

**Part 2A of Form ADV: *Firm Brochure***

**BSG Financial Services, Inc.**

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This brochure provides information about the qualifications and business practices of BSG Financial Services, Inc. If you have any questions about the contents of this brochure, please contact us at 703-222-5899 or E-mail us at David.McKee@RaymondJames.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 BSG Financial Services, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 117474.

## **Item 2    Material Changes**

The SEC adopted new rules and rule amendments under the Investment Advisers Act of 1940 to implement provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act. As a result, BSG Financial Services, Inc. is no longer eligible for SEC registration. We are in the process of switching from federal to state oversight, and the transition must be complete by June 28, 2012. Once the transition is complete, BSG Financial Services Inc.'s investment advisory business will be regulated by the Virginia Division of Securities.

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## **Item 4    Advisory Business**

BSGF Financial Services, Inc. ("BSGF") is a state-registered investment adviser with its principal place of business located in Fairfax, Virginia. BSGF began conducting business in 2000.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- David R. McKee, CFP, ChFC, President, Chief Compliance Officer
- Thomas E. Burdette, CPA

BSGF offers the following advisory services to our clients:

### **INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

We offer these portfolio management services through the Investment Management Program for Advisory Clients ("IMPAC") and AMBASSADOR programs offered through Raymond James and Associates, Inc. ("RJA"), a FINRA member broker dealer. BSGF provides our clients with ongoing investment advice and management through the IMPAC and AMBASSADOR programs. These client assets will be custodied at RJA. For more detailed information on our brokerage practices, please refer to Item 12 of this disclosure brochure.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Common stock
- Mutual fund shares

- Variable annuities
- Exchange traded funds (ETFs)
- Corporate debt securities
- Municipal securities
- United States government securities
- Investments in partnerships investing in real estate and oil and gas interests

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

## **FINANCIAL PLANNING**

We provide financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicare and elder law.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

Typically the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

### **CONSULTING SERVICES**

Clients can also receive investment advice on a more focused basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. We also provide specific consultation and administrative services regarding investment and financial concerns of the client.

Consulting recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

### **AMOUNT OF MANAGED ASSETS**

As of 12/31/2011, we were actively managing \$48,287,529 of clients' assets on a discretionary basis plus \$2,902,572 of clients' assets on a non-discretionary basis.

## Item 5 Fees and Compensation

### INDIVIDUAL PORTFOLIO MANAGEMENT IMPAC Program

The annualized fees for Individual Portfolio Management services in the IMPAC program are charged as a percentage of assets under management, according to the following schedule:

<b><u>Assets Under Management</u></b>	<b><u>Annual Fee</u></b>
First \$1,000,000	1.00%
Over \$1,000,000	1.00% and Negotiable

There is a minimum account size of \$25,000 required for the IMPAC program.

### AMBASSADOR Program

The AMBASSADOR program differs from the IMPAC program in that the AMBASSADOR program provides no transaction fee (NTF) trading for a wide variety of exchange-listed and over-the-counter securities, whereas IMPAC provides NTF trading only for certain transactions involving open-end mutual funds.

The annualized fees for Individual Portfolio Management services in the AMBASSADOR program are charged as a percentage of assets under management, according to the following schedule:

<b><u>Assets Under Management</u></b>	<b><u>Annual Fee</u></b>
Up to \$200,000	1.75%
\$200,000 - \$500,000	1.50%
Over \$500,000	1.25%

There is a minimum account size of \$50,000 required for the AMBASSADOR program.

***Fees Billed in Advance or Arrears:*** Our advisory fees will be charged in one of two ways as agreed upon with the client:

- *In advance:* Advisory fees are billed in advance at the beginning of each calendar quarter based upon the asset value (market or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account equity at the end of the previous quarter.
- *In arrears:* Advisory fees are billed in arrears at the end of each calendar quarter based upon the asset value (market or fair market value in the absence of market value), of the client's account at quarter-end.

Clients authorize and direct RJA, as the custodian, to deduct asset based advisory fees from the client's account. RJA sends statements at least quarterly to the client which shows all amounts disbursed from the client's account, including the advisory fees paid to BSGF. Clients understand that the brokerage statement will show the amount of the asset based fee, the value of the assets on which the fee was based, and the specific manner in which the fee was calculated.

### **FINANCIAL PLANNING**

Our Financial Planning service fee is calculated and charged on an hourly basis at the rate of \$300 per hour. All fees are agreed upon prior to entering into a contract with any client.

The client is billed quarterly in arrears based on actual hours accrued.

### **CONSULTING SERVICES**

Our Consulting service fee is calculated and charged on an hourly basis at the rate of \$300 per hour. All fees are agreed upon prior to entering into a contract with any client.

The client is billed quarterly in arrears based on actual hours accrued.

### **ADDITIONAL COMPENSATION**

The principal executive officers and other employees are separately licensed as registered representatives of Raymond James Financial Services, Inc. ("RJFS"), a FINRA member broker dealer and wholly owned subsidiary of Raymond James Financial, Inc. ("RJF"). These individuals may also be insurance agents or brokers for one or more insurance companies. As such, these individuals, in their separate capacities as registered representatives and/or insurance agents or brokers, will be able to effect securities transactions and/or purchase insurance products for clients. As a result, these individuals will receive separate, yet customary compensation (i.e., commissions, 12b-1 fees or other sales-related forms of compensation). These individuals may spend as much as one-third of their time on this related activity.

A conflict of interest exists between the interests of these individuals, and those of the advisory clients, creating an incentive for them to recommend investment products based on the compensation received through RJFS or various insurance companies, rather than on a client's needs. However, clients are under no obligation to act upon any recommendations of these individuals or to effect any transactions through them if they decide to follow the recommendations. The principal executive officers and other employees of BSGF do not limit their recommendations to products offered by RJFS, with all consulting and financial planning advice provided being of a generic nature.

However, BSGF may have a financial incentive to recommend the IMPAC or AMBASSADOR programs offered through RJA. A portion of the annual advisory fee the



client pays to RJA is paid to BSGF. This fee may be more than BSGF would receive under an alternative program of if the client paid for these services separately. Therefore, BSGF may have a financial incentive to recommend IMPAC or AMBASSADOR over other programs offered through other investment advisers or broker dealers.

## **GENERAL INFORMATION**

***Limited Negotiability of Advisory Fees:*** Although BSGF has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

***Mutual Fund Fees:*** All fees paid to BSG Financial Services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Wrap Fee Programs and Separately Managed Account Fees:*** Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an

arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

***Advisory Fees in General:*** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

***Limited Prepayment of Fees:*** Under no circumstances do we require or solicit payment of fees in excess of \$500 more than six months in advance of services rendered.

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

BSGF does not charge performance-based fees.

## **Item 7 Types of Clients**

BSGF provides advisory services to the following types of clients:

- Individuals
- Pension and profit sharing plans
- Corporations

There is a minimum account size of \$25,000 required for the IMPAC program. There is a \$50,000 minimum account size of \$50,000 required for the AMBASSADOR program. Please refer to Item 5 of this disclosure brochure for more information.

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

### **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company or market sector is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the security.

**Technical Analysis.** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### **INVESTMENT STRATEGIES**

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases.** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

**Risk of Loss.** Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

**Security-Specific Risks.** Most of the time your account will be invested in a combination of mutual funds, exchange –traded funds (ETFs), and individual securities such as common stocks, bonds, and American Depository Receipts (ADRs).

Mutual funds and ETFs carry product-specific risks and you should review the applicable prospectuses for the funds in your portfolio in order to have a complete understanding of these risks. Some of these funds invest in specific sectors or parts of the world and as such carry additional concentration risks related to fundamental or technical factors that are unique to that sector or geographic area.

While mutual funds are purchased and redeemed directly from the issuing company at net asset value (NAV), they are not traded throughout the day and can only be bought or sold at the market close, typically 4PM Eastern Time. While ETFs can typically be bought and sold on an exchange throughout the day there is no guarantee that an investor will be able to do so at or near net asset value. While mutual funds and ETFs will typically be purchased in order to participate in a specific segment of the market, these products carry additional fees and there is no guarantee that the funds will achieve their objectives and realized returns may be below what one would expect given the prevailing market conditions.

Common stocks and bonds carry risks specific to the issuer. While a mutual fund or ETF is typically invested across a significant number of different securities, when one invests directly in the securities of a specific corporation or government entity they assume some concentration risk. Often specific issues will arise that are specific to that issuer which will negatively impact the value of their securities, but not necessarily those of other similar issuers. ADRs hold securities of non-US issuers and therefore carry additional risks present in foreign securities, including political risk and currency risk.

## **Item 9     Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

The principal executive officers and investment adviser representatives of BSGF are registered representatives and may be investment adviser representatives of Raymond James Financial Services, Inc. ("RJFS"), a securities broker-dealer and a member of FINRA and an investment adviser registered with the Securities and Exchange Commission. In addition, these individuals are also licensed insurance agents. These individuals may receive compensation for their activities as registered representatives or insurance agents. These

individuals may spend approximately one-third of their time on these activities. More information about these relationships is discussed in Item 5 of this Brochure.

Thomas Burdette, a shareholder of BSGF, is a managing shareholder of The Burdette Smith Group, P.C. ("Burdette Smith"), an accounting firm. Joseph English, a shareholder of BSGF, is also a shareholder of Burdette Smith. Mr. Burdette and Mr. English may recommend BSGF to accounting clients in need of advisory services. BSGF may recommend Burdette Smith to advisory clients in need of accounting services. Accounting services provided by Burdette Smith are separate and distinct from the advisory services of BSGF, and are provided for separate and typical compensation. No BSGF client is obligated to use Burdette Smith for any accounting services. BSGF may, from time to time, either directly or indirectly compensate Mr. Burdette and Mr. English for client referrals. These individuals may spend as much as 95% of their time on this related activity.

Clients should be aware that the receipt of additional compensation by BSGF and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. BSGF endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;

- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

BSGF and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

BSGF's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [David.McKee@RaymondJames.com](mailto:David.McKee@RaymondJames.com), or by calling us at 703-222-5899.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the

best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

## **Item 12 Brokerage Practices**

BSGF does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

BSGF does have discretion as to where client accounts are held and where their trades will be placed. We require that all clients will have their trades placed through Raymond James Financial Services (RJFS), a FINRA member broker dealer, where BSGF's principal executive officers and other employees are registered. Clients should be aware that these individuals, as registered representatives of a broker dealer, are subject to FINRA Conduct Rule 3040 that restricts them from conducting securities transactions away from RJFS. Clients should understand that in directing the use of RJFS, BSGF will not have the authority to negotiate commissions among various broker dealers or obtain volume discounts, and best execution may not be achieved. Not all advisers require their clients to place their trades through a specific broker dealer.

We reserve the right to decline acceptance of any client account for which the client directs the use of a broker other than RJFS if we believe that this choice would hinder our fiduciary duty to the client and/or our ability to service the account. Not all advisers require clients to direct it to use a particular broker-dealer.

### **BLOCK TRADING**

BSGF will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. We will typically aggregate trades among clients whose accounts can be traded at a given broker. Our block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with BSGF, or our firm's order allocation policy.
- 2) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable BSGF to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, an order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients. This is generally done using the Fiserv Financial Advisor Workbench program and verified by the CIO prior to the order being placed for execution.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must



be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.

- 8) BSGF client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 9) Funds and securities for aggregated orders are clearly identified on BSGF's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 10) No client or account will be favored over another.

## **Item 13    Review of Accounts**

### **INDIVIDUAL PORTFOLIO MANAGEMENT**

**REVIEWS:** While the underlying securities within Individual Portfolio Management services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

**REPORTS:** Clients will receive monthly or quarterly statements and confirmations of transactions directly from their broker-dealer. BSGF will provide reports if contracted for at the inception of the advisory relationship.

## **FINANCIAL PLANNING SERVICES**

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

**REPORTS:** Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

## **CONSULTING SERVICES**

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically an annual review will be conducted for Consulting Services clients unless otherwise contracted for. Such reviews will be conducted by the client's account representative.

**REPORTS:** These client accounts will receive reports as contracted for at the inception of the advisory engagement or at least annually.

All accounts are reviewed by David McKee, President of BSGF.

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

### **CLIENT REFERRALS**

BSGF does not compensate any person for client referrals.

### **OTHER COMPENSATION**

Our firm and/or our officers and representatives are eligible to receive incentive awards (including prizes such as trips or bonuses) for recommending certain types of insurance policies or other investment products that we recommend.

While we endeavor at all times to put the interest of our clients first as part of our fiduciary duty, the possibility of receiving incentive awards creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

## **Item 15 Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure our advisory fees may be directly debited client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is

required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements from Raymond James in order to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

## **Item 16 Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

## **Item 17 Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

## **Item 18 Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$500 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. BSGF has no additional financial circumstances to report.

BSGF has not been the subject of a bankruptcy petition at any time during the past ten years.

## **Item 19 Requirements for State-Registered Advisers**

The following individuals are the principal executive officers and management persons of BSGF:

- David R. McKee, President & Chief Compliance Officer
- Thomas E. Burdette, Shareholder
- Joseph M. English, Shareholder

Information regarding the formal education and business background for David McKee is provided in his respective Brochure Supplement. The education and business background for Thomas Burdette and Joseph English is as follows:

### **Thomas E. Burdette**

#### *Education:*

- Catawba College, B.A. in Accounting, 1973

#### *Business Background:*

- BSG Financial Services, Inc., Shareholder, 2000 - Present
- Burdette Smith Group, Managing Shareholder, 1978 - Present

### **Joseph M. English**

#### *Education:*

- Wheeling College, B.S. in Accounting, 1988

#### *Business Background:*

- BSG Financial Services, Inc., Shareholder, 2000 - Present
- Burdette Smith Group, Shareholder, 1988 - Present

BSGF is not engaged in any business activity other than giving investment advice.

Neither BSGF nor our supervised persons are compensated for advisory services with performance-based fees.

We are required to disclose all material facts regarding certain legal or disciplinary events pertaining to arbitration awards or other civil, regulatory or administrative proceedings in which our firm or management personnel were found liable or against whom an award was granted. Our firm and our management personnel have no reportable disciplinary events to disclose.

Neither BSGF nor our management personnel have a relationship or arrangement with any issuer of securities.