

**Item 1: Cover Page**  
**Part 2A of Form ADV: Firm Brochure**  
**March 2018**



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**James Burleson**  
**Chief Compliance Officer**

This brochure provides information about the qualifications and business practices of Burleson & Company, LLC. If you have any questions about the contents of this brochure, please contact us by telephone at 707-283-0520 or email [connect@gbwealth.com](mailto:connect@gbwealth.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 Burleson & Company, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please note that the use of the term "registered investment adviser" and description of Burleson & Company, LLC and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.

## **Item 2: Material Changes to Our Part 2A of Form ADV: Firm Brochure**

**Burleson & Company, LLC ("BC")** is required to advise you of any material changes to our Firm Brochure ("Brochure") from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of the last annual update of our Brochure.

Please note that we do not have to provide this information to a client or prospective client who has not received a previous version of our brochure. Since our last annual update filed on 03/06/2017, our firm has the following material changes to report:

- We have changed our name to Burleson & Company, LLC.
- James Burleson is 95% and Heidi Wilson is 5% owner of Burleson & Company, LLC. Please refer to Item 4 for additional information.
- We have updated our fee schedule for our Comprehensive Portfolio Management service. Please refer to Item 5 of this brochure for more information.
- We have updated our fees for our Consulting & Concierge services. Please refer to Item 5 of this brochure for more information.

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## **Item 4: Advisory Business**

We are a fee-only investment management firm. We specialize in the following types of services: Comprehensive Portfolio Management. We manage securities accounts for many different types of clients to help meet their financial goals while remaining sensitive to risk tolerance and time horizons. As a fiduciary, it is our duty to always act in the client's best interest. This is accomplished in part by knowing the client. Our firm has established a service-oriented advisory practice with open lines of communication. Working with clients to understand their investment objectives while educating them about our process, facilitates the kind of working relationship we value. All material conflicts of interest are disclosed below regarding our firm, our representatives or our employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

We are dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a limited liability company formed in the State of California. Our firm was founded in 2004 and is majority owned by James D. Burleson.

### **Description of Advisory Services**

#### ***Comprehensive Portfolio Management:***

Our Comprehensive Portfolio Management service encompasses asset management as well as providing financial planning services to clients. It is designed to assist clients in meeting their financial goals through the use of financial investments. We conduct at least one, but sometimes more than one meeting (in person if possible, otherwise via telephone conference) with clients in order to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what we learn, we propose an investment approach to the client. We may propose an investment portfolio, consisting of exchange traded funds ("ETFs"), mutual funds, individual stocks or bonds, or other securities. Investments may also include: warrants, commercial paper, certificates of deposit, options contracts, futures contracts, and interests in partnerships.

Our financial planning services include general recommendations for a course of activity or specific actions to be taken by the client. Upon the client's agreement to the proposed investment plan, we work with the client to establish or transfer investment accounts so that we can manage the client's portfolio. Once the relevant accounts are under our management, we review such accounts on a regular basis and at least quarterly. We may periodically rebalance or adjust client accounts under our management. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify us so that we can consider such information in managing the client's investments.

#### ***Consulting and Concierge Services:***

We provide a variety of consultation services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of the client's current situation, goals, and objectives. Generally, such consulting services will involve rendering a financial consultation for clients based on the client's financial goals and objectives. This consulting may encompass one or more of the following areas: Estate Planning, Charitable Planning, Corporate and Personal Tax Planning, Cost Segregation Study, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Business Planning and Concierge Services such as Bill Pay, Travel Planning, Relocation Services and other Family Matters.

Our consultations are rendered to the clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement programs, or establish education or charitable giving programs. It should also be noted that we refer clients to an accountant, attorney, or other specialist as necessary for non-advisory related services. Implementation of the recommendations will be at the discretion of the client.

### ***Retirement Plan Services:***

Our firm provides retirement plan services to employer plan sponsors on an ongoing basis. Generally, such services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: investment options, plan structure, and participant education. Retirement Plan services typically include:

- Investment Options – Our firm will work with the Plan Sponsor to evaluate existing investment options and make recommendations for appropriate changes.
- Asset Allocation and Portfolio Construction – Our firm will develop strategic asset allocation models to aid Participants in developing strategies to meet their investment objectives, time horizon, financial situation and tolerance for risk.
- Investment Monitoring – Our firm will monitor the performance of the investments and notify the client in the event of over/underperformance and in times of market volatility.

In providing services for retirement plans, our firm does not provide any advisory services with respect to the following types of assets: employer securities, real estate (excluding real estate funds and publicly traded REITS), participant loans, non-publicly traded securities or assets, other illiquid investments, or brokerage window programs (collectively, "Excluded Assets"). All retirement plan services shall be in compliance with the applicable state laws regulating retirement consulting services. This applies to client accounts that are retirement or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the client accounts are part of a Plan, and our firm accepts appointment to provide services to such accounts, our firm acknowledges its fiduciary standard within the meaning of Section 3(21) or 3(38) of ERISA as designated by the Client's Agreement with respect to the provision of services described therein.

### **Tailoring of Advisory Services**

We offer individualized investment advice to our advisory clients. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

### **Participation in Wrap Fee Programs**

We do not offer wrap fee programs.

### **Assets under Management**

We manage \$256,209,357 on a discretionary basis and \$76,266,388 on a non-discretionary basis as of 12/31/2017.

## Item 5: Fees & Compensation

### ***Comprehensive Portfolio Management:***

Assets Under Management	Annual Fee
\$0.00 to \$5,000,000.00	1.00%
\$5,000,000.01 to \$10,000,000.00	0.75%
\$10,000,000.01 to \$20,000,000.00	0.60%
Over \$20,000,000	Negotiable

Our firm's fees are billed on a pro-rata annualized basis quarterly in advance, meaning that we invoice you before the three-month billing period has begun. Billing amounts are based upon the market value (or fair market value in the absence of market value) of the client's account(s) (including both securities and cash) at the end of the previous quarter (or, for new clients, upon a date agreed to by us and you).

Fees will be deducted from your managed account. In rare cases, we will agree to directly bill clients. As part of this process, you understand and acknowledge the following:

- a) Your independent custodian sends statements at least quarterly to you showing the market values for each security included in the Assets and all disbursements in your account including the amount of the advisory fees paid to us;
- b) You provide authorization permitting us to be directly paid by these terms;
- c) We send a copy of our invoice to the independent custodian at the same time we send the invoice to you;
- d) Our invoice includes a legend that urges the client to compare information provided in their statements with those from the qualified custodian in account opening notices and subsequent statements sent to the client for whom the adviser opens custodial accounts with the qualified custodian.

### ***Consulting & Concierge Services:***

Our Consulting & Concierge services may be billed on an hourly or flat fee basis. The total estimated fee, as well as the ultimate fee that we charge you, is project based and dependent on the scope and complexity of our engagement with you. Our hourly fee ranges from \$100 to \$450 hour as outlined below. Our flat fees generally range from \$10,000 to \$25,000. The fee-paying arrangements for services will be determined on a case-by-case basis and will be detailed in the signed Agreement. The client will be invoiced directly for the fees, or the client may provide approval for direct billing of ongoing fee based service.

Hourly Fee	Member of Burleson & Company
\$450.00/Hour	Principal
\$300.00/Hour	Associate
\$100.00/Hour	Staff

Our firm's fees are billed on a per hour basis billed quarterly in arrears based on the number of hours accumulated by our employees in the previous quarter.

### ***Retirement Plan Services:***

Our Retirement Plan Consulting services are billed on a fee based on the percentage of Plan assets under management. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client. Fees based on a percentage of managed Plan assets will not exceed 0.75%. The fee-paying arrangements for Retirement Plan Consulting service will be determined on a case-by-case basis and will be detailed in the signed Agreement. Clients will be invoiced directly for the fees.

### **Limited Negotiability of Advisory Fees**

We, in our sole discretion, may waive our minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g. historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with you, etc.). The specific fee schedules are identified in the client agreement between the adviser and each client. Discounts, not generally available to our advisory clients, may be offered to family members of associated persons of our firm.

### **Other Fees**

Clients will incur transaction charges for trades executed by their chosen custodian. These transaction fees are separate from our firm's advisory fees and will be disclosed by the chosen custodian. Clients may also pay holdings charges imposed by the chosen custodian for certain investments, charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (i.e., fund management fees, initial or deferred sales charges, mutual fund sales loads, 12b-1 fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. Our firm does not receive a portion of these fees.

You may also incur "account termination fees" upon the transfer of an account from one brokerage firm (custodian) to another. These account termination fees are believed to range generally from \$0 to \$200 at present, but at times may be much higher. You should contact your custodians (brokerage firms, bank or trust company, etc.) to determine the amount of account termination fees which may be charged to you for any existing accounts which may be transferred.

We believe that the charges and fees offered are competitive with alternative programs available through other firms offering a similar range of services; however, lower fees for comparable services may be available from other sources. You could invest in mutual funds directly, without our services. In that case, you would not receive the services provided by us which are designed, among other things, to assist you in determining which mutual fund or funds are most appropriate to your financial condition and objectives, undertake a disciplined approach to portfolio rebalancing while taking into account the tax ramifications of same, and to avoid ad hoc emotional reactions to shorter-term market events.

### **Refunds Following Termination**

Either party may terminate the advisory agreement signed with our firm for Comprehensive Portfolio Management services in writing at any time. Upon notice of termination our firm will process a pro-rata refund of the unearned portion of the advisory fees charged in advance at the beginning of the quarter.

Either party may terminate the advisory agreement signed with our firm for Consulting & Concierge services in writing at any time. Upon notice of termination pro-rata advisory fees for services rendered to the point of termination will be charged. If advisory fees cannot be deducted, our firm will send an invoice for due advisory fees to the client.

Either party to a Retirement Plan Agreement may terminate at any time by providing written notice to the other party. Full refunds will only be made in cases where cancellation occurs within 5 business days of signing an agreement. After 5 business days from initial signing, either party must provide the other party 30 days written notice to terminate billing. Billing will terminate 30 days after receipt of termination notice. Clients will be charged on a pro-rata basis, which takes into account work completed by our firm on behalf of the client. Clients will incur charges for bona fide advisory services rendered up to the point of termination (determined as 30 days from receipt of said written notice) and such fees will be due and payable.

Termination of an agreement will not affect the validity of any action previously taken by us under the agreement; liabilities or obligations of the parties from transactions initiated before termination of the agreement; or your obligation to pay advisory fees (prorated through the date of termination). Upon the termination of the agreement, we will not possess any obligation to recommend or take any action with regard to the securities, cash, or other investments in your account.

### **Commissionable Securities Sales**

We do not sell securities for a commission.

### **Conflicts of Interest**

We actively seek to avoid, or at least minimize, conflicts of interest which may exist between our firm and you. We sell no products. We do not accept commission-based compensation of any nature nor do we accept 12b-1 fees. However, all investment advisory firms will likely possess some unavoidable conflicts of interest. For example, conflicts of interest may arise relating to the following financial decisions in life: incur or pay down debt; gift funds to charities or to individuals; purchases of a (larger) home or cars or other non-investment assets; the purchase of a lifetime immediate annuity; personal expenditures; investment in private equity investments, and the amount of funds to place in non-managed cash reserve accounts.

Our relationship with you is non-exclusive; in other words, we provide investment advisory services and financial planning services to multiple clients. We seek to avoid situations in which one client's interest may conflict with the interest of another of our clients. We have adopted internal policies to properly manage these and other potential conflicts of interest. As a fiduciary, we always put our Client's interest above our own. Information regarding participation of interest in client transactions can be found in our Code of Ethics as well as Item 12 of this Brochure. You may obtain a copy of our Code of Ethics by contacting James Burleson, Chief Compliance Officer at 707-283-0520.



## **Item 6: Performance-Based Fees & Side-By-Side Management**

We do not accept performance-based fees.

## **Item 7: Types of Clients & Account Requirements**

We have the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates, or Charitable Organizations;
- Pension and Profit Sharing Plans;
- Corporations, Limited Liability Companies, and/or Other Business Types.

Our requirements for opening and maintaining accounts or otherwise engaging us:

- We generally require a minimum account balance of \$2,000,000 for our Comprehensive Portfolio Management service. The minimum account size may be negotiable under certain circumstances. We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.
- We generally charge a minimum annual fee of \$10,000 for our Comprehensive Portfolio Management service. We, in our sole discretion, may waive our minimum annual fee and/or charge a lesser investment advisory fee.

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

### **Methods of Analysis**

Expansive academic research, investment information, and certain proprietary analyses are drawn upon by us, in order to provide innovative investment advisory services. Your portfolio is then periodically monitored, and changes are made when appropriate. A disciplined approach to rebalancing is employed in order to maintain asset class exposures within desired risk tolerances, tax planning or other reasons. This information becomes the basis for the strategic asset allocation plan which we believe will best meet your stated long-term personal financial goals. The strategic asset allocation provides for investments in those asset classes which we believe (based on historical data and our analysis) will possess attractive combinations of return, risk, and correlation over the long term.

### **Investment Strategies We Use**

The investment advice which we provide is based upon long-term investment strategies which incorporate the principles of Modern Portfolio Theory. The utilization of several different asset classes as part of an investor's portfolio is emphasized, as this has been shown to usually effect a reduction in portfolio volatility (i.e., the standard deviation of the portfolio returns) over long periods of time. Our investment approach is firmly rooted in the belief that markets are fairly efficient (although not always rational) and that investors' gross returns are determined principally by asset allocation decisions. Investment policy and overall portfolio weightings between equities and fixed

income investments are based upon your needs and desires, perceived risk tolerance, the need to assume various risks, and investment time horizon. Your portfolio may then follow models designed by us to fit the overall weightings of equities and fixed income investments in your portfolio. For other clients, the investment portfolio's strategic asset class allocation is customized to meet the specific circumstances of a client, the presence of investments in 401(k) or other accounts, as well as a perception of the client's understanding of the fundamental forces affecting risk and return in the capital markets.

In addition, your initial or revised strategic asset allocation may be influenced by a review of the relative valuation levels of various asset classes and the investment time horizon. While asset class "bubbles" are attempted to be discerned when they occur, tactical asset allocation strategies are not generally employed in connection with the management of your portfolio.

Our security analysis is based upon a number of factors including those derived from commercially available software technology, securities rating services, general economic and market financial information, due diligence reviews, and specific investment analyses that clients may request. The main sources of information include commercially available investment information and evaluation services, financial newspapers and journals, academic white papers and periodicals. Prospectuses, statements of additional information, other issuer-prepared information, and data aggregation services are also utilized.

### **Types of Investments**

You typically receive an investment portfolio which consists mainly of individual equity securities, individual fixed income securities, institutional class mutual funds, and exchange-traded funds.

The equity-oriented investments may include individual securities, exchange-traded funds and institutional class mutual funds.

The fixed-income oriented investments may include individual corporate bonds, certificate of deposits, municipal bonds and institutional class mutual funds.

The real estate oriented investments in your portfolio may include publicly traded real estate investment trusts, exchange-traded funds and institutional class mutual funds.

Your existing investments are evaluated in light of the desired investment objectives. We work with you to develop a plan to transition from your existing portfolio to the desired portfolio. Investment advice may be offered on any investments held by you at the start of the advisory relationship.

### **Risk of Loss**

Investing in securities involves a risk of loss that you should be prepared to bear. The investment recommendations seek to limit risk through broad global diversification in equities and investment in high quality fixed income securities or diversified bond funds.

However, the investment methodology can still subject you to declines in the value of your portfolio which can at times be dramatic. We believe there exists a high probability in most market environments of a long-term (15-year or greater) outperformance of small cap and value equities, relative to large cap and growth equities, and hence the equity portion of your portfolio may be "tilted" toward small cap and value equities. Accordingly, the normally greater expected returns of

the equity portion of the portfolio will in turn often permit the overall allocation to equities to be reduced, and the allocation to fixed income investments increased. We believe this is the best manner to temper the shorter-term volatility of the stock market, especially for clients who derive cash flow from their portfolios (such as clients who are in retirement years).

Given the long-term nature of the expected equity premium (i.e., the additional expected return for investing in the overall stock market, relative to less “risky” U.S. Treasury bills), and the long-term nature of the expected value and small cap effects, our investment philosophy is best suited for investors who desire a buy and hold strategy for a substantial portion of their funds. Even then, investing is inherently uncertain as to future returns. While both macroeconomic and microeconomic risks are evaluated, for purposes of weighing risks and returns and for the computation of the expected returns of various asset classes (for use in financial planning decision-making), we do not generally engage in market-timing activities. We believe the equity, value and small cap effects are highly likely to occur in the future, over long periods of time. However, there can be no assurance that these effects will occur over any given time period. While we seek to reduce non-compensated risks to which you may be exposed, other risks (including but not limited to the risk of a general stock market decline) may be assumed in order to seek to attain the client’s longer-term financial goals and objectives; however, we cannot provide any guarantee that the client’s goals and objectives will be achieved.

Certain asset classes recommended, such as U.S. Small Capitalization, Real Estate, and Emerging Markets possess higher levels of volatility in the portfolio. We may employ these securities as part of an overall strategic asset allocation for you, and when such is undertaken we possess a reasonable belief that the risk-return relationship for these securities will likely be beneficial to you over the long term.

Please also note that while all Certificates of Deposit (CDs) purchased for you are FDIC-insured, the pricing of these CDs, which trade in the secondary market, can vary; accordingly, due to price declines and/or transaction costs associated with trading, these CDs could lose value if redeemed prior to maturity. When CDs are recommended to you, it is our intent that you hold the CDs to maturity.

### **Cash Balances in Client Accounts**

We generally invest client’s cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client’s cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our Comprehensive Portfolio Management service.

### **Item 9: Disciplinary Information**

We have determined that there are no legal or disciplinary events material to your evaluation of our advisory business or the integrity of our management.

### **Item 10: Other Financial Industry Activities & Affiliations**

We have no other financial industry activities and affiliations to disclose.

<b>Item 11: Code of Ethics, Participation or Interest in Client Transactions &amp; Personal Trading</b>
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We seek to avoid material conflicts of interest. Accordingly, neither we nor our investment advisor representatives nor our team members receive any third party direct monetary compensation (i.e. commissions, 12b-1 fees, or other fees) from brokerage firms (custodians) or mutual fund companies.

However, some additional services and non-direct monetary or other forms of compensation are offered and provided to us as a result of its relationships with custodian(s) and/or providers of mutual fund products. For example, our investment advisors and employees may be invited to attend educational conferences and/or entertainment events sponsored by such brokerage firms or custodians or mutual fund companies. Other services may be provided as outlined below. We believe that the services and benefits actually provided to us by brokerage firms (custodians) and mutual fund providers do not materially affect the investment management recommendations made to you. However, in the interest of full disclosure of any potential conflicts of interest, we discuss the possible conflicts herein.

Although we believe that our business methodologies, ethics rules, and adopted policies are appropriate to eliminate, or at least minimize, potential material conflicts of interest, and to manage appropriately any material conflicts of interest that may remain, you should be aware that no set of rules can possibly anticipate or relieve all potential material conflicts of interest.

#### **Code of Ethics Summary**

We have adopted a Code of Ethics, to which all investment advisor representatives and employees are bound to adhere. The key components of our Code of Ethics state that we shall always:

- Act in the best interests of each and every client.
- Act with integrity and dignity when dealing with clients, prospects, team members, and others.
- Strive to maintain and continually enhance our high degree of professional education regarding strategic asset allocation, and financial, tax, estate, and risk management planning.
- Seek at all times to preserve our firm's independence and to maintain our complete objectivity with respect to our advisory services and each recommendation made to our clients.

We further adopted a detailed Code of Ethics expressing our commitment to ethical conduct. This detailed Code of Ethics describes our fiduciary duties and responsibilities to you and sets forth our practice of supervising the personal securities transactions of employees with prior or concurrent access to client trade information.

A copy of the Code of Ethics is available to you and prospects upon request.

#### **Personal Securities Transactions**

We do not currently participate in securities in which we have a material financial interest. We and our related persons, as a matter of policy, do not recommend to you, or buy or sell for your accounts, securities in which the firm or its related persons has a material financial interest.

Our Code of Ethics provides that individuals associated with our firm may buy or sell securities for their personal accounts identical or different than those recommended to you. However, it is the

expressed policy of our firm that no person employed by the firm shall prefer his or her own interest to yours nor make personal investment decisions based on your investment decisions.

To supervise compliance with the Code of Ethics, we require that anyone associated with this advisory practice and who possesses access to advisory recommendations (before or at the time they are entered into) ("access persons") to provide annual securities holding reports and quarterly transaction reports to our Chief Compliance Officer or his or her designee. We also require access persons to receive advance approval from our Chief Compliance Officer or his designee prior to investing in any initial public offerings or private placements, and with regard to trading of certain individual securities.

The Code of Ethics further includes our policy prohibiting the use of material non-public information and protecting the confidentiality of client information. We require that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to discipline.

## **Item 12: Brokerage Practices**

### **Custodian & Brokers Used**

Our firm does not maintain custody of client assets (although our firm may be deemed to have custody of client assets if given the authority to withdraw assets from client accounts (see *Item 15 Custody*, below). Client assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. Our firm recommends that clients use Charles Schwab & Co., Inc. ("Schwab"), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. Our firm is independently owned and operated, and not affiliated with Schwab. Schwab will hold client assets in a brokerage account and buy and sell securities when instructed. While our firm recommends that clients use Schwab as custodian/broker, clients will decide whether to do so and open an account with Schwab by entering into an account agreement directly with them. Our firm does not open the account. Even though the account is maintained at Schwab, our firm can still use other brokers to execute trades, as described in the next paragraph.

### **How Brokers/Custodians Are Selected**

Our firm seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. A wide range of factors are considered, including, but not limited to:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist in making investment decisions and raise the quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them

- reputation, financial strength and stability of the provider
- prior service to our firm and our other clients
- availability of other products and services that benefit our firm, as discussed below (see *"Products & Services Available from Schwab"*)

### **Custody & Brokerage Costs**

Schwab generally does not charge a separate fee for custody services, but is compensated by charging commissions or other fees to clients on trades that are executed or that settle into the Schwab account. In addition to commissions Schwab charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that our firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a Schwab account. These fees are in addition to the commissions or other compensation paid to the executing broker-dealer. Because of this, in order to minimize client trading costs, our firm has Schwab execute most trades for the accounts.

### **Products & Services Available from Schwab**

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like our firm. They provide our firm and clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help manage or administer our client accounts while others help manage and grow our business. Schwab's support services are generally available on an unsolicited basis (our firm does not have to request them) and at no charge as long as our firm keeps a total of at least \$10 million of client assets in accounts at Schwab. If our firm has less than \$10 million in client assets at Schwab, our firm may be charged quarterly service fees. Here is a more detailed description of Schwab's support services:

### **Services that Benefit Clients**

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which our firm might not otherwise have access or that would require a significantly higher minimum initial investment by firm clients. Schwab's services described in this paragraph generally benefit clients and their accounts.

### **Services that May Not Directly Benefit Clients**

Schwab also makes available other products and services that benefit our firm but may not directly benefit clients or their accounts. These products and services assist in managing and administering our client accounts. They include investment research, both Schwab's and that of third parties. This research may be used to service all or some substantial number of client accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocate aggregated trade orders for multiple client accounts;
- provides pricing and other market data;

- facilitates payment of our fees from our clients' accounts; and
- assists with back-office functions, recordkeeping and client reporting.

### **Services that Generally Benefit Only Our Firm**

Schwab also offers other services intended to help manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, Schwab will arrange for third-party vendors to provide the services to our firm. Schwab may also discount or waive fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide our firm with other benefits, such as occasional business entertainment for our personnel.

Irrespective of direct or indirect benefits to our client through Schwab, our firm strives to enhance the client experience, help clients reach their goals and put client interests before that of our firm or associated persons.

### **Our Interest in Schwab's Services**

The availability of these services from Schwab benefits our firm because our firm does not have to produce or purchase them. Our firm does not have to pay for Schwab's services so long as a total of at least \$10 million of client assets in accounts are kept at Schwab. Beyond that, these services are not contingent upon our firm committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may serve as an incentive to recommend that clients maintain their account with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of transactions. This is a potential conflict of interest. Our firm believes, however, that the selection of Schwab as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab's services (based on the factors discussed above – see *"How Brokers/Custodians Are Selected"*) and not Schwab's services that benefit only our firm.

### **Research & Other Soft Dollar Benefits**

Schwab may make certain research and brokerage services available at no additional cost to our firm all of which qualify for the safe harbor exemption defined in Section 28(e) of the Securities Exchange Act of 1934. These services may be directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by Schwab may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by Schwab to our firm in the performance of our investment decision-making responsibilities.

We do not use client brokerage commissions to obtain research or other products or services. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

As a result of receiving the services discussed above, we may have an incentive to continue to use or expand the use of Schwab's services. The availability of these services from Schwab benefits us because we do not have to produce or purchase them. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody.

Our firm examined this potential conflict of interest when we chose to enter into the relationship with Schwab. We have determined that our selection of Schwab as custodian and broker is in the best interests of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution. It is primarily supported by the scope, quality and price of their services (based on the factors discussed above) and not the services or products that benefit only us.

Clients do not pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits received by us.

The investment research products and services that may be obtained by our firm will generally be used to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab.

We do not acquire products and services with client brokerage commissions (or markups or markdowns).

We do not direct client transactions to a particular broker-dealer in return for soft dollar benefits.

### **Brokerage for Client Referrals**

Our firm does not direct client transactions to a particular broker-dealer in return for client referrals.

### **Client Directed Brokerage**

Neither we nor any of our firm's related persons have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected.

While we recommend that you use Schwab as a custodian/broker, you will decide whether to do so and open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you. Please note that not all advisers require clients to direct brokerage. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account.

We allow clients to direct brokerage outside our recommendation. However, we may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices.



### **Special Considerations for ERISA Clients**

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

### **Trade Aggregation and Allocation**

Our firm provides investment management services for various clients. There may be occasions when we execute portfolio transactions as part of concurrent authorizations to purchase and sell the same security for numerous accounts served by our firm. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

## **Item 13: Review of Accounts or Financial Plans**

We review accounts on a periodic basis for our clients subscribing to our Comprehensive Portfolio Management service. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. We will ascertain whether the values in any asset class have strayed beyond their target minimums or maximums. Even if one or more asset classes fall outside their target minimums or maximums, we may determine not to rebalance the asset class for various reasons, such as avoidance of short-term capital gains, deferring long-term capital gains realization, minimization of transaction costs, or our view on whether the asset class is undervalued or overvalued relative to historic norms and our view of the level of the macroeconomic risks to which the asset class may be exposed. We may also offer periodic data for other investment accounts upon which we provide advice, not held at the foregoing custodian, if such information can be obtained from our account aggregation services, and provided your consent is obtained to furnish such account aggregation service with any account passwords required to access account information. While we are hopeful that the information supplied by custodians and data aggregation services is reliable, we cannot guarantee its accuracy. Only our Financial Advisors or Portfolio Managers will conduct reviews.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, when additional cash or securities are added to the investment portfolio, etc. Additional portfolio reviews will be undertaken upon your request. We will respond to such requests within a reasonable period of time.

We provide quarterly reports to clients, including a consolidated inventory of the investments upon which advice is provided to you and a portfolio rebalancing analysis. Such reports may also include a performance report of your portfolio. Verbal reports to clients take place on at least an annual basis.

## **Item 14: Client Referrals & Other Compensation**

Our firm receives economic benefit from Schwab in the form of the support products and services made available to our firm and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit our firm, and the related conflicts of interest are described above (*see Item 12 – Brokerage Practices*). The availability of Schwab's products and services is not based on our firm giving particular investment advice, such as buying particular securities for our clients.

We do not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940.

## **Item 15: Custody**

Our firm does not have custody of client funds or securities. All of our clients receive account statements directly from their qualified custodians at least quarterly upon opening of an account. If our firm decides to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

Should you detect any unauthorized trading in an account, or unauthorized transfers of cash or securities, you are asked to contact James Burleson, Chief Compliance Officer, at 707-283-0520.

The SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction ("SLOA") is deemed to have custody. As such, our firm has adopted the following safeguards in collaboration with your custodian:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.

- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

### **Item 16: Investment Discretion**

We may accept discretionary authority to manage securities accounts on your behalf. We have the authority to determine, without obtaining your specific consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

You approve the custodian to be used and the commission rates paid to the custodian. We do not receive any portion of the transaction fees or commissions paid by you to the custodian on certain trades.

BC's discretionary authority may be subject to conditions imposed by the client, examples of which include:

- You restrict or prohibit transactions in a specific security or securities of a specific industry;
- You direct the purchase of a security that would not have been recommended by us.

When you direct the purchase of securities that we would not have otherwise recommended for your accounts, you accept full responsibility for the purchase and all related impact that the security has on your portfolio.

### **Item 17: Voting Client Securities**

As a matter of firm policy and practice, we do not accept authority to vote proxies on your behalf. You retain the responsibility for receiving and voting proxies for any and all securities maintained in your portfolios. Generally, you will receive their proxies or other solicitations directly from the custodian or transfer agent. However, you may contact us with questions regarding a particular proxy or other solicitation, and we may provide advice to you regarding your voting of proxies or such solicitations, upon your request.

You should note that we will not advise nor act on your behalf in legal proceedings involving companies whose securities are held or previously were held in the your account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, you may direct us to transmit copies of class action notices to you or a third party. Upon such direction, we will make a reasonable effort to forward such notices in a timely manner.

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

We are not required to provide financial information in this Brochure because:

- We do not require the prepayment of more than \$1,200 in fees and six or more months in advance.
- We do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.
- We have never been the subject of a bankruptcy proceeding.