

# Beacon Capital Management, Inc.

## Client Brochure

*This brochure provides information about the qualifications and business practices of Beacon Capital Management, Inc. If you have any questions about the contents of this brochure, please do not hesitate to contact us at (937) 439-9093 or by email at: [cook@beaconinvesting.com](mailto:cook@beaconinvesting.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 Beacon Capital Management, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Beacon Capital Management Inc.'s CRD number is: 120641*

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Registration does not imply a certain level of skill or training.  
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## ITEM 2: MATERIAL CHANGES

The follow items were updated since Beacon Capital Management, Inc.'s (BCM) last annual update filing on March 26, 2015 which constitutes as Material Changes:

- Beacon Capital Management Inc.'s Dayton, Ohio headquarters moved on February 29<sup>th</sup> 2016. The firm's headquarters moved from 323 Regency Ridge Dr., Dayton, OH 45459 to 7777 Washington Village Dr., Suite 280, Dayton, OH 45459.
- Item 4B(iii) – BCM has added *Impersonal Advisory Services* as a new type of advisory service.
- Item 4B(v) – BCM has added *Non-Discretionary Separately Managed Account Services* as a new type of advisory service.
- Item 4E – BCM has updated the amount of discretionary and non-discretionary assets under management.
- Item 5A – BCM has added language to describe the fees and compensation arrangements pertaining to our two new advisory service programs; *Impersonal Advisory Services* and *Non-Discretionary Separately Managed Account Services*.
- Item 10 (B) – BCM has added another financial industry activity for the firm/firm personnel as BCM Investment Adviser Representative; Martin Jaras also now acts as an Investment Advisor Representative for Jaras Financial Services, Inc.
- Item 12A (i) – BCM has added language to describe the "Additional Services Addendum" executed by BCM and TD Ameritrade, and the subsequent "Additional Services" the firms receives from TD Ameritrade by participating in the TD Ameritrade Institutional program.

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#### ITEM 4: ADVISORY BUSINESS

##### A. Description of the Advisory Firm

Beacon Capital Management, Inc. is an S-Corporation organized in the state of Ohio. This firm has been in business since July 1, 2000, and the principal owner is James Christopher Cook.

##### B. Types of Advisory Services

Beacon Capital Management, Inc. (hereinafter “BCM”) offers the following services to advisory clients:

###### i. Investment Supervisory Services

BCM offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. BCM creates an Investment Management Planning Questionnaire for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client’s specific situation. Investment Supervisory Services include, but are not limited to, the following:

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

BCM evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. BCM will request discretionary authority via an Investment Advisory Agreement from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Management Planning Questionnaire, which is given to each client.

###### ii. Investment Advisory Services

BCM provides Investment Advisory Services to clients who are referred to BCM through investment advisor representatives and registered representatives of Registered Investment Advisers and Broker-Dealers known as (“Solicitors”). A prospective client that becomes a client of BCM as a direct result of a Solicitor is identified as a “Solicited Client”.

Investment Advisory Services for the Solicited Client require the Solicitor, through its representatives to introduce and assist clients in establishing a relationship with BCM. These services include but are not limited to; periodic client contact, being available to answer client inquiries, updating client information, gathering suitability information, gauging client risk tolerance, meeting at least annually to determine if there is a change in the client’s financial situation, assisting the prospective client in understanding the services and strategies provided by BCM and ultimately helping clients to determine the most appropriate BCM model portfolio strategy or “Solicitor Customized” portfolio for each client’s personal financial situation. A list of the BCM model portfolio strategies offered to Investment Advisory Service clients is listed below.

A “Solicitor Customized” portfolio refers to the Solicitor’s ability to create their own BCM portfolio for a given client by selecting individual mutual funds and/or by blending different BCM model portfolio strategies for use in a client account. In addition, the Solicitor is able to determine the target allocations for each individual mutual fund and/or the blended model strategies to be used in the client account in order to achieve the desired investment allocation for a given client.

Once the Solicitor and Solicited Client have worked to determine the most appropriate BCM model portfolio strategy or Solicitor Customized portfolio for their needs, BCM will manage the client account continuously based upon the portfolio’s goals and objectives, rather than on each client’s individual needs. However, each client will have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. These reasonable restrictions must be conveyed to BCM by the Solicited Client prior to the establishment of the client account via a written “Reasonable Investment Restriction Request”.

As BCM manages the client account, the account’s actual stock-to-bond ratio will deviate around the target stock-to-bond ratio of the model portfolio. Although the client account’s target stock-to-bond ratio will be maintained, BCM may change the specific mutual funds, Exchanged Traded Funds (“ETFs”) or other investments being used in the client account at BCM’s discretion.

BCM will require a New Account Package from the Solicited Client which details BCM's responsibilities to the client, the soliciting advisor's responsibilities to the client and the client's responsibilities to BCM. Also via the New Account Package, clients will provide to BCM some but not exclusively the following; basic personal and suitability information, desired investment allocation, solicitor/advisor authorization (if desired), discretionary trading authority, authorization for direct management fee deduction and acknowledgment and agreement on the amount of management fees to be assessed to the client on an annual basis.

The following are the model portfolio strategies BCM currently offers via Investment Advisory Services:

**a. Beacon Vantage 1.0 Portfolios**

The Beacon Vantage 1.0 Portfolios service utilizes an asset-class diversification strategy based on the work of Eugene Fama and Kenneth French, which emphasizes small company stocks and value stocks.

- **Investor Objectives** – The Beacon Vantage 1.0 Portfolios are for investors with a long-term perspective. Rather than attempting to “beat the market,” these portfolios are designed to capture the returns from investments that we believe have been proven with academic research to compensate investors over the long-term. Investors are willing to accept short-term underperformance to increase the probability of long-term results.
- **Asset Allocation** – The Beacon Vantage 1.0 Portfolios are designed to take advantage of superior long-term returns which can be delivered by small company stocks. These portfolios invest in small company stocks diversified across domestic, international and emerging markets.
- **Risk Management** – The Beacon Vantage 1.0 Portfolios utilize a risk optimization process that manages volatility with a strict “risk budget” for each portfolio. During periods when small company stocks have high volatility, the portfolio's allocation is shifted to a heavier fixed income investment to stay within the “risk budget.” The same but opposite principle is applied when small company stocks have relatively low volatility.

The Beacon Vantage 1.0 Portfolios service typically invests in 5-12 different mutual funds purchased at Net Asset Value (“NAV”). Front-end sales loads are avoided with this service.

The minimum account size for the Beacon Vantage 1.0 Portfolios service is \$25,000.

**b. Beacon Vantage 2.0 Portfolios**

The Beacon Vantage 2.0 Portfolio strategies utilize an asset-class diversification strategy based on the work of Burton Malkiel, which states that; analysts don't have all the information necessary to predict movements in the market; that each sector of the market responds uniquely to given economic conditions; and that sectors seldom move in tandem with one another. It is this thought process which has led BCM to use sectors as the primary investment vehicle for the Vantage 2.0 Portfolio strategies.

- **Investor Objectives** – The Beacon Vantage 2.0 Portfolios are for investors seeking consistent results. These portfolios are designed to avoid significant losses while attempting to generate consistent returns. Investors are willing to sacrifice the highest possible returns in the market for a higher level of risk control.
- **Asset Allocation** – The Beacon Vantage 2.0 Portfolios are highly diversified across all market sectors. These portfolios are diversified across 11 different market sectors. Rather than attempt to predict which sector, such as technology, health care or energy, is going to be in favor, these portfolios invest in all sectors equally.
- **Risk Management** – The Beacon Vantage 2.0 Portfolios utilize a stop-loss strategy that automatically withdraws investors from their equity positions if the investment loss of the Vantage 2.0 Benchmark Index hits a predetermined amount. This approach attempts to provide a safety valve during extreme

bear markets when standard asset allocation diversification may not enough to protect investor principle.

The Beacon Vantage 2.0 Portfolios service typically invests in 11-15 different exchange-traded funds (ETFs). There are no sales loads with this service.

The minimum account size for the Beacon Vantage 2.0 Portfolios service is \$25,000.

**c. Beacon JN Vantage 2.5 Portfolios**

The Beacon JN Vantage 2.5 Portfolio strategies utilize an asset-class diversification strategy based on the work of Burton Malkiel, which states that; analysts don't have all the information necessary to predict movements in the market; that each sector of the market responds uniquely to given economic conditions; and that sectors seldom move in tandem with one another. It is this thought process which has lead BCM to use sectors as the primary investment vehicle for the Beacon JN Vantage 2.5 Portfolio strategies.

Beacon JN Vantage 2.5 Portfolios are held within the Jefferson National Monument Advisor Variable Annuity (VA) product. Since these portfolios are held within VA products, Beacon is limited in the selection of funds which can be used in the JN Vantage 2.5 Portfolios. As with Beacon's other model portfolio strategies, Beacon does not benefit from the purchase or sale of a fund within the Beacon JN Vantage 2.5 Portfolios. Since the funds held within the Beacon JN Vantage 2.5 Portfolios are sub-accounts within the annuity, there are no transaction costs, however these accounts do not constitute as wrap.

- **Investor Objectives** – The Beacon JN Vantage 2.5 Portfolios are for investors seeking consistent results. These portfolios are designed to avoid significant losses while attempting to generate consistent returns. Investors are willing to sacrifice the highest possible returns in the market for a higher level of risk control.
- **Asset Allocation** – The Beacon JN Vantage 2.5 Portfolios are highly diversified across all market sectors. These portfolios are diversified across 11 different market sectors. Rather than attempt to predict which sector, such as technology, health care or energy, is going to be in favor, these portfolios invest in all sectors equally.
- **Risk Management** – The Beacon JN Vantage 2.5 Portfolios utilize a stop-loss strategy that automatically withdraws investors from their equity positions if the investment loss of the Vantage 2.0 Benchmark Index hits a predetermined amount. This approach attempts to provide a safety valve during extreme bear markets when standard asset allocation diversification may not enough to protect investor principle.

The Beacon JN Vantage 2.5 Portfolio service typically invests in 11-15 different Mutual Funds/Sub-Accounts approved for use within the Jefferson National VA product. There are no sales loads with this service.

There is no minimum account size for this product.

**iii. Impersonal Advisory Services**

BCM provides investment advisory services acting as a sub-advisor to various Registered Investment Advisers and Broker-Dealer programs.

The services BCM provides sub-advisory managed accounts is as follows; portfolio design, asset allocation, risk management and security selection. Sub-advisory managed accounts are managed based upon the selected portfolio's stated investment strategy, philosophy and objective, rather than on each client's individual needs.

**iv. Separately Managed Account Advisory Services**

BCM provides investment advisory services on a discretionary basis for Separately Managed Accounts ("SMAs"). BCM may provide one or more of its model portfolio strategies to a "Platform Provider" such as Envestnet, Placemark, Mid-Atlantic, etc. in which BCM has entered into an agreement as a model manager with the Platform Provider. BCM provides access to the model portfolio strategies via the Platform Providers for which Investment Advisor Representatives and Registered Representatives can then select as an investment portfolio for a client account. For SMAs, BCM is solely responsible for the management of the model portfolio strategies provided to the Platform Provider. By utilizing one or more of BCM's

model portfolio strategies via a Platform Provider; the services BCM provides SMAs is as follows; portfolio design, asset allocation, risk management and security selection. SMAs are managed based upon the selected portfolio's stated investment strategy, philosophy and objective, rather than on each client's individual needs.

**v. Non-Discretionary Separately Managed Account Advisory Services**

BCM provides investment advisory services on a non-discretionary basis for Separately Managed Accounts ("SMAs"). BCM may provide model allocations and risk management information pertaining to one or more of its model portfolio strategies to a "Service Platform Provider" such as TradePMR. Under this type of agreement, BCM is to provide the model portfolio's target allocations and risk management triggers to the Service Platform Provider. Unlike BCM's discretionary SMA relationship, BCM does not maintain the model portfolios ourselves. BCM is solely responsible for updating the Service Platform Provider with any changes made to a model portfolio's target asset allocation and with any tactical rebalancing trigger points. It is sole responsibility of the Service Platform Provider to update the model portfolio's allocations appropriately and timely; and to process appropriately and timely any rebalancing trades based upon the information provided to the Service Platform Provider by BCM.

**vi. Unsupervised Assets**

From time to time, advisory clients may have pre-existing investments that they do not want actively managed by BCM. These clients may request that BCM incorporate these holdings into a single account to facilitate future management and reporting. BCM will initially consolidate these unsupervised assets into a single account within the client's existing portfolio. These assets will not be actively managed by BCM although they will be incorporated into the client's quarterly summary reports prepared by BCM.

**vii. Pension Consulting Services**

BCM provides several advisory services separately or in combination. While the primary clients for these services will be pension, profit sharing and 401(k) plans, BCM will also offer these services, where appropriate, to individuals and trusts, estates and charitable organizations. Pension Consulting Services are comprised of four distinct services. Clients may choose to use any or all of these services.

**a. Investment Policy Statement Preparation (Hereinafter Referred To As "IPS")**

BCM will meet with the client (in person or over the telephone) to determine the client's investment needs and goals. BCM will then prepare a written IPS stating those needs and goals and encompassing a policy under which these goals are to be achieved. The IPS will also list the criteria for selection of investment vehicles and the procedures and timing interval for monitoring of investment performance.

**b. Selection of Investment Vehicles**

BCM will review various investments, consisting exclusively of mutual funds (both index and managed) to determine which of these investments are appropriate to implement the client's IPS. The number of investments to be recommended will be determined by the client, based on the Investment Policy Statement.

**c. Monitoring of Investment Performance**

Client investments will be monitored continuously based on the procedures and timing intervals delineated in the Investment Policy Statement. Although BCM will not be involved in any way in the purchase or sale of these investments, BCM will supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

**d. Employee Communications**

For pension, profit sharing and 401(k) plan clients wherein there are individual accounts with participants exercising control over assets in their own account ("self-directed plans"), BCM also provides quarterly educational support and investment workshops designed for the Plan participants. The nature of the topics to be covered will be determined by BCM and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide Plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

**viii. Investment Advice through Consultation**

BCM offer investment research, economic analysis and portfolio design based on our model allocations. Allocations are based on risk tolerance and stock-to-bond ratios. These services are available to other persons or entities for a negotiable fee.



**ix. Selection of Other Advisors**

BCM may direct clients to the third party money manager; Matson Money, Inc. (MM). BCM will be compensated via a fee share from MM to which it directs those clients. This relationship will be disclosed in each contract between BCM and MM. The fees shared will not exceed any limit imposed by any regulatory agency. Before selecting other advisors for clients, BCM will always ensure those other advisors are properly licensed or registered as investment advisor.

**x. Services Limited to Specific Types of Investments**

BCM limits its investment advice and/or money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, third party money managers, REITs, insurance products including annuities, and government securities. BCM may use other securities as well to help diversify a portfolio when applicable.

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

BCM offers the same suite of services to all of its clients within the same type of Advisory Service. When applicable, specific client financial plans and their implementation are dependent upon; the client Investment Management Planning Questionnaire which outlines each client's current situation (income, tax levels, and risk tolerance levels), or the information obtained by BCM from the client via the Solicitor, both of which can be used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent BCM from properly servicing the client account, or if the restrictions would require BCM to deviate from its standard suite of services, BCM reserves the right to end the relationship.

**D. Wrap Fee Programs**

BCM participates in wrap fee programs; which is an investment program where the investor pays one stated fee that includes management fees and transaction costs from the custodian. BCM does manage the investments in the wrap fee program. BCM does not manage those wrap fee accounts any differently than non-wrap fee accounts. A portion of the fees paid to the wrap account program will be given to BCM as a management fee.

**E. Amounts Under Management**

BCM has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$1,717,094,736	\$7,421,321	12/31/2015

**ITEM 5: FEES AND COMPENSATION**

**A. Fee Schedule**

**i. Investment Supervisory Services Fees**

Fees are negotiated and established on a client by client basis, but these negotiated fees cannot exceed 1.8% annually or \$400 minimum per year. All Investment Supervisory fees are disclosed and documented via the client's Investment Advisory Agreement. The client may also pay fees and expenses related to the client's investments in the underlying mutual funds, ETFs or other investment vehicles used within their account. A description of these fees and expenses can be found in each funds' prospectus.

**ii. Investment Advisory Services Fees**

The Solicited Client account is charged a management fee by BCM. A portion of the management fee is then paid out to the Solicitor and/or a Soliciting Advisor. This Solicitor referral or payment is disclosure to each client via a "Solicitation Disclosure" which is a part of BCM's New Account Package. BCM's standard fee schedule is as follows:

<b>Total Assets Under Management</b>	<b>Annual Fee</b>
First \$500,000	1.80%
Next \$500,000	1.40%
Next \$1,000,000	1.30%

<b>Total Assets Under Management</b>	<b>Annual Fee</b>
Next \$2,000,000	1.10%
Above \$4,000,000	Negotiable

There is a minimum annual fee of \$400. These fees are negotiable and the final fee schedule is attached in the Investment Advisory Contract/Investment Management Agreement. Fees are paid monthly or quarterly in advance or in arrears depending upon client situation, and clients may terminate their contracts with ten days' written notice. For fees charged in arrears, no refund policy is necessary. For fees charged in advance, refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization. The client may also pay fees and expenses related to the client's investments in the underlay mutual funds, ETFs or other investment vehicles used within their account. A description of these fees and expenses can be found in each funds' prospectus.

**iii. Impersonal Advisory Services Fees**

Fees are negotiated with each individual Registered Investment Adviser and Broker-Dealer for which BCM has entered into a sub-advisory relationship with. For impersonal advisory managed accounts, fees can be as high as .55% or \$400 minimum per year. The client may also pay fees and expenses related to the client's investments in the underlying mutual funds, ETFs or other investment vehicles used within their account. A description of these fees and expenses can be found in each funds' prospectus. Note the client may pay additional management fees above and beyond BCM's fee for which BCM has control over nor receives any benefit from.

**iv. Separately Managed Account Advisory Services Fees**

Fees are negotiated with the Platform Provider. Separately Managed Account (SMA) fees can be as high as .55% or \$400 minimum per year. The client may also pay fees and expenses related to the client's investments in the underlying mutual funds, ETFs or other investment vehicles used within their account. A description of these fees and expenses can be found in each funds' prospectus. Note the client may pay additional management fees above and beyond BCM's fee for which BCM has control over nor receives any benefit from.

**v. Non-discretionary Separately Managed Account Advisory Services**

Fees are negotiated with the Service Platform Provider. Separately Managed Account (SMA) fees can be as high as .55% or \$400 minimum per year. The client may also pay fees and expenses related to the client's investments in the underlying mutual funds, ETFs or other investment vehicles used within their account. A description of these fees and expenses can be found in each funds' prospectus. Note the client may pay additional management fees above beyond BCM's fee for which BCM has control over nor receives any benefit from.

**vi. Unsupervised Assets Fees**

For these assets, BCM will charge a minimal administrative fee of 0.10% annually. However, once these unsupervised assets are sold they will be reclassified as managed assets and fees will be charged in accordance with BCM's stated Portfolio Management fees.

**vii. Pension Consulting Services Fees**

BCM offers the following fee options for clients receiving only Pension Consulting services and for clients receiving Pension Consulting services combined with Asset Allocation services.

- For Pension Consulting Services that include on-going monitoring, the annual fee may range from 0.10% to 1.00% of plan assets under advisement, depending upon the services requested and the size of the plan.
- For Pension Consulting Services that include Asset Allocation Services, the annual fee may range from 0.85% to 1.80% of plan assets under management, depending on the services requested and the size of the plan. BCM will quote an exact percentage to each client based on both the nature and total dollar value of that account. The billing terms and fees will be stipulated in the Investment Management Client Agreement.

**viii. ERISA Fee Disclosure**

BCM is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, BCM is subject to specific duties

and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, BCM may only charge fees for investment advice about products for which BCM and/or its related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which BCM and/or its related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset BCM's advisory fees.

**ix. Investment Advice through Consultation Fees**

Fees typically start at 55 basis points (0.55%) but may be higher or lower depending on levels of assets under management.

**x. Selection of Other Advisors Fees**

BCM may direct clients to the third party money manager; Matson Money, Inc. (MM). BCM will be compensated via a fee share from MM to which it directs those clients. This relationship will be disclosed in each contract between BCM and MM. The fees shared will not exceed any limit imposed by any regulatory agency. Before selecting other advisors for clients, BCM will always ensure those other advisors are properly licensed or registered as investment advisor. The fee schedule is as follows:

AUM	This RIA's Split	Third Party's Split
First \$500,000	1.40%	0.60%
Next \$500,000	0.70%	0.30%
Next \$3,000,000	0.53%	0.23%
Above \$4,000,000	0.35%	0.15%

Fees are paid quarterly in advance, and clients may terminate their contracts with ten days' written notice. Refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination.

**B. Payment of Fees**

**i. Payment of Investment Supervisory Fees**

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid monthly or quarterly in advance or in arrears.

Advisory fees are also invoiced and billed directly to the client monthly or quarterly in advance or in arrears. Payments are due upon receipt of invoice. Clients may select the method in which they are billed.

**ii. Payment of Investment Advisory Fees**

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid monthly or quarterly in advance or in arrears.

Advisory fees are also invoiced and billed directly to the client monthly or quarterly in advance or in arrears. Payments are due upon receipt of invoice. Clients may select the method in which they are billed.

**iii. Payment of Impersonal Advisory Fees**

Advisory fees are paid to BCM from the Registered Investment Adviser and/or Broker-Dealer for which BCM has entered into the sub-advisory relationship with as agreed upon via the sub-advisory contract entered into by both parties.

**iv. Payment of Separately Managed Account Advisory Fees**

Advisory fees are paid to BCM from the Platform Provider as agreed upon via the management fee agreement entered into by BCM and the Platform Provider.

**v. Payment of Non-discretionary Separately Managed Account Advisory Fees**

Advisory fees are paid to BCM from the Service Platform Provider as agreed upon via the management fee agreement entered into by BCM and the Service Platform Provider.

**C. Clients Are Responsible for Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by BCM. Please see Item 12 of this brochure regarding broker/custodian.

**D. Prepayment of Fees**

BCM collects fees in advance and in arrears. Fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination and the total days during the billing period. Fees will be returned within fourteen days to the client via check or return to credit card.

**E. Outside Compensation for the Sale of Securities to Clients**

Martin Jaras in his role as a registered representative accepts compensation for the sale of securities to BCM clients.

**i. This is a Conflict of Interest**

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

**ii. Clients Have the Option to Purchase Recommended Products From Other Brokers**

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

**iii. Advisory Fees in Addition to Commissions or Markups**

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

**ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

BCM does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

**ITEM 7: TYPES OF CLIENTS**

BCM generally provides investment supervisory, investment advisory and separately managed account advisory services to the following Types of Clients:

- Individuals
- High-Net-Worth Individuals
- Pension and Profit Sharing Plans
- Corporations or Business Entities

**A. Minimum Account Size**

BCM requires a minimum account of \$25,000 for the Beacon Vantage 1.0 Portfolio Service, and the Beacon Vantage 2.0 Portfolio service. These minimum account requirements may be negotiable at BCM 's discretion based on the client's individual circumstances. BCM may group certain related client accounts for the purposes of achieving the minimum account size. There is no minimum account requirement for the Beacon JN Vantage 2.5 portfolio service. Account minimums for SMA services are determined by the Platform Provider (or Service Platform Provider) and/or the Primary Advisor/Primary Advisory Firm of record. There is no account or net worth minimums for Pension Consulting Services clients.

**ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF INVESTMENT LOSS**

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

**i. Methods of Analysis**

BCM's methods of analysis include fundamental analysis and technical analysis.

- **Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.
- **Technical analysis** involves the analysis of past market data; primarily price and volume.

ii. **Investment Strategies**

BCM uses Long Term and Short Term Trading strategies.

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

**B. Material Risks Involved**

i. **Methods of Analysis**

- **Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.
- **Technical analysis** attempts to predict a future stock price or direction based on market trends and/or historical analysis. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

ii. **Investment Strategies**

- **Long Term Trading** is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.
- **Short Term Trading** generally holds greater risk and clients should be aware that there is a chance of material risk of loss using any of those strategies.

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

**C. Risks of Specific Securities Utilized**

BCM generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

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

**ITEM 9: DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business or the integrity of our management.

**ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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

Martin Jaras is licensed as registered representatives of The Tavenner Company, Inc. ("TCI"), a FINRA registered broker dealer. From time to time, they will offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. BCM always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of BCM in their capacity as registered representatives.

**B. Registration as an Investment Advisor Representative of another Registered Investment Adviser**

In addition to being an Investment Advisor Representative ("IAR") for Beacon Capital Management, Inc., Martin Jaras is also an IAR for Jaras Financial Services, Inc. (CRD # 282126) as well as Jaras Financial Services' ("JFS") president. BCM and JFS are not affiliated and BCM receives no compensation or client referrals from JFS and JFS receives no compensation from BCM other than compensation associated with the advisory services performed by Martin Jaras for BCM clients as a BCM IAR. No client of JFS is required to use BCM for any investment advisory services and no client of BCM is required to use any investment advisory services of JFS.

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

Neither BCM nor its representatives are registered as a FCM, CPO, or CTA.

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

Associated persons of BCM are insurance agents or brokers for one or more insurance companies. From time to time, they will offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. BCM always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of BCM in their capacity as an insurance agent.

Martin Jaras, a BCM portfolio manager, is the President of Jaras Financial Services, Inc. ("JFS") as well an Investment Adviser Representative of JFS. JFS specializes in investment advisory services and pension plan consulting and administration, as well as general business consulting. The investment advice, investment services and consulting services provided by Mr. Jaras through JFS are provided for separate, yet customary compensation, and are entirely separate and distinct from the advisory services provided by BCM. Furthermore, Mr. Jaras maintains a private accounting practice. Accounting and tax preparation services provided by Mr. Jaras are separate and distinct from the advisory services provided by BCM, and are provided for separate and typical compensation. No BCM client is obligated to use Mr. Jaras for any accounting and/or tax preparation services, and no accounting/tax client of Mr. Jaras is obligated to utilize the advisory services of BCM.

Mr. Jaras is also the co-owner of a corporation d/b/a Handel Davies Sales Company ("HDSC"). HDSC is a wholesale distributor of specialty mats and cables in addition to pipe connectors used by electrical contractors.

**E. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections**

BCM may direct clients to the third party money manager; Matson Money, Inc. (MM). BCM will be compensated via a fee share from MM to which it directs those clients. This relationship will be disclosed in each contract between BCM and MM. The fees shared will not exceed any limit imposed by any regulatory agency. Before selecting other advisors for clients, BCM will always ensure those other advisors are properly licensed or registered as investment advisor. This creates a conflict of interest in that BCM has an incentive to direct clients to the third party money managers that provide BCM with a larger fee split. BCM will always act in the best interests of the client, including when determining which third party manager to recommend to clients.

**ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

**A. Code of Ethics**

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

**B. Recommendations Involving Material Financial Interests**

BCM does not recommend that clients buy or sell any security in which a related person to BCM has a material financial interest.

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

From time to time, representatives of BCM may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of BCM to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. BCM will always document any transactions that could be construed as conflicts of interest and will always transact client business before or simultaneously with their own when similar securities are being bought or sold.

**D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of BCM may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of BCM to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. BCM representatives will always transact client transactions simultaneously with, or before their own.

## **ITEM 12: BROKERAGE PRACTICES**

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

For clients in need of brokerage or custodial services, and depending on client circumstances and needs, BCM may recommend the use of one of several broker dealers, provided BCM can meet its fiduciary obligation of best execution. BCM clients must evaluate these brokers before opening an account. The factors considered by BCM when making this recommendation are the broker's ability to provide professional services, BCM 's experience with the broker, the broker's reputation, and the broker's quality of execution services and costs of such services, among other factors. Clients are not under any obligation to effect trades through any recommended broker.

BCM participates in the following custodial programs which it may recommend to clients; the Schwab Advisor Services program offered to independent investment advisers by; Charles Schwab & Company, Inc. ('Schwab'); the TD Ameritrade Institutional program, a division of TD Ameritrade, Inc. ('TD Ameritrade'), member FINRA/SIPC/NFA; as well as the Fidelity Institutional Wealth Management services program sponsored by Fidelity Brokerage Services, LLC and National Financial Services, LLC, a division of Fidelity Investments, LLC ('Fidelity') and the Advisor Products program provided by First Clearing, LLC ("FCC") sponsored by Wells Fargo Advisors. Schwab, TD Ameritrade, Fidelity and FCC are SEC registered broker dealers. Schwab, TD Ameritrade, Fidelity and FCC are not affiliated with BCM. As part of these programs, BCM receives benefits that it would not receive if it did not offer investment advice. Note there is no direct link between BCM's participation in the custodial program and the investment advice given to clients.

Schwab, TD Ameritrade, Fidelity and FCC offer services to independently registered investment advisers which include custody of securities, trade execution and clearance and settlement of transactions. BCM receives some benefits from Schwab, TD Ameritrade Fidelity and FCC through its participation in the custodian's program.

Clients directing us to manage accounts with a specific broker/dealer and their affiliated custodian, including those recommended by us, have the sole responsibility for negotiating commission rates and other transaction costs with the broker/dealer and/or custodian. Clients may be able to obtain lower transaction fee and/or charges with broker/dealers and custodians other than those selected by us. As previously disclosed, associated persons of BCM are separately registered as representatives of The Tavenner Company, Inc. ("TCI"), a broker dealer and FINRA member firm.

Broker dealers are required to supervise the securities trading activities of its representatives. Clients may request that brokerage transactions be directed to a particular broker or dealer. However, if BCM believes that the use of the client's selected broker dealer would hinder the firm meeting its supervisory obligations, BCM will not be able to accept the account. Furthermore, if BCM believes that the use of that broker dealer would hinder BCM in meeting its fiduciary obligations, BCM will not be able to accept the account.

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

BCM and/or associated persons may, from time to time, receive incentive awards for the recommendation/introduction of insurance products. The receipt of this compensation may affect BCM's judgment in recommending products to its clients. Associated persons of BCM may, from time to time, receive 12b-1 distribution fees from investment companies in connection with the placement of client funds into investment companies. Schwab, TD Ameritrade, Fidelity and FCC also make available to BCM other products and services that benefit BCM but may not benefit its clients' accounts.

Some of these other products and services assist BCM in managing and administering clients' accounts. These include; software and other technologies that provide access to client account data (such as trade confirmations and account statements), facilitating trade execution (and allocation of aggregated trade orders for multiple client accounts), access to funds with no transaction fees and to certain institutional money managers, facilitating payment of BCM's fees from its clients' accounts, providing research products and tools, pricing information and other market data, discounts on; compliance, marketing, research, technology, practice management products or services provided to BCM by third party vendors, and assisting with back-office functions, customer relationship management, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of BCM's accounts. Recommended brokers also make available to BCM other services intended to help BCM manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing.

BCM does not, however, enter into any commitments with the brokers for transaction levels in exchange for any services or products from brokers. While as a fiduciary, BCM endeavors to act in its clients' best interests, BCM's requirement that clients maintain their assets in accounts at Schwab, TD Ameritrade, Fidelity or FCC may be based in part on the benefit to BCM of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the brokers, which may create a potential conflict of interest.

By receiving some of the additional products and services described above, BCM may receive certain additional economic benefits which may or may not be offered to other independent advisors that also participate in the Schwab, TD Ameritrade, Fidelity and FCC service programs. BCM's receipt of additional products and services does not diminish BCM's duty to act in the best interest of our clients, including seeking best execution of trades for client accounts.

Through its participation in the TD Ameritrade program, BCM also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisors participating in the TD Ameritrade program. Specifically, the Additional Services include; compensation for the consultation for and customization of Salesforce; a client contact management system. TD Ameritrade provides the Additional Services to BCM in its sole discretion and at its own expense, and BCM does not pay any fees to TD Ameritrade for the Additional Services. BCM and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the Additional services provision. BCM's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to BCM, TD Ameritrade likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, BCM's client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with BCM, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, BCM may have an incentive to recommend to its clients that the assets under management by BCM be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. BCM's receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including seeking best execution of trades for client accounts.

**ii. Brokerage for Client Referrals**

BCM receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

**iii. Clients Directing Which Broker/Dealer/Custodian to Use**

BCM allows clients to direct brokerage. BCM may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost clients' money because without the ability to direct brokerage BCM may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices. Not all investment advisers allow their clients to direct brokerage.

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

BCM maintains the ability to block trade purchases across accounts. However, BCM also reserves the right to place trades directly for client accounts not utilizing block allocations. Block trading may benefit a large group of clients by providing BCM the ability to purchase larger blocks resulting in smaller transaction costs to the client. Declining to block trade can cause more expensive trades for clients.

**ITEM 13: REVIEWS OF ACCOUNTS**

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

Client accounts are reviewed at least daily by James Christopher Cook and Brandon Bianchi. They are the chief advisors and are instructed to review clients' accounts with regards to their investment advisory program, investment policies and risk tolerance levels.

**B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

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

Each client will receive at least quarterly a quarterly performance evaluation report from BCM detailing the client's account. Each client will also receive a monthly statement from their custodian detailing their account.



#### ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

**A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

BCM may receive some economic benefit from our custodians in the form of support products and services it makes available to us and other independent investment advisors that have their client accounts maintained at TD Ameritrade, Schwab, Fidelity or FCC. These products and services, how they benefit us, and the related conflicts of interest are described above (*see Item 12 – Brokerage Practices*). The availability to us of products and services offered by TD Ameritrade, Schwab, Fidelity or FCC is not based on us giving particular investment advice, such as buying particular securities for our clients.

**B. Compensation to Non-Advisory Personnel for Client Referrals**

BCM enters into marketing arrangements with broker/dealers, registered investment advisers and independent financial professionals pursuant to which representatives of their firms (“Solicitors”) offer our services to the public. These Solicitors refer us the majority of our clients. Through these arrangements, BCM may pay a cash referral fee to the Solicitor and/or a Soliciting Advisor based upon a percentage of our investment management fee. The amount of the referral fee may be up to 95% of the amount of the investment management fee received from you. In connection with these arrangements, BCM will comply with Rule 206(4)-3 under the Advisers Act.

The referral fee is paid pursuant to a written agreement, which is retained by the Solicitor, the Soliciting Advisor, and BCM. This information is disclosed to you prior to or at the time of entering into an investment management agreement with BCM. Solicitors, on their own and not related in any way to their solicitors’ agreements with BCM and not on BCM’s recommendation, also sell insurance, annuities, mutual funds, stocks, bonds, and/or limited partnerships to clients. These solicitors may receive separate and typical commissions on the sale of these products. BCM may pay a portion of the investment management fee to other affiliated or non-affiliated parties who assist with certain administrative tasks associated with the management of your account.

#### ITEM 15: CUSTODY

BCM does not take custody of client accounts at any time. Custody of client’s accounts is held primarily at the custodians; Schwab, TD Ameritrade, Fidelity and FCC. If the client chooses to be billed directly by the Custodian, BCM would have constructive custody over that account and must have written authorization from the client to do so. Clients will receive all required account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

#### ITEM 16: INVESTMENT DISCRETION

For those client accounts where BCM provides ongoing investment supervisory, investment advisory and separately managed account advisory services, the client has given BCM written discretionary authority over the client’s accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides BCM discretionary authority via a limited power of attorney in the Investment Advisory Contract and/or New Account Package and in the contract between the client and the custodian.

#### ITEM 17: VOTING CLIENT SECURITIES (PROXY VOTING)

BCM will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

#### ITEM 18: FINANCIAL INFORMATION

**A. Balance Sheet**

BCM does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

**B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither BCM nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

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

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