rate is fixed for a number of years and then changes periodically based on current rates. Payments in a fixed annuity typically do not have cost-of-living adjustments to keep pace with inflation, so the value of payments received may decline over time. Investment in an indexed annuity contract is subject to both general market risk and the insurance company's credit risk. Investment in a fixed annuity contract is subject to the insurance company's credit risk.

In addition, there is no assurance that a mutual fund, an ETF, or any security will achieve its investment objective. The principal risks of investing in any mutual fund or ETF are market risk, diversification risk and style risk (growth investing risk and mid-cap company risk). To the extent that a mutual fund or ETF invests in foreign securities or debt securities, a fund would be subject to foreign exposure risk, interest rate risk and credit risk. A fund may invest in derivative instruments that carry derivative instruments risk. A principal risk is the risk that the value of equity securities may decline. Although a mutual fund or ETF may be a diversified fund, it may invest in securities of a limited number of issuers to achieve a potentially greater investment return than a fund that invests in a larger number of issuers. As a result, price movements of a single issuer's securities will have a greater impact on this fund's net asset value causing it to fluctuate more than that of a more widely diversified fund. These and other risk considerations

are discussed in a fund's prospectus. Past performance of investments is no guarantee of future results.

Mutual fund investing involves risk including the possible loss of principal. Non-diversified funds are more susceptible to financial, market and economic events affecting the particular issuers and industry sectors in which they invest and therefore may be more volatile or risky than less concentrated investments. There can be no assurance that any fund will be able to achieve its investment objective. For more information on a particular fund's associated risks, please refer to that fund's prospectus or equivalent disclosure document.

Due to the volatile nature and risks involved when investing in certain types of strategies and/or securities, clients should be aware that the actual return and value of their account(s) may fluctuate and at any point in time be worth more or less than the amount originally invested. BHWB does not represent, guarantee or imply that the services or methods of analysis employed by Us can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

### **Item 9 – Disciplinary Information**

Our Firm is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management personnel. We do not have any required disclosures to report in response to this Item.

### **Item 10 – Financial Industry Affiliations**

BHWB is not registered as, and does not have applications pending to register as, a broker-dealer. Furthermore, BHWB is not registered as, and does not have applications pending to register as, a futures commission merchant, commodity pool operator, or commodity trading adviser, nor are Our management or supervised persons registered or have applications pending to register as associated persons thereof. BHWB does not have any relationship or arrangement with any accountant or accounting firm that is material to Our advisory business or to Our clients, nor do any of Our management persons have any such relationships.

#### **Licensed Insurance Agents**

Certain IARs of the Firm are independently licensed to sell insurance and annuity products through Bay Harbor Insurance, LLC ("BHI"). When acting in this capacity, such IARs will receive commissions for selling insurance and annuity products. These IARs have a conflict of interest to recommend that clients purchase insurance products from them, since commissions may be earned in addition to fees for advisory services. Clients are not obligated to purchase insurance products through BHI.

BHI receives marketing materials from Advisors Excel, an insurance marketing organization focused on helping independent advisers increase their life insurance and annuity business. While much of this material benefits the business of BHI, (see above), BHWB also utilizes the marketing material in connection with its advisory business. Advisors Excel receives marketing

compensation in connection with some of the insurance products purchased by Our clients through BHI based on the recommendations of Our representatives. Although the receipt of such marketing material is not conditioned upon any particular level of insurance business conducted by BHI with Advisors Excel, the receipt of such material is implicitly based upon a continuation of the relationship between the two firms. Furthermore, Advisors Excel offers trips to Our representatives whose insurance production meets certain benchmarks. If Our representatives qualify for a trip but do not go, Advisors Excel will compensate the representative directly with a payment. This presents a conflict of interest, as Our representatives have a financial incentive to recommend insurance products based on the compensation received, rather than based on the client's needs.

To mitigate the conflicts of interest described above, We require all representatives who are licensed to offer insurance products to Our clients to assure that the issuing insurer reviews the potential sale of any products for the purpose of determining adherence to applicable insurance suitability standards. We also fully disclose to a client when a particular transaction will result in the receipt of commissions or other associated fees, and We require all representatives to seek prior approval of any outside employment activity so that We may ensure that any conflicts of interest in such activities are properly disclosed. Insurance products may be available through other channels and as a client you are not obligated to purchase products recommended by Our representatives. You may purchase insurance products through agents We recommend who are not affiliated with Us.

Certain IARs of the Firm who are licensed to sell insurance and annuity products are also authorized to use the Certified Financial Planner and CFP® professional certification marks (collectively, the "CFP® marks") granted by the Certified Financial Planner Board of Standards, Inc. ("CFP Board"). In order to use the CFP® marks, the IAR must agree to be bound by the CFP Board Code of Ethics and standards of professional conduct. This includes adhering to a best interest standard for insurance product recommendations, as opposed to the suitability standard. Because the suitability standard is the less rigorous standard, IARs of the Firm who are not CFPs® could be incentivized not to refer clients to IARs who are CFPs® for consultation and advice regarding an insurance purchase. This is because such a referral may result in a recommendation not to buy the product, and therefore eliminate the commission that would otherwise be paid if the product were sold. This presents a conflict of interest. We mitigate this conflict of interest through supervision and by ensuring clients are assigned to IARs based on factors such as time and availability, as opposed to professional certifications.

#### Service on Global's Advisory Council

Lance Scott formerly served on Global's Advisory Council, in which role he provided input and direction to Global's management team. In connection with his service, Mr. Scott entered into an Incentive Award Agreement with Global, under which he stood to receive an incentive cash award based upon the occurrence of one or more events. One of the conditions of obtaining the award was that Mr. Scott must cause BHWB to use the wealth management and technology platform of Global for "substantially all" of its investment advisory business. This Award Agreement gave rise to a conflict of interest, in that it incentivized Mr. Scott and BHWB to



recommend that its clients use the sub-advisory services of Global. Additionally, Mr. Scott's service on the Advisory Council raised similar conflict of interest concerns. BHWB addresses these conflicts of interests by periodically assessing the relative value to its clients of using Global Legacy Sub-Advisers on the AssetMark platform, compared to other subadvisors or platforms, to assure the recommended sub-adviser is in the best interest of the client.

After the acquisition of Global by AssetMark, Mr. Scott has no further role on the Global Advisory Council. None of the specified events that would have triggered the payment of the incentive cash payment materialized. Nevertheless, partially in consideration of Mr. Scott's service on Global's Advisory Council, AssetMark paid BHWB a portion of the incentive compensation, based on BHWB's agreement to commit to using the AssetMark platform. Further information relating to that payment and related arrangements with AssetMark, including a discussion of conflicts of interest, are described below in Item 12 – Brokerage Practices.

### Sub-Advisers

BHWB has developed several programs, previously described in Item 5 of this Brochure, designed to allow Us to recommend and select sub-advisers for you. Once We select the sub-adviser to manage all or a portion of your assets, the sub-adviser will deduct Our portion of the fees you are charged. BHWB has a conflict of interest in that We will only use or recommend sub-advisers or other third-party investment advisers that have a relationship with BHWB and have met the conditions of Our due diligence review. There may be other sub-advisers that may be suitable that We do not have a relationship with or that may be more or less costly. To address this conflict, We consider the best interests of clients in selecting sub-advisers or third-party managers. You are under no obligation to utilize the services of the sub-advisers We recommend. Please refer to Items 4, 5 and 12 for further details regarding the programs, fees, conflicts of interest and material arrangements when BHWB selects other investment advisers.

### Real Estate Investment Fund

Lance Scott is a Limited Partner/Member in KDS Investments Fund I, LLC ("KDS"), an affiliated entity created to invest in real estate projects. Mr. Scott is a passive investor of KDS and is not involved in determining the investments of the fund. As an investor, he receives a pro-rata distribution of profits from the fund. Neither BHWB nor Mr. Scott recommend KDS to clients of BHWB. If BHWB or Mr. Scott were to recommend KDS to clients of BHWB, this would constitute a conflict of interest in that BHWB and Mr. Scott have an incentive to recommend KDS based on the compensation received by Mr. Scott, rather than on the client's needs. We address this potential conflict of interest by disclosing it here and not recommending KDS to clients of BHWB.

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

### A. Code of Ethics Summary

BHWB has a fiduciary duty to its clients to act in their best interest. BHWB's clients therefore trust the Firm to use the highest standards of integrity when dealing with their assets and making

investments that impact their financial future. BHWB's fiduciary duty compels all employees to act with integrity in all of their dealings. Because the Firm's investment professionals may transact in the same securities for their personal accounts as they may buy or sell for client accounts, it is important to mitigate potential and actual conflicts of interest. To that end, BHWB has adopted personal securities transaction policies in the form of a Code of Ethics ("Code"). All BHWB associated persons must follow BHWB's Code, which sets the standard of business conduct. BHWB requires all of its employees to comply with applicable federal securities laws, and sets forth provisions regarding personal securities transactions to employees in its Code. Additionally, the Code sets forth BHWB's policies and procedures with respect to material, non-public information and other confidential information, and the fiduciary duties that BHWB and each of its employees has to each client. The Code is circulated at least annually to all employees, and each employee annually certifies in writing that they have received and understand the Code. BHWB will provide a copy of the Code to any client upon request.

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

BHWB recognizes that the personal securities transactions of its members and employees demand the application of practices designed to eliminate conflicts of interest, and BHWB requires that all such transactions be carried out in a way that does not endanger the interest of the client. At the same time, BHWB believes that if investment goals are similar for clients and for members or employees of BHWB, it is logical and even desirable that there be common ownership of some securities. This presents a conflict of interest, as it may be possible for members or employees of BHWB to receive more favorable prices than clients. Therefore, in order to address conflicts of interest, BHWB has adopted a set of procedures, included in the Code, with respect to transactions effected by its officers, managers, members, and employees for their personal accounts. It is BHWB's policy that priority will always be given to the client's order over the order of their employees, with the exception of periodic rebalances. In the instances of rebalancing, any employee accounts will be grouped in with client accounts and be part of the random rebalancing, giving no priority to employee accounts over client accounts. To help mitigate conflicts of interest associated with these practices, the compliance team of the Firm reviews employee trades quarterly.

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

### **Item 12 – Brokerage Practices**

Clients are under no obligation to act on the recommendations of BHWB. In the event that the client requests that BHWB recommend a broker-dealer/custodian for execution and/or

custodial services, BHWB generally recommends that investment management accounts be maintained at Fidelity Investments, LLC ("Fidelity") or Charles Schwab & Co., Inc. ("Schwab"). Prior to engaging BHWB to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with BHWB setting forth the terms and conditions under which BHWB shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian. Not all advisers require clients to direct brokerage.

Factors that BHWB considers in recommending Fidelity, Schwab or any other broker-dealer/custodian to clients include historical relationship with BHWB, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by BHWB clients shall comply with BHWB's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where BHWB determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although BHWB will seek competitive rates, it may not necessarily obtain the lowest possible commission rates or the most favorable execution for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, BHWB's investment management fee. BHWB's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

The client receives confirmation of all transactions in the account and is free to terminate participation in the platform and retain or dispose of any assets in the account at any time.

#### Research and Other Soft Dollar Benefits

BHWB receives from Fidelity, Schwab or another broker-dealer/custodian without cost (and/or at a discount) support services and /or products, certain of which assist BHWB to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by BHWB include investment-related research, pricing information, and market data, software and other technology that provide access to client account data, facilitation of trade execution and allocation of aggregated trade orders for multiple client accounts, facilitation of payment of Our management fees from client accounts, assistance with recordkeeping and client reporting, access to employee benefits providers or insurance providers, compliance and/or practice management-related publications, discounted mailing services, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings and other educational and/or social events, marketing support, computer hardware and /or software and /or other products used by BHWB in furtherance of its investment advisory business operations. Our custodians provide some of these services directly or, in other cases, arrange for third-party vendors to provide the services to Us. Our custodians

may also discount or waive fees for some of these services or pay all or a part of a third party's fees. Our custodians may also provide Us with other benefits, such as occasional business entertainment of Our personnel.

BHWM entered into an agreement with Schwab under which Schwab agreed to pay for certain technology, research, marketing, and compliance consulting products and services once the value of Our clients' assets in accounts at Schwab reaches certain thresholds. The agreement was based on the condition that BHWM transfer at least \$210 million in assets to Schwab client accounts within 12 months from the date of Our agreement with Schwab, which did in fact occur. The receipt of these benefits creates an incentive for Us to recommend the use of Schwab rather than making such a decision based exclusively on your interest in receiving best execution, which is a conflict of interest. BHWM addresses this conflict by periodically evaluating and assessing whether maintaining client assets at Schwab is in Our clients' best interest, taking into consideration the quality of the services provided by Schwab for the clients' benefit, or available to BHWM via Schwab in connection with services BHWM provides to its clients, costs to the client and other factors.

BHWM received a one-time payment from AssetMark by electing to retain client assets on the AssetMark platform in 2019, after AssetMark acquired Global. BHWM has also received reimbursement of certain marketing or practice management expenses in the past under AssetMark's now-defunct business development program. AssetMark sponsors annual conferences for participating financial advisory firms and/or financial advisors designed to facilitate and promote the success of the firm, the adviser, or AssetMark. AssetMark offers portfolio strategists (referred to elsewhere in this Brochure as "sub-advisers") and other financial industry firms the opportunity to contribute to the costs of AssetMark's annual conferences and be identified as a sponsor. AssetMark also covers travel-related expenses for certain financial advisors to attend AssetMark's annual conferences, quarterly meetings, or to conduct due diligence visits. BHWM personnel and BHWM representatives have participated in these events in the past. In addition to and outside of the BDA Program, AssetMark contributes to the costs incurred by certain advisers, including BHWM representatives, in connection with conferences or other events. AssetMark also solicits research from financial advisors regarding new products or services that AssetMark is considering for clients such as BHWM. In exchange for this feedback and guidance, AssetMark may offer an incentive to the financial advisor for their attendance at, or participation in, for example, a survey or focus-group. These types of arrangements create conflicts of interest, in that a BHWM adviser may be inclined to utilize the AssetMark platform in order to receive and maximize these benefits. However, BHWM recognizes the conflict of interest and manages that conflict by periodically evaluating and assessing whether maintaining assets on the AssetMark platform is in the clients' best interest, taking into consideration the quality of the services provided by AssetMark for the clients' benefit, or offered to BHWM via the platform in connection with services BHWM provides to its clients, costs to the client and other factors.

AssetMark offers the Community Inspiration Award to honor selected financial advisors across the US who have inspired others by supporting charitable organizations in their communities. AssetMark would make a cash donation, subject to the published rules governing the program,

to BHWM's nominated charity in accordance with guidelines as outlined in the AssetMark Platform Disclosure Brochure.

BHWM also receives research, analysis, market and other commentary, and access to performance reporting software from AssetMark. As indicated above, certain of the support services and /or products that may be received may assist BHWM in managing and administering client accounts. Others do not directly provide such assistance, but rather assist BHWM to manage and further develop its business enterprises.

The Securities and Exchange Commission has defined "soft dollar" practices as arrangements under which products or services, other than execution of securities transactions, are obtained by an investment adviser firm or through a broker-dealer in exchange for the direction by the adviser of client brokerage transactions to the broker-dealer. BHWM receives the benefits from Fidelity, Schwab and AssetMark described above in connection with client securities transactions. We receive a benefit because We either do not have to produce or pay or receive a discount for the research, products, or services. BHWM clients do not pay more for investment transactions effected and/or assets maintained at Fidelity, Schwab or AssetMark as a result of this arrangement. There is no corresponding commitment made by BHWM to Fidelity, Schwab or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as a result of the above arrangement. Nevertheless, receipt of the benefits described in this section from Fidelity, Schwab and AssetMark creates a conflict of interest in that We have an incentive to recommend them based on receipt of the benefits, rather than clients' interest in receiving the most favorable execution. BHWM manages that conflict of interest by conducting a best execution analysis to assure that the total costs to the client is reasonable in relation to the value of the services provided.

#### Brokerage for Client Referrals

We do not receive referrals from broker-dealers. We do not consider such referrals in recommending broker-dealers.

#### Directed Brokerage

We routinely recommend that a client direct Us to execute transactions through a specified broker-dealer. By making such recommendations, We may be unable to achieve most favorable execution of client transactions, and this practice may cost clients more money. Not all advisers require their clients to direct brokerage.

Clients may select a broker/dealer or account custodian different from the one recommended by BHWM and direct Us to use that broker/dealer or custodian to maintain custody of their assets. We are not obligated to provide management services to the client through the use of that other custodian and have discretion to reject the client's request for directed brokerage. If We do not agree to manage the client's assets at another custodian, the client will be free to choose a custodian recommended by BHWM or to choose another advisor to manage their assets. When a client directs the use of a particular broker/dealer or other custodian, We may not be able to obtain the best price and execution for the transaction. Clients who direct the use of a particular

broker/dealer or custodian may receive less favorable prices than would otherwise be the case if clients had not designated a particular broker/dealer or custodian. Further, directed trades may be placed by BHWM after effecting non-directed trades.

We do not engage in the aggregate trading of multiple clients' accounts at one time. Because We do not engage in block trading when We have the opportunity to do so, sequential transactions We execute for different clients in the same security can result in pricing discrepancies, with a client's price depending on the order in which the trades were filled. This may have the effect, either on a per-transaction basis or over the long term, of favoring some clients over others. To mitigate this potential outcome, We engage in practices designed to fairly apportion prices among Our clients.

### **Item 13 – Review of Accounts**

Our management personnel or financial advisors review accounts on at least an annual basis for Our Asset Management clients. The nature of these reviews is to learn whether client accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. We attempt to understand anything that may have changed in Our clients personal, professional, or financial situations.

Our Firm may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

Financial Planning clients will receive reviews of their written plans at their request. Our Firm does not provide ongoing services to financial planning clients, but We are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc. Financial Planning clients do not receive written or verbal updated reports regarding their financial plans unless they separately engage Our Firm for a post-financial plan meeting or update to their initial written financial plan.

#### **Client Reports**

Asset management clients will receive written transaction confirmations from the account custodian shortly after executing purchases or sales. Additionally, the account custodian will send at least quarterly written statements for each quarter in which the client has an account under management by Our Firm. These statements will provide details regarding account activity, holdings, and performance. Our Firm provides investment performance reports to clients during client reviews and/or upon request. Generally these reports contain a list of assets, investment results and statistical data related to the client's account. Clients are urged to carefully review any such reports received and compare the reports to the custody statements they receive from their custodian.

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

BHWM does not currently refer clients to other Investment Advisers. The only compensation received from advisory services is the fees charged for providing investment advisory services as described in Item 5 of this Disclosure Brochure. BHWM receives no other forms of compensation in connection with providing investment advice.

BHWM receives allowances and other compensation from third parties in connection with the services We provide to Our clients. These create conflicts of interest. The arrangements related to such compensation are discussed in detail in Item 12 above.

BHWM receives economic benefits from certain third-party model managers in the form of access to software and other technology to use in furtherance of Our business, including tools to help estimate healthcare costs, build custom client deliverables, portfolio construction tools, and other client resource materials. These tools are available to all investment advisors and are not related to whether We do any business with them. Nevertheless, these benefits create a conflict of interest in that We have an incentive to make recommendations based on the receipt of these economic benefits, rather than on the client's needs. We address this conflict of interest by disclosing it here and ensuring any recommendations are in the client's best interest.

## **Item 15 – Custody**

We have custody of client funds or securities because We are granted authority, upon written consent from Our clients, to deduct the management fees directly from client accounts and to delegate that authority to a financial institution. We also have custody due to Our standing authority to make third-party transfers on behalf of Our clients who have granted Us this authority. This authority is granted to Us by the client through the use of a standing letter of authorization ("LOA") established by the client with his or her qualified custodian. The standing LOA authorizes Our Firm to disburse funds to one or more third parties specifically designated by the client pursuant to the terms of the LOA, and can be changed or revoked by the client at any time. We have implemented the safeguard requirements of SEC regulations by requiring safekeeping of client funds and securities by a qualified custodian. We have further implemented procedures to comply with the requirements outlined by the SEC in its February 1, 2017 No-Action Letter to the Investment Adviser Association. We do not have physical custody of client funds or securities. Custody of client accounts is held primarily at the Custodian.

All of Our clients receive account statements directly from their qualified custodians at least quarterly upon opening of an account. If Our Firm decides to also send account statements to clients, such notice and account statements will include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from Our Firm. Clients are encouraged to raise any questions with Us about the custody, safety or security of their assets and Our custodial recommendations.

BHWM urges clients to compare the account statements they receive from the custodian with those they received from BHWM.

## **Item 16 – Investment Discretion**

Clients provide Our Firm with investment discretion on their behalf, pursuant to an executed investment advisory client agreement. By granting investment discretion, Our Firm is authorized to execute securities transactions, determine which securities are bought and sold, and the total amount to be bought and sold. Our Firm also has discretionary authority to hire and fire investment managers and reallocate assets among said managers as deemed appropriate. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with Our Firm's written acknowledgement.

## **Item 17 – Voting Client Securities**

BHWM does not vote proxies on behalf of clients and therefore, shall have no obligation or authority to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in a client's account. Custodians are directed to forward all shareholder related materials to the owner of the account. Proxy voting for plans governed by ERISA must conform to the plan document in effect. In a case where the investment manager is listed as the fiduciary responsible for voting proxies, the responsibility will be designated to another fiduciary and reflected in the plan document.

BHWM shall not be deemed to have proxy-voting authority solely as a result of providing advice or information about a particular proxy vote to a client, but clients may contact BHWM with any questions concerning a proxy solicitation. BHWM typically does not advise or act for clients with respect to any legal matters, including bankruptcies and class actions, for the securities held in clients' accounts.

## **Item 18 – Financial Information**

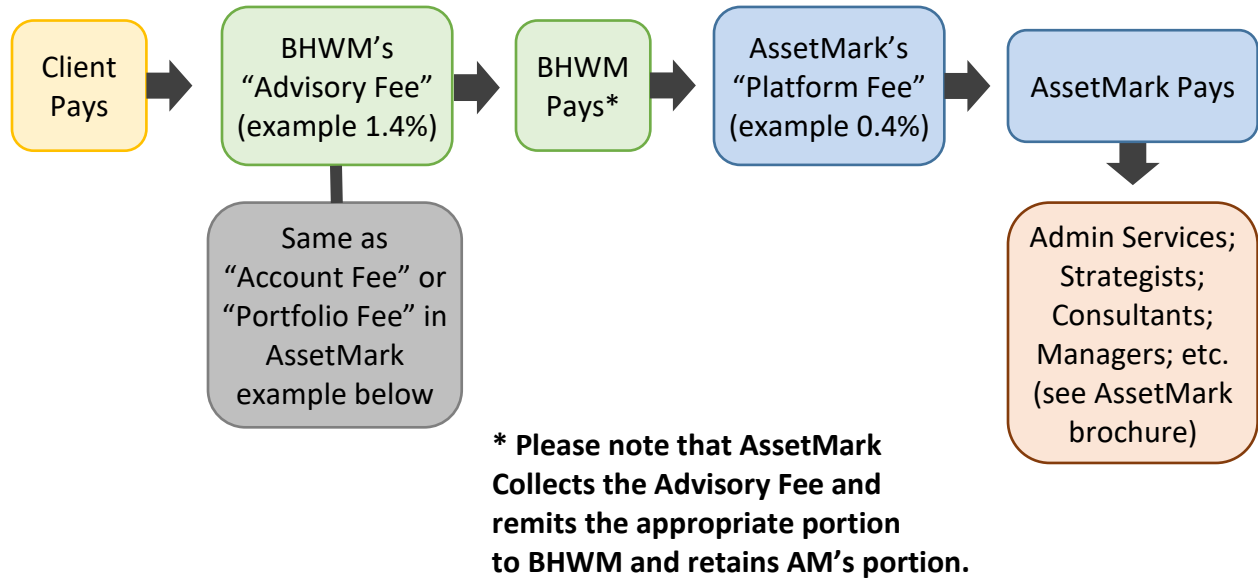
BHWM does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, BHWM is not required to include a balance sheet for its most recent fiscal year.

BHWM is not subject to a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Finally, BHWM has not been the subject of a bankruptcy petition at any time.



## Exhibit I – Fee Terminology

### BHWM / Fee Terminology (Sample Fees Only; Actual Fees May Differ)



### AssetMark / Fee Terminology (Sample Fees Only; Actual Fees May Differ)

