

# Beacon Capital Management, Inc.

## Wrap Fee Program 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**

There are no material changes in this brochure from Beacon Capital Management, Inc.'s last annual update filing on February 13, 2014. Material changes relate to Beacon Capital Management, Inc.'s policies, practices or conflicts of interests only.

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#### ITEM 4: SERVICES FEES AND COMPENSATION

Beacon Capital Management, Inc. (hereinafter "BCM") offers wrap fee program services to its Investment Management Services clients that will utilize TD Ameritrade as their custodian. 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.

##### A. Description of Services

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

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- 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 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 Investor Profile, which is given to each client.

##### i. Asset Allocation Service

BCM manages investment advisory accounts not involving Investment Supervisory Services. Each portfolio is designed to meet a particular investment goal, which BCM has determined is suitable to the client's circumstances. Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, or growth and income).

Based on an analysis of the Client Profile, BCM will assist in completing an Individual Account Application that clarifies specific circumstances and shows a target stock-to-bond ratio for your portfolio suited to your individual risk tolerance, goals, and management style. Once the appropriate portfolio has been determined, the portfolio will be continuously managed based on the portfolio's goal, 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.

As BCM manages your account, your actual stock-to-bond ratio will deviate around your target stock-to-bond ratio. Although your target stock-to-bond ratio will be maintained, BCM may change your specific mutual funds or other investments based on economic research and asset class risk factors in order to help you meet your objectives. For these accounts, BCM will ensure that the following conditions are met and maintained:

- BCM will manage each client's account on the basis of the client's financial situation and investment objectives and any reasonable investment restrictions the client may impose;
- BCM will obtain sufficient client information to be able to provide individualized investment advice to the client. At least annually, BCM will contact the client to determine whether there have been any changes in the client's financial situation or investment objectives and whether the client wishes to impose investment restrictions or modify existing restrictions.
- BCM is not responsible for accurate reporting if you fail to provide us accurate information. Client must promptly submit to BCM in writing any changes to the Client Profile, Individual Account Application, or any changes to any information you provide us regarding the management of your account;
- On a quarterly basis BCM will notify clients in writing that the client(s) should contact their personal financial representative (or solicitor) or BCM if there have been any changes in the client's financial situation or investment objectives.
- BCM will be reasonably available to consult with the client;

- Each client is able to impose reasonable investment restrictions on the management of the account;
- Each client will receive a quarterly statement with a description of all account activity; and,
- Each client will retain certain indicia of ownership of the securities and funds in the account, e.g., the ability to withdraw securities, vote securities, among others.

BCM offers the following services and clients are instructed to review each description to ensure they are comfortable with the style of management they select.

**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 attempt to “beat the market,” these portfolios are designed to capture the returns from investments proven with academic research to compensate investors. Investors are willing to accept short-term underperformance to increase the probability of long-term results.
- **Asset Allocation** – The Beacon Vantage 1.0 Portfolios take advantage of superior long-term returns 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 proprietary 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 fixed income investments to stay within the “risk budget.”

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 \$50,000.

**b. Beacon Vantage 2.0 Portfolios**

The Beacon Vantage 2.0 Portfolios service utilizes 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. Because each sector of the market responds uniquely to given economic conditions, and they seldom move in tandem with one another, sectors are an ideal in the formation of a diversified asset allocation.

- **Investor Objectives** – The Beacon Vantage 2.0 Portfolios are for investors seeking consistent results. These portfolios are designed to avoid significant losses. 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.
- **Risk Management** – The Beacon Vantage 2.0 Portfolios utilize a proprietary stop-loss strategy that automatically withdraws investors from their equity positions if an investment loss hits the predetermined amount. This approach provides attempts to provide a safety valve during extreme bear markets when diversification is not enough to protect investors.

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 \$50,000.

**c. Value-Oriented Asset Allocation**

The Value-Oriented Asset Allocation service utilizes a similar strategy as the Beacon Vantage 1.0 Portfolios service and is based on the same investment philosophy and strategy. However, the Value-Oriented Asset Allocation service is designed specifically for those accounts that do not meet the \$50,000 minimum required of the Beacon Vantage 1.0 Portfolios service or those accounts that are looking to minimize transaction costs by the custodian. The Value-Oriented Asset Allocation service typically invests in two highly diversified mutual funds – one stock fund and one bond fund. Similar to the Beacon Vantage 1.0 Portfolios service, these funds are purchased at NAV.

The minimum account size for the Value-Oriented Asset Allocation service is \$25,000.

**d. Fund Allocation**

The Fund Allocation service is also an asset allocation strategy similar to the Beacon Vantage 1.0 Portfolios service and based on the same investment philosophy and strategy with one exception – the Fund Allocation service is not style specific. In other words, the Fund Allocation service actively invests in both value and growth-oriented investment styles. The specific asset allocations for the Fund Allocation service are generally static; however changes may be made at any time based on economic research concerning the correlation between various asset classes.

There is no minimum account size for the Fund Allocation service.

<b>Total Assets Under Management</b>	<b>Maximum Annual Fee (including wrapped fees)</b>	<b>Maximum Annual Fee to BCM (excluding wrapped fees)</b>
All Assets Under Management	1.80%	1.74%

There is a minimum annual fee of \$400. These fees are negotiable and the final fee schedule is attached in the Investment Advisory Contract. 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 are 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.

**ii. 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.

**B. Contribution Cost Factors**

The program may cost the client more or less than purchasing such services separately. There are several factors that bear upon the relative cost of the program including the cost of the services if provided separately and the trading activity in the client's account.

**C. Additional Fees**

Although the wrap fee program is one fee for all management and brokerage services, there may be additional fees not associated with the management of client's account. These fees may include trading fees, national securities exchange fees, wire transfer fees, or other fees required by law.

**D. Compensation of Client Participation**

Neither BCM, nor any representatives of BCM receive any additional compensation for the participation of client's in the wrap fee program. However, compensation received may be more than what would have been received if client paid separately for investment advice, brokerage, and to other services. Therefore, BCM may have a financial incentive to recommend the wrap fee program to clients.

## ITEM 5: ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

BCM generally provides its wrap fee program 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 \$50,000 for the Beacon Vantage 1.0 Portfolio Service, and the Beacon Vantage 2.0 Portfolio service, and a minimum account size of \$25,000 for participation in the Value-Oriented Asset Allocation program. 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 account or net worth minimums for Pension Consulting Services clients.

## ITEM 6: PORTFOLIO MANAGER SELECTION AND EVALUATION

### A. Selecting/Reviewing Portfolio Managers

BCM will not select any outside portfolio managers for management of this wrap fee program. James Christopher Cook and Brandon Bianchi will be the portfolio managers for this wrap fee program.

#### i. Standards Used to Calculate Portfolio Manager Performance

BCM will use industry standards to calculate portfolio manager performance.

#### ii. Review of Performance Information

BCM reviews the performance information to determine and verify its accuracy and compliance with presentation standards. The performance information is reviewed daily and is reviewed by BCM.

### B. Related Persons

No related persons act as a portfolio manager for the wrap fee program as described in this brochure. As such, there are no conflicts of interest with related persons and BCM will not select any related persons as portfolio managers for this wrap fee program.

### C. Advisory Business

BCM offers investment supervisory services to its wrap fee program participants as detailed in Section 4 above. 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.

#### i. Client Tailored Services and Client Imposed Restrictions

BCM offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is 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.

#### ii. Wrap Fee Programs

BCM participates in wrap fee programs. A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. 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.

iii. **Performance Based Fees**

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.

iv. **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.

**Investment Strategies**

BCM used Long Term and Short Term Trading strategies.

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

v. **Material Risks Involved**

**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 expectation of perceived value.
- **Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

**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 transactions 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 client, should be prepared to bear.**

vi. **Voting Client Proxies**

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 7: CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

James Christopher Cook and Brandon Bianchi are the portfolio managers for this wrap fee program. All client information that is collected, including basic information, risk tolerance, sophistication level, and income level will be collected by James Christopher Cook and Brandon Bianchi. As that information changes and is updated, will have immediate access to that information once collected.

**ITEM 8: CLIENT CONTACT WITH PORTFOLIO MANAGERS**

BCM places no restrictions on client ability to contact its portfolio managers. James Christopher Cook and Brandon Bianchi can be contacted during regular business hours and his contact information is on the cover page of this brochure.

## ITEM 9: ADDITIONAL INFORMATION

### D. Disciplinary Action and Other Financial Industry Activities

#### i. Criminal or Civil Actions

There are no criminal or civil actions to report.

#### ii. Administrative Proceedings

There are no administrative proceedings to report.

#### iii. Self-regulatory Organization (SR) Proceedings

There are no self-regulatory organization proceedings to report.

#### iv. Registration as a Broker/Dealer or Broker/Dealer Representative

Martin Jaras is licensed as a registered representative of The Tavenner Company, Inc. ("TCI"), a NASD registered broker dealer. From time to time, he 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 a registered representative.

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

Neither BCM nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

#### vi. 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"). JFS specializes in pension plan consulting and administration, as well as general business consulting. The 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 is a licensed, practicing certified public accountant and 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.

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

BCM does not utilize nor select other advisors or third party managers. All assets are managed by BCM management.

### E. Code of Ethics, Client Referrals and Financial Information

#### i. 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.

- ii. **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.
- iii. **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 their own when similar securities are being bought or sold.
- iv. **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 before their own.
- v. **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 policies and risk tolerance levels.
- vi. **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).
- vii. **Content and Frequency of Regular Reports Provided to Clients**  
Each client will receive at least quarterly a written report from BCM detailing the client's account. Each client will also receive a monthly statement from their custodian detailing their account.
- viii. **Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**  
BCM does not receive any economic benefit, directly or indirectly from any third party for advice rendered to BCM clients.
- ix. **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 their firm based upon a percentage of our investment management fee. The amount of the referral fee may be up to 90% 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 both your Financial Advisor, as the Solicitor, 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.
- x. **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.
- xi. **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.

- xii. Bankruptcy Petitions in Previous Ten Years**  
BCM has not been the subject of a bankruptcy