

# Blue Bell Private Wealth Management, LLC

SEC File Number: 801 – 64005

## **Form ADV Part 2A, Firm Brochure Dated: January 3, 2018**

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**This Brochure provides information about the qualifications and business practices of Blue Bell Private Wealth Management, LLC (“Blue Bell”). If you have any questions about the contents of this Brochure, please contact us at (610) 825-3540 or [Jcapetola@bluebellpwm.com](mailto:Jcapetola@bluebellpwm.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 Blue Bell Private Wealth Management, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Blue Bell Private Wealth Management, LLC as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## Item 2           Material Changes

There have been no material changes made to this Brochure since the March 1, 2017 Annual Amendment filing. However, this Brochure has been amended at Item 17 to reflect changes to the firm's proxy voting policy.

**ANY QUESTIONS: Blue Bell's Chief Compliance Officer, Justin Capetola, remains available to address any questions that an existing or prospective client may have regarding this Brochure**

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## Item 4            Advisory Business

- A. Blue Bell is a limited liability company formed on March 29, 2005 in the Commonwealth of Pennsylvania. Blue Bell became registered as an investment adviser firm in April 2005. Blue Bell is principally owned by Jonathan Scott Miller, Sr. Jonathan Scott Miller, Sr., Justin Capetola, and Jonathan Scott Miller, Jr. are Blue Bell's Managing Members.
- B. As discussed below, Blue Bell offers investment advisory services to its clients (generally comprised of: individuals, high net worth individuals, pension and profit sharing plans, corporations/business entities, trusts, estates, and other investment advisers). Blue Bell **does not** provide financial planning services. However, to the extent that the client specifically requests, Blue Bell may provide limited consulting services.

### INVESTMENT ADVISORY SERVICES

In the event the client desires, the client can engage Blue Bell to provide discretionary and/or non-discretionary investment management services on a fee-only basis. In the event the client determines to engage Blue Bell on a fee-only basis, Blue Bell's annual investment advisory fee shall vary (from negotiable up to 2.00% of the total assets placed under Blue Bell's management) and shall be based upon the level and scope of the overall investment advisory services to be rendered, which is based upon **various objective and subjective factors**, including, but not limited to, the amount and type of the assets placed under Blue Bell's management, the level and scope of consulting services to be rendered, and the complexity of the engagement. (See Fee Differentials section below).

### CONSULTING SERVICES

Blue Bell also offers other various consulting services (i.e. estate consulting and settlement, etc.) Blue Bell will provide consulting services in this manner on a fixed fee or hourly basis open to reasonable negotiations with the client.

### MISCELLANEOUS

**Limitations Non-Investment Consulting/Implementation Services.** If specifically requested by the client, Blue Bell may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Blue Bell **does not** serve as a law firm, accounting firm, or insurance agency, and no portion of its services should be construed as legal, accounting, or insurance implementation services. Accordingly, Blue Bell **does not** prepare estate planning documents, tax returns or sell insurance products. To the extent requested by a client, Blue Bell may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Blue Bell. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

**Fee Differentials.** As indicated above, Blue Bell prices its services based upon various objective and subjective factors. As a result, Blue Bell's clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall consulting services to be rendered. The services to be provided by Blue Bell to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

**Non-Discretionary Service Limitations.** Clients that determine to engage Blue Bell on a non-discretionary investment advisory basis **must be willing to accept** that Blue Bell cannot effect any account transactions without obtaining prior consent to such transaction(s) from the client. Thus, in the event that Blue Bell would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, Blue Bell will be unable to effect the account transaction(s) (as it would for its discretionary clients) without first obtaining the client's consent.

**Sub-Advisory Engagements.** Blue Bell may also serve as a sub-adviser to unaffiliated registered investment advisers per the terms and conditions of a written Sub-Advisory Agreement. With respect to its sub-advisory services, the unaffiliated investment advisers that engage Blue Bell to provide sub-advisory services maintain both the initial and ongoing day-to-day relationship with the underlying client, including initial and ongoing determination of client suitability. If the custodian/broker-dealer is determined by the unaffiliated investment adviser, Blue Bell will be unable to negotiate commissions and/or transaction costs, and/or seek better execution. As a result, the underlying client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case through alternative clearing arrangements recommended by Blue Bell. Higher transaction costs adversely impact account performance.

**eMoney Advisor Platform.** Blue Bell may provide its clients with access to an online platform hosted by "eMoney Advisor" ("eMoney"). The eMoney platform allows a client to view their complete asset allocation, including those assets that Blue Bell does not manage (the "Excluded Assets"). Blue Bell does not provide investment management, monitoring, or implementation services for the Excluded Assets. Therefore, Blue Bell shall not be responsible for the investment performance of the Excluded Assets. Rather, the client and/or their advisor(s) that maintain management authority for the Excluded Assets, and not Blue Bell, shall be exclusively responsible for such investment performance. The client may choose to engage Blue Bell to manage some or all of the Excluded Assets pursuant to the terms and conditions of an Investment Advisory Agreement between Blue Bell and the client. The eMoney platform also provides access to other types of information and applications including financial planning concepts and functionality, which should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by Blue Bell. Finally, Blue Bell shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the eMoney platform without Blue Bell's assistance or oversight.

**Retirement Plan Rollovers-No Obligation/Conflict of Interest.** 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). If Blue Bell recommends that a client roll over their retirement plan assets into an account to be managed by Blue Bell, such a recommendation creates a conflict of interest if Blue Bell will earn an advisory fee on the rolled over assets. No client is under any obligation to roll over plan assets to an IRA managed by Blue Bell or to engage Blue Bell to monitor and/or manage the account while maintained at the client’s employer. Blue Bell’s Chief Compliance Officer, Justin Capetola, remains available to address any questions that a client or prospective client may have regarding its prospective engagement and the corresponding conflict of interest presented by such engagement.

**Client Obligations.** In performing its services, Blue Bell shall not be required to verify any information received from the client or from the client’s other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify Blue Bell if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Blue Bell’s previous recommendations and/or services.

**Cross Transactions.** In limited circumstances, Blue Bell may arrange for cross-transactions between two of its managed client accounts (i.e., arranging for a purchase and sale of a specific security between two client accounts). Blue Bell will typically only cross transactions for securities that are not publicly traded or that are not redeemable directly from the issuer at net asset value (i.e., mutual funds). When engaging in cross transactions, neither Blue Bell nor any related person will receive any commission or transaction-based compensation. Blue Bell does not generally allow employees or their family members to participate in cross transactions. Blue Bell reviews all cross transactions to determine that they are in the best interest of both clients. Clients may revoke Blue Bell’s cross-transaction authority at any time upon written notice to Blue Bell.

**Cash Positions.** At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), Blue Bell may maintain cash positions for defensive or tactical purposes. All cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating Blue Bell’s advisory fee.

- C. Blue Bell shall provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment adviser representative will discuss with each client, their particular investment objective(s). Blue Bell shall allocate each client’s investment assets consistent with their designated investment objective(s). Clients may, at anytime, impose restrictions, in writing, on Blue Bell’s services.
- D. Blue Bell does not participate in a wrap fee program.
- E. As of December 31, 2017, Blue Bell had \$382,661,500 in assets under management on a discretionary basis and \$21,487,056 in assets under management on a non-discretionary basis.

## Item 5 Fees and Compensation

A.

### INVESTMENT ADVISORY SERVICES

In the event the client desires, the client can engage Blue Bell to provide discretionary and/or non-discretionary investment management services on a fee-only basis. In the event the client determines to engage Blue Bell on a fee-only basis, Blue Bell's annual investment advisory fee shall vary (from negotiable up to 2.00% of the total assets placed under Blue Bell's management) and shall be based upon the level and scope of the overall investment advisory services to be rendered, which is based upon **various objective and subjective factors**, including, but not limited to, the amount and type of the assets placed under Blue Bell's management, the level and scope of consulting services to be rendered, and the complexity of the engagement. (See Fee Differentials section above).

### CONSULTING SERVICES

Blue Bell also offers other various consulting services (i.e. estate consulting and settlement, etc.) on a fixed fee or hourly basis. The fee is open to reasonable negotiation with the client, which also depends upon the level and scope of service required and the professional rendering the service. Blue Bell's fees for such consulting services typically range between \$250 and \$2,500 on a fixed fee basis and \$100 - \$500 on an hourly basis.

B. Clients may elect to have Blue Bell's advisory fees deducted from their custodial account. Both Blue Bell's Investment Advisory Agreement and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of Blue Bell's investment advisory fee and to directly remit that management fee to Blue Bell in compliance with regulatory procedures. In the limited event that Blue Bell bills the client directly, payment is due upon receipt of Blue Bell's invoice. Blue Bell shall deduct fees and/or bill clients quarterly in arrears, based upon the market value of the assets on the last business day of the previous quarter.

C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, Blue Bell shall generally recommend that Charles Schwab & Co., Inc. ("Schwab") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Schwab charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). Clients will incur, in addition to Blue Bell's investment management fee, brokerage commissions and/or transaction fees, and, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

**Tradeaway/Prime Broker Fees.** Relative to its discretionary investment management services, when beneficial to the client, individual fixed income transactions may be effected through broker-dealers other than the account custodian, in which event, the client generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate "tradeaway" and/or prime broker fee charged by the account custodian (Schwab).

D. Blue Bell's annual investment advisory fee shall be pro-rated and paid quarterly, in arrears,

based upon the market value of the assets on the last business day of the previous quarter. For the initial quarter of investment management services, the first quarter's fees shall be calculated on a pro rata basis. Blue Bell does not generally require an annual minimum fee or asset level for investment advisory services. However, Blue Bell, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The Investment Advisory Agreement between Blue Bell and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement. Upon termination, Blue Bell shall debit the account for the pro-rated portion of the unpaid advisory fee based upon the number of days that services were provided during the billing quarter.

- E. Neither Blue Bell, nor its representatives accept compensation from the sale of securities or other investment products.

## **Item 6            Performance-Based Fees and Side-by-Side Management**

Neither Blue Bell nor any supervised person of Blue Bell accepts performance-based fees.

## **Item 7            Types of Clients**

Blue Bell's clients shall generally include individuals, high net worth individuals, pension and profit sharing plans, corporations/business entities, trusts, estates, and other investment advisers. Blue Bell does not generally require an annual minimum fee or asset level for investment advisory services.

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

- A. Blue Bell may utilize the following methods of security analysis:
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
  - Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

Blue Bell may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)
- Short Sales (contracted sale of borrowed securities with an obligation to make the lender whole)

**Please Note: Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk,

and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Blue Bell) will be profitable or equal any specific performance level(s).

- B. Blue Bell's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis Blue Bell must have access to current/new market information. Blue Bell has no control over the dissemination rate of market information; therefore, unbeknownst to Blue Bell, certain analyses may be compiled with outdated market information, severely limiting the value of Blue Bell's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Blue Bell's primary investment strategies are Long Term Purchases, Short Term Purchases, Trading and Options transactions. Every investment strategy has its own inherent risks and limitations. For example longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by Blue Bell shall be with the intent of offsetting/"hedging" a potential market risk in a client's portfolio. In particular, Blue Bell often engages in "covered call writing," which is the sale of in-, at-, or out-of- the money call option against a long security position held in a client portfolio. This type of transaction is intended to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

**Please Note:** Although the intent of the options-related transactions that may be implemented by Blue Bell is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct Blue Bell, in writing, not to employ any or all such strategies for their accounts. For detailed information on the use of options and option strategies, please refer to the Option



Clearing Corp.'s Option Disclosure Document, which can be found at: <http://www.optionsclearing.com/components/docs/riskstoc.pdf>. Hard copies may be ordered by calling 1-888-678-4667 or writing OCC, 1 North Wacker Drive, Suite 500 Chicago, IL 60606.

In addition to the investment strategies discussed above, Blue Bell may also implement and/or recommend short selling as an investment strategy, which also involves a high level of inherent risk. (See discussion below).

Short selling is an investment strategy with a high level of inherent risk. Short selling, involves the selling of assets that the investor does not own. The investor borrows the assets from a third party lender (i.e. Broker-Dealer) with the obligation of buying identical assets at a later date to return to the third party lender. Individuals who engage in this activity shall only profit from a decline in the price of the assets between the original date of sale and the date of repurchase. Conversely, the short seller will incur a loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets.

- C. Currently, Blue Bell primarily allocates client investment assets primarily among various individual equity and fixed income securities, money market funds, mutual funds and/or exchange traded funds, municipal securities, structured notes, United States government securities and option contracts on a discretionary and/or non-discretionary basis in accordance with the client's designated investment objective(s).

In limited circumstances, Blue Bell may also allocate client investment assets to Structured Notes, which are financial instruments that combine two elements: a debt security and exposure to an underlying asset or assets. It is essentially a note, carrying counter party risk of the issuer. However, the return on the note is linked to the return of an underlying asset or assets (such as the S&P 500 Index or commodities). It is this latter feature that makes structured products unique, as the payout can be used to provide some degree of principal protection, leveraged returns (but usually with some cap on the maximum return), and be tailored to a specific market or economic view. In addition, investors may receive long-term capital gains tax treatment if certain underlying conditions are met and the note is held for more than one year. Finally, Structured Notes may also have liquidity constraints, such that the sale thereof prior to maturity may be limited. **In the event that a client has any questions regarding the purchase of structured notes for their account, Blue Bell's Chief Compliance Officer, Justin Capetola, remains available to address them.**

## **Item 9            Disciplinary Information**

Blue Bell has not been the subject of any disciplinary actions.

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

- A. Neither Blue Bell, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

- B. Neither Blue Bell, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. Blue Bell has no other relationship or arrangement with a related person that is material to its advisory business.
- D. Blue Bell does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. Blue Bell maintains an investment policy relative to personal securities transactions. This investment policy is part of Blue Bell’s overall Code of Ethics, which serves to establish a standard of business conduct for all of Blue Bell’s Associated Persons that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, Blue Bell also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Blue Bell or any person associated with Blue Bell.

- B. Neither Blue Bell nor any related person of Blue Bell recommends, buys, or sells for client accounts, securities in which Blue Bell or any related person of Blue Bell has a material financial interest.
- C. Blue Bell and/or representatives of Blue Bell may buy or sell securities that are also recommended to clients. This practice may create a situation where Blue Bell and/or representatives of Blue Bell are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Blue Bell did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of Blue Bell’s clients) and other potentially abusive practices.

Blue Bell has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Blue Bell’s “Access Persons”. Blue Bell’s securities transaction policy requires that an Access Person of Blue Bell must provide the Chief Compliance Officer or a designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or a designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date Blue Bell selects.

- D. Blue Bell and/or representatives of Blue Bell may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Blue Bell and/or representatives of the firm are in a position to materially benefit

from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above in Item 11.C, Blue Bell has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Blue Bell's Access Persons.

## **Item 12 Brokerage Practices**

- A. In the event that the client requests that Blue Bell recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Blue Bell to use a specific broker-dealer/custodian), Blue Bell generally recommends that investment management accounts be maintained at Schwab. Prior to engaging Blue Bell to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with Blue Bell setting forth the terms and conditions under which Blue Bell shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Blue Bell considers in recommending Schwab (or any other broker-dealer/custodian to clients) include historical relationship with Blue Bell, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Blue Bell's clients shall comply with Blue Bell'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 Blue Bell 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 Blue Bell will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Blue Bell's investment management fee. Blue Bell'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.

### **1. Non-Soft Dollar Research and Support Benefits**

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Blue Bell may receive from Schwab (another broker-dealer/custodian, investment platform, unaffiliated investment manager, vendor, and/or product/fund sponsor), without cost (and/or at a discount) support services and/or products, certain of which assist Blue Bell to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Blue Bell may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis travel and attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or

other products used by Blue Bell in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that may be received may assist Blue Bell in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Blue Bell to manage and further develop its business enterprise.

Blue Bell's clients do not pay more for investment transactions effected and/or assets maintained at Schwab as result of this arrangement. There is no corresponding commitment made by Blue Bell to 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.

**Blue Bell's Chief Compliance Officer, Justin Capetola, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

2. Blue Bell does not receive referrals from broker-dealers.
3. Directed Brokerage. Blue Bell does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Blue Bell will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Blue Bell. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs Blue Bell to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Blue Bell. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

**Blue Bell's Chief Compliance Officer, Justin Capetola, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that Blue Bell provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless Blue Bell decides to purchase or sell the same securities for several clients at approximately the same time. Blue Bell may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Blue Bell's clients differences in prices and commissions or other

transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Blue Bell shall not receive any additional compensation or remuneration as a result of such aggregation.

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

- A. For those clients to whom Blue Bell provides investment supervisory services, account reviews are conducted on an ongoing basis by Blue Bell's Managing Members. All investment supervisory and consulting clients are encouraged to discuss with Blue Bell their investment objectives needs and goals and to keep Blue Bell informed of any changes regarding same. All clients are encouraged to meet, at least annually, with Blue Bell to review investment objectives and account positions and valuations.
- B. Blue Bell may conduct account reviews on other than a periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian for the client accounts. Those clients to whom Blue Bell provides investment supervisory services will also receive a quarterly report from Blue Bell summarizing account positions and valuations.

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

- A. As referenced in Item 12.1 above, Blue Bell may receive economic benefits from Schwab including support services and/or products without cost or at a discount. Blue Bell's clients do not pay more for investment transactions effected and/or assets maintained at Schwab as result of this arrangement. There is no corresponding commitment made by Blue Bell to 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.

**Blue Bell's Chief Compliance Officer, Justin Capetola, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

- B. If a client is introduced to Blue Bell by either an unaffiliated or an affiliated solicitor, Blue Bell may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Blue Bell's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to Blue Bell by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of the solicitor relationship, and shall provide each prospective client with a copy of Blue Bell's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation

arrangement between Blue Bell and the solicitor, including the compensation to be received by the solicitor from Blue Bell.

## **Item 15      Custody**

Blue Bell shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian for the client accounts. Those clients to whom Blue Bell provides investment supervisory services will also receive a quarterly report from Blue Bell summarizing account positions and valuations.

**Please Note:** To the extent that Blue Bell provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Blue Bell with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of Blue Bell's advisory fee calculation.

## **Item 16      Investment Discretion**

The client can determine to engage Blue Bell to provide investment advisory services on a discretionary basis. Prior to Blue Bell assuming discretionary authority over a client's account, the client shall be required to execute Investment Advisory Agreement, naming Blue Bell as the client's attorney and agent in fact, granting Blue Bell full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage Blue Bell on a discretionary basis may, at anytime, impose restrictions, **in writing**, on Blue Bell's discretionary authority. (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Blue Bell's use of margin, etc).

## **Item 17      Voting Client Securities**

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Investment Advisers Act, Blue Bell has adopted and implemented written policies and procedures governing the voting of client securities. All proxies that Blue Bell receives will be treated in accordance with these policies and procedures.

Blue Bell has engaged the services of Broadridge's ProxyEdge platform to vote and maintain records of all proxies.

Blue Bell complete proxy voting policy, procedures, and those of its proxy voting service providers, are available for client review. In addition, our complete proxy voting record is available to our clients, and only to our clients.

In addition, Blue Bell has also contracted with Broadridge as provider to file Class Actions "Proof of Claim" forms.

Occasionally, securities held in the accounts of clients will be the subject of class action lawsuits. Blue Bell has retained the services of Broadridge to provide a comprehensive review of our clients' possible claims to a settlement throughout the class action lawsuit process. Broadridge actively seeks out any open and eligible class action lawsuits. Additionally, Broadridge files, monitors and expedites the distribution of settlement proceeds in compliance with SEC guidelines on behalf of our clients.

Broadridge and Blue Bell have also entered into an agreement where Broadridge will, on behalf of clients, seek to recover assets as part of global securities class action lawsuits, bankruptcies and disgorgements on securities owned by clients. Clients are also obligated to pay Broadridge a contingency fee of 20% of the total reimbursement of asset settlements collected by Broadridge for partaking in this service. Clients agree to this in Blue Bell's investment advisory agreement.

Clients should contact Justin Capetola at the phone number on the front of this document if they have any questions or if they would like to review any of these documents. In addition, information pertaining to how Blue Bell voted on any specific proxy issue is also available upon written request. Requests should be made by contacting Blue Bell's Chief Compliance Officer, Justin Capetola.

#### **Item 18          Financial Information**

- A. Blue Bell does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. Blue Bell is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Blue Bell has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: Blue Bell's Chief Compliance Officer, Justin Capetola, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**