

## **Firm Brochure**

(Part 2A of Form ADV)

### **BRADLEY WEALTH MANAGEMENT, LLC**

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**San Diego, California 92101**

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This brochure provides you with information about the qualifications, business practices, and nature of advisory services of Bradley Wealth Management, LLC all of which should be considered before becoming an advisory Client of our Firm. Please contact Michael V. Bradley, Managing Member and Chief Compliance Officer, if you have any questions about this narrative brochure.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC"), or by any state securities authority.

We are an investment adviser registered with the State of California, Department of Corporations. Registration does not imply a certain level of skill or training. Additional information about our Firm is available on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number known as a CRD number. Our Firm's CRD number is 131808.

**August 2, 2012**

## **ITEM 2 MATERIAL CHANGES**

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### **Annual Update**

This section of our brochure will reflect the annual update of any material changes that occurred since the previous delivery of our Firm's brochure.

### **Material Changes since the Last Update**

The U.S. Securities and Exchange Commission issued a final rule in October 2010 requiring advisers to provide a Firm Brochure in narrative "plain English" format. The new final rule specifies mandatory sections and organization.

### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at (619) 512-4100 or by email at: [Michael@bradleywealth.com](mailto:Michael@bradleywealth.com).

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## ITEM 4 ADVISORY BUSINESS

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### A. Firm Description

Bradley Wealth Management, LLC ("BWM" or "the Firm") is an investment management Firm that became registered in November 2007. The Firm is organized as a California limited liability company that was formed on September 8, 2009.

**Principal Owner:** Michael V. Bradley is the Chief Compliance Officer and owns 100% of the Firm.

### B. Types of Advisory Services

BWM offers to its Clients (individuals, business entities, trusts, estates and charitable organizations, etc.) investment advisory services, and, to the extent specifically requested by a Client, financial planning and related consulting services.

#### **INVESTMENT ADVISORY SERVICES**

The objective of BWM is to provide discretionary portfolio management services aimed at growing assets over the long term. The Client can determine to engage BWM to provide discretionary investment advisory services on a fee-only basis.

As a discretionary adviser, BWM will be granted full discretion and authority to manage the Client's account subject to any written guidelines, which the Client may provide. Accordingly, BWM is authorized to perform various functions, at the Client's expense, without further approval from the Client. Such functions include the determination of securities to be purchased or sold and the amount of securities to be purchased or sold. Once the portfolio is constructed, BWM will provide continuous supervision and re-balancing of the portfolio as changes in market conditions and as Client circumstances may require.

BWM's annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under BWM's management (between negotiable and 1.95 %) as follows:

Market Value of Portfolio	Max. Annual Fee
First \$250,000	1.95%
Next \$250,000	1.80%
Next \$500,000	1.60%
Next \$1,000,000	1.30%
Over \$2,000,000	1.00%

BWM's annual investment advisory fee shall include investment advisory services, and, **to the extent specifically requested** by the Client, financial planning and consulting services. In the event that the Client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of BWM), BWM may determine to charge for such

additional services, the dollar amount of which shall be set forth in a separate written notice to the Client.

### **THIRD PARTY MONEY MANAGEMENT**

BWM also provides access to investment service programs in which Client accounts are managed by independent third party investment advisers. Our Firm has entered into agreements with various third parties investment advisers to offer for the purpose of having their products and services available to our Clients. These programs provide investment opportunities among mutual funds, variable annuities, stocks, bonds, and additional securities.

Although BWM will have no control over the day-to-day operations of any of its selected third party money managers, BWM will select only money managers who will invest the Client's assets with the highest level of integrity. As part of its due diligence in selecting third party money managers, BWM will ensure that these managers are properly registered with the jurisdictions in which they (the third party money managers) conduct business.

BWM will assist Clients in determining the appropriate allocation of the Client's invested assets among different asset classes, and in turn may select one or more third-party money managers who specialize in each of those asset classes. Our Investment Adviser Representatives ("IAR") meet with clients to analyze the client's need(s) of third party advisory programs or services by collecting the client's financial information including the client's suitability. Based on the information provided by the client, BWM will assist the Client in determining an appropriate asset allocation amount available independent third party money managers based on the investment style and asset classes employed by those money managers. Clients will receive separate Form ADV Parts 2A of each selected third-party money manager and will enter into a separate investment management agreement with each third-party money manager selected by BWM.

The third-party manager will be granted discretionary trading authority to provide investment supervisory services for that portion of the Client's portfolio allocated to that particular third-party money manager. Under this arrangement, BWM does not make any custody arrangements for client's funds and securities. The money managers will trade independently of one another. There can be no assurance that the trading strategies employed by a third party money manager will be successful.

Clients are encouraged to obtain and carefully review the contracts and disclosure documents, including Form ADV Part 2A, of the third party money managers whose services they are considering so they understand fully the services being provided and the fees being charged. The services, reports and contract termination provisions provided by these programs vary as do the costs. We encourage our clients to compare programs.

BWM at all times retains the authority to terminate the relationship with the third-party money manager or to add a new third-party money manager without specific client consent. BWM's role will be to monitor the overall financial situation of the client, to monitor the investment approach and performance of the third party manager, and to assist the client in understanding the investments of the portfolio.

Third party investment advisory programs generally consist of two types:

(a) FTJ FundChoice, LLC Institutional Portfolio Strategies

FTJ FundChoice, LLC has developed strategic alliances with a number of institutional consulting firms. This program encompasses the use of the various analytical scenarios of the consulting firms to create model portfolios using a combination of investment strategies and asset class blends. These strategies are described in detail in the FTJ FundChoice, LLC Brochure.

(b) Genworth Financial Wealth Management, Inc.

Genworth Financial Wealth Management, Inc. offers several asset advisory to our Clients by offering four broad approaches and alternative investments that can be combined to address each Client's particular needs. These include Strategic, Tactical Unconstrained, Absolute Return, and Alternative Investments. All of the Genworth Financial Wealth Management, Inc. services and programs are described in detail in its Brochure.

(c) Altegris Advisers, LLC

Altegris Advisers, LLC offers a suite of alternative investment solutions designed to improve portfolio diversification. These investment approaches are described in detail in the Altegris Advisers, LLC Brochure.

**FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent requested by a Client, BWM may determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. BWM's planning and consulting fees are negotiable, but generally range from \$2,500 to \$10,000 on a fixed fee basis, and from \$250 to \$400 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging BWM to provide planning or consulting services, Clients are generally required to enter into a Financial Planning and Consulting Agreement with BWM setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the Client prior to BWM commencing services. If requested by the Client, BWM may recommend the services of other professionals for implementation purposes, including BWM's Principal, Michael V. Bradley, in his individual capacity as a licensed insurance agent. (See disclosure at Item 10 C.8). The Client is under no obligation to engage the services of any such recommended professional. The Client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from BWM.

- **Please Note:** If the Client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the Client agrees to seek recourse exclusively from and against the engaged professional.
- **Please Also Note:** It remains the Client's responsibility to promptly notify BWM if there is ever any change in his/her/its financial situation or investment objectives for the

purpose of reviewing/evaluating/revising BWM's previous recommendations and/or services.

#### **MISCELLANEOUS**

**Non-Investment Consulting/Implementation Services.** To the extent requested by the Client, BWM may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither BWM, nor any of its representatives, serves as an attorney or accountant and no portion of BWM's services should be construed as same. To the extent requested by a Client, BWM may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including BWM's Principal, Michael V. Bradley, in his separate licensed capacity as discussed below. The Client is under no obligation to engage the services of any such recommended professional. The Client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from BWM. Please Note: If the Client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the Client agrees to seek recourse exclusively from and against the engaged professional. Please Also Note: It remains the Client's responsibility to promptly notify BWM if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising BWM's previous recommendations and/or services.

**Private Investment Funds.** BWM provides investment advice regarding private investment funds. BWM's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a Client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of BWM calculating its investment advisory fee. BWM's Clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

- **Please Note:** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each Client for review and consideration. Unlike other liquid investments that a Client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective Client investor will be required to complete a Subscription Agreement, pursuant to which the Client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.
- **Please Also Note: Valuation.** In the event that BWM references private investment funds owned by the Client on any supplemental account reports prepared by BWM, the value(s) for all such private investment funds shall reflect either the initial purchase and/or the most recent valuation provided by the fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be **significantly more or less** than the original purchase price.

- **Please Note: Inverse/Enhanced Market Strategies.** BWM may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be **no assurance** that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a Client may direct BWM, in writing, not to employ any or all such strategies for his/her/their/its accounts.

**Disclosure Statement.** A copy of BWM's written Brochure as set forth on Part 2A of Form ADV shall be provided to each Client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement or Financial Planning and Consulting Agreement*. Any Client who has not received a copy of BWM's written Brochure at least 48 hours prior to executing the *Investment Advisory Agreement or Financial Planning and Consulting Agreement* shall have five business days subsequent to executing the agreement to terminate BWM's services without penalty.

### **C. Tailored Relationships**

BWM shall provide investment advisory services tailored to the specific needs of each Client.

BWM requires that a written *Investment Management Agreement* ("Agreement") be signed by the Client prior to the engagement of services. The Agreement outlines the services rendered by BWM and the fees that the Client will be charged. Clients are advised to promptly notify BWM if there are any material changes in the financial situation, investment objectives, or in the event they wish to alter any guidelines upon investment management services.

Prior to providing investment advisory services, an investment adviser representative will ascertain each Client's investment objective(s). Thereafter, BWM shall allocate and/or recommend that the Client allocate investment assets consistent with the designated investment objective(s). The Client may, at any time, impose reasonable restrictions, in writing, on BWM's services.

The selection of third party money manager is based on individual needs of our clients and the suitability of products and services. Our advice is based on thorough assessment of our client's goals, objectives, investment horizon, and risk tolerance and the investment philosophy of the third party money manager.

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



#### D. Wrap Fee Programs

BWM does not participate in and is not a sponsor of any wrap fee programs.

#### E. Assets under Management

As of January 30, 2012, BWM had \$39,200,000 in assets under management on a discretionary basis.

### ITEM 5 FEES AND COMPENSATION

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***Note to California Clients:*** All fees charged by BWM are reasonable in light of BWM's experience and expertise and the level of sophistication of investment Clients. Lower fees for comparable services may be available from other sources. (CCR 260.238(j))

#### A. Advisory Fees

The Client can determine to engage BWM to provide discretionary investment advisory services on a fee basis.

##### INVESTMENT ADVISORY SERVICES

If a Client determines to engage BWM to provide discretionary investment advisory services on a fee basis, BWM's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under BWM's management (between negotiable and 1.95%) as follows:

Market Value of Portfolio	Max. Annual Fee
First \$250,000	1.95%
Next \$250,000	1.80%
Next \$500,000	1.60%
Next \$1,000,000	1.30%
Over \$2,000,000	1.00%

BWM's annual investment advisory fee shall include investment advisory services, and, to the **extent specifically requested** by the Client, financial planning and consulting services. In the event that the Client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of BWM), BWM may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the Client.

BWM, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with Client, etc.).

### **THIRD PARTY MONEY MANAGEMENT**

Under this arrangement, the Clients pay the third party money managers the program fees including the advisory fees, as disclosed in the advisory agreements and Form ADV Part 2A for services performed in connection with the third party money manager's products or services. The fees for discretionary asset management services are negotiable, but generally range from 0.25% to 2.00%. The final fee is determined in conjunction with the program selected, the size of the account, and the services covered. The final fee and other charges exclusive of fees such as, brokerage, clearance, custody, and administrative services will be fully disclosed in the third party money manager's advisory contract. BWM will receive referral fees from the third party money managers. Clients must acknowledge such compensation arrangement by signing the solicitor's acknowledgement.

### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent specifically requested by a Client, BWM may determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. BWM's planning and consulting fees are negotiable, but generally range from \$2,500 to \$10,000 on a fixed fee basis, and from \$250 to \$400 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

## **B. Billing**

### **INVESTMENT ADVISORY SERVICES**

Investment management fees are billed quarterly and may be charged in advance or in arrears depending upon the agreement between the Client and HCAS. The fee will be derived from the market value of a Client's assets on the last day of the previous quarter.

Clients may elect to have BWM's advisory fees deducted from their custodial account. Both BWM's Investment Advisory Agreement and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of BWM's investment advisory fee and to directly remit that management fee to BWM in compliance with regulatory procedures.

In the limited event that BWM bills the Client directly, payment in full is expected upon invoice presentation.

BWM reserves the right to discount fees based on the needs and circumstances of Clients. All of the above-referenced fees are negotiable.

### **THIRD PARTY MONEY MANAGEMENT**

Advisory fees are billed in accordance with the third party money manager's fee structure. Typically, those fees are payable quarterly either in advance or arrears. As outlined in each the Investment Management Agreement with the third party money manager, the fees typically will be deducted directly from the Client's account.

### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

Financial planning consulting fees are required to be prepaid in full up front. All financial plans will be completed within 6 months of such prepayment.

### **C. Other Fees & Expenses**

There may be additional fees or charges that result from the maintenance of or trading within your account. As discussed in Item 12, unless the Client directs otherwise or an individual Client's circumstances require, BWM shall generally recommend that Genworth Financial Trust Company ("*Genworth*"), Huntington National Bank ("*Huntington*") and/or Pershing, LLC ("*Pershing*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Genworth*, *Huntington* and *Pershing* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to BWM's investment management fee, brokerage commissions and/or transaction fees, Clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

### **D. Termination & Refund Policy**

#### **INVESTMENT ADVISORY SERVICES/FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

The Investment Advisory Agreement and Financial Planning between BWM and the Client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement. The Agreement may be terminated at any time by either party by written notice to the other party. Upon termination, BWM shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

In the event of termination, fees are prorated from the date of last billing to the date of notice of termination. Upon termination of account, fees paid in advance will be prorated to the date of termination specified in the notice of termination and any unearned portion thereof will be refunded to the Client.

#### **THIRD PARTY MONEY MANAGEMENT**

Clients are urged to read the Fee Payment and Refund Policy of the respective third party money manager(s).

### **E. Other Compensation**

BWM may execute agreements with other investment advisers and recommend other advisors' services to Clients. In such instances, BWM may receive a portion of the adviser's services fee. (Please see Item 10 for additional information).

Clients should be aware that the receipt of additional compensation by BWM and its management persons or employees creates a conflict of interest that may impair the objectivity of the Firm and these individuals when making advisory recommendations. BWM assures its Clients that it endeavors at all times to put the interest of its Clients first as part of its fiduciary duty as a registered investment adviser. We will disclose to the

Client the existence of all material conflicts of interest, including the potential for BWM or its employees to earn compensation from the referral of Clients to other registered investment advisers.

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

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*Note to California Clients: Any Performance Allocation will be charged in accordance with the provisions of CCR Section 260.234.*

Performance Fees are based on a share of the capital gains or capital appreciation of the assets of a Client. Fees based on performance means BWM participates directly in the account's results. **BWM does not accept performance-based fees.**

"Side-by-Side Management" refers to a situation in which the same Firm manages accounts that are billed based on a percentage of assets under management ("Management Fee") and at the same time manages other accounts for which fees are assessed on a performance basis. Because BWM has no performance-based fee account, it does not conduct side-by-side management.

## **ITEM 7            TYPES OF CLIENTS**

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### **A. Types of Clients**

BWM provides discretionary asset management services to different types of Clients. BWM's Clients shall generally include individuals, business entities, trusts, estates and charitable organizations. BWM does not generally require an annual minimum fee or asset level for investment advisory services. However, BWM, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with Client, etc.).

### **B. Conditions for Account Management**

BWM may require an annual minimum fee for its investment advisory services of \$5,000.00.

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

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### **A. Methods of Analysis**

#### **INVESTMENT ADVISORY SERVICES**

BWM employs fundamental analysis as our primary method for analyzing securities to achieve the investment objectives and goals of our Clients. Fundamental analysis consists of analyzing financial statements of companies, calculating financial ratios, and reviewing cyclical trends of industries in conjunction with other monetary policy indicators to assess

the overall performance and profitability of companies. Fundamental analysis is performed on historical and present data. There are risks associated in making financial forecasts on such data. Since fundamental analysis takes a long-term approach to analyzing markets and often looking at data over a number of years, a gain may not be realized until several years.

### **THIRD PARTY MONEY MANAGEMENT**

Third party money managers selected by BWM develop their own investment analyses and strategies. Each third party money manager will provide to the Client a copy of its Form ADV Part 2A which includes information regarding methods of analysis and investment strategies.

## **B. Investment Strategies**

### **INVESTMENT ADVISORY SERVICES**

BWM shall utilize the following investment strategies when implementing investment advice given to Clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)

BWM seeks to invest for the long term with an emphasis on after-tax returns. Our preferred investment timeframe is 2 to 10 years. However, experience has taught us that investment policies with rigid arbitrary parameters are fraught with potential peril. Consequently, we are committed to allowing the implied relative valuations across broad asset classes be our ultimate guide for portfolio construction, security selection, and portfolio turnover. We reserve the right to turn the portfolio over with greater frequency than would be our preference should changes in relative valuations manifest themselves differently from our prior expectations. We believe that a strategy so implemented could produce better volatility-adjusted, as well as absolute, returns over the long-term relative to traditional strategies.

### **THIRD PARTY MONEY MANAGEMENT**

The third party investment managers available through BWM may employ various investment strategies to help clients meet their investment objectives and goals. Recommendations may consist of diversifying assets over several different asset classes.

## **C. Material Risks of Methods of Analysis and Investment Strategies**

Every method of analysis has its own inherent risks. To perform an accurate market analysis BWM must have access to current/new market information. BWM has no control over the dissemination rate of market information; therefore, unbeknownst to BWM, certain analyses may be compiled with outdated market information, severely limiting the value of BWM's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by BWM) will be profitable or equal any specific performance level(s).

BWM's primary investment strategies - Long Term Purchases and Short Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

Notwithstanding the method of analysis or investment strategy employed by our Firm, the assets within your portfolio are subject to risk of devaluation or loss. BWM wants you to be aware that there are many different events that can affect the value of your assets or portfolio including, but not limited to, changes in financial status of companies, market fluctuations, changes in exchange rates, trading suspensions and delays, economic reports, and natural disasters.

Although BWM's method of analysis and investment strategies do not present any significant or unusual risks, all investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind.

**Special Note Regarding Third Party Money Managers:** Clients should read the Form ADV Part 2A of the respective third party money manager to understand the investment strategies and methods of analysis employed by the third party money manager, and the risks associated with those. Prospective investors should carefully consider all risks, as there can be no assurance that the asset management programs by the third party managers will achieve their respective investment objectives or avoid substantial losses.

#### **D. Recommendation of Specific Types of Securities**

Currently, BWM primarily allocates client investment assets among various individual equity and fixed income securities, private investments, mutual funds and/or exchange traded funds ("ETFs") (including inverse ETFs and/or mutual funds that are designed to perform in an inverse relationship to certain market indices), on a discretionary basis in accordance with the Client's designated investment objective(s).

As disclosed above, BWM may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be **no assurance** that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a Client may direct BWM, in writing, not to employ any or all such strategies for his/her/their/its accounts. (See Item 4 B).

**Private Investment Funds.** BWM may provide investment advice regarding private investment funds. BWM's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a Client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of BWM calculating its investment advisory fee. BWM's Clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

- **Please Note:** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each Client for review and consideration. Unlike other liquid investments that a Client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective Client investor will be required to complete a Subscription Agreement, pursuant to which the Client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.
- **Please Also Note: Valuation.** In the event that BWM references private investment funds owned by the Client on any supplemental account reports prepared by BWM, the value(s) for all such private investment funds shall reflect either the initial purchase and/or the most recent valuation provided by the fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be **significantly more or less** than the original purchase price.

## **ITEM 9                      DISCIPLINARY INFORMATION**

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BWM as a Firm has not been involved in legal or disciplinary events related to past or present investment Clients.

Michael V. Bradley, the Managing Principal, was the subject of a regulatory action involving the State of Arizona Division of Securities ("Arizona Division") which resulted in this consent to a cease and desist order ("Arizona Order") entered on May 21, 2009. This Arizona Order resulted from allegations by the Division that Mr. Bradley was selling interest in a hedge fund, Apex Equity Options Funds, LP ("Apex") to clients without prior approval of Associated Securities Corp. ("ASC") a broker-dealer with which he was associated at the time. Without admitting or denying the allegations, Mr. Bradley consented to the Division Order and paid a total of \$145,006 in restitution and penalties, which he did immediately after entry of the Division Order. Mr. Bradley asserts that the opportunity to sell interest in Apex was referred to him by his own supervisor, who advised him that he had obtained approval to sell Apex. Furthermore, Mr. Bradley obtained approval from ASC of marketing materials relating to client meetings to discuss Apex, as he was required to do. The Securities and Exchange Commission ("SEC") investigated Mr. Bradley regarding Apex. By a letter dated March 25, 2010, the SEC indicated that it would not bring an enforcement action against Mr. Bradley.

Mr. Bradley was involved in the following FINRA arbitration proceedings:

(a) FINRA Case 10-00954: While working with Associated Securities Corp. ("ASC"), Mr. Bradley and ASC were named in an arbitration matter involving Apex. Customer allegations involved unsuitable investment in unapproved product in June 2007. The arbitration was settled in February 2011. Mr. Bradley did not have to contribute towards the settlement amount.

(b) FINRA Case 08-01824: While working with Associated Securities Corp. ("ASC"), Mr. Bradley and ASC were named in an arbitration matter involving Apex. Customer allegations involved suitability and misrepresentation that Apex was an approved product for clients. The arbitration was settled on or about May 12, 2008. Mr. Bradley did not have to contribute towards the settlement amount.

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

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### **A. Financial Industry Activities**

BWM is not a registered broker-dealer and does not have an application pending to register as a broker-dealer. Furthermore, none of BWM's management or supervised persons is as a registered representative or has an application pending to register as representatives of a broker-dealer.

### **B. Financial Industry Affiliations**

BWM is not a registered, Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor and does not have an application pending to register as such. Furthermore, none of BWM's management or supervised persons is registered as, or has applications pending to register as an associated person of the foregoing entities.

### **C. Other Material Relationships**

Michael V. Bradley, the Principal of BWM, in his individual capacity, is a licensed insurance agent, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4 B above, Clients can engage Mr. Bradley to effect insurance transactions on a commission basis. The recommendation by Michael V. Bradley that a Client purchase an insurance commission product presents a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular Client's need. No Client is under any obligation to purchase any commission products from Michael V. Bradley. Clients are reminded that they may purchase insurance products recommended by BWM through other, non-affiliated insurance agents.

**BWM's Chief Compliance Officer, Michael V. Bradley, remains available to address any questions that a Client or prospective Client may have regarding the above conflict of interest.**

BWM does not have any arrangements that are material to its advisory or its Clients with a related person who is a broker-dealer, investment company, other investment adviser,



financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships.

#### **D. Other Investment Advisers**

BWM may execute agreements with other investment advisers and recommend other advisers' services to Clients. The selected unaffiliated investment advisers will act as third-party money managers. In such instances, BWM may receive a portion of the adviser's services fee.

BWM does not have any other arrangements that are material to its advisory or its Clients with other investment advisers. The fee received by us is typically a percentage of the fee charged by that investment adviser to the referred client. The portion of the fee paid to us does not increase the total advisory fee paid to the selected investment adviser by the client. We do not charge the Client any fees for these referrals.

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

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#### **A. Code of Ethics**

All employees of BWM must act in an ethical and professional manner. In view of the foregoing and applicable provisions of relevant law, BWM has determined to adopt a Code of Ethics to specify and prohibit certain types of transactions deemed to create conflicts of interest (or at least the potential for or the appearance of such a conflict), and to establish reporting requirements and enforcement procedures relating to personal trading by BWM personnel. BWM's Code of Ethics, which specifically deals with professional standards, insider trading, personal trading, gifts and entertainment, and fiduciary duties, establishes ideals for ethical conduct based upon fundamental principles of openness, integrity, honesty, and trust. We will provide a copy of our Code of Ethics to any Client or prospective Client upon request.

#### **B. Participation of Interest in Client Transactions**

BWM does not recommend or effect transactions in securities which any related person may have material financial interest.

#### **C. Proprietary Trading**

At time, BWM and/or representatives of BWM may buy or sell securities that are also recommended to Clients. This practice may create a situation where BWM and/or representatives of BWM are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if BWM did not have adequate policies in place to detect such activities. In addition, this requirement can help

detect insider trading, “front-running” (i.e., personal trades executed prior to those of BWM’s Clients) and other potentially abusive practices.

BWM has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of BWM’s “Access Persons”. BWM’s securities truncation policy requires that an Access Person of BWM must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date BWM selects; provided, however that at any time that BWM has only one Access Person, he or she shall not be required to submit any securities report described above.

#### **D. Simultaneous Trading**

From time to time, BWM and/or representatives of BWM may buy or sell securities, at or around the same time as those securities are recommended to Clients. This practice creates a situation where BWM and/or representatives of BWM are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11 C, BWM has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of BWM’s Access Persons.

## **ITEM 12 BROKERAGE PRACTICES**

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### **A. Selection and Recommendation**

#### **INVESTMENT ADVISORY SERVICES**

BWM recommends broker-dealers or custodians that it has established arrangements or agreements. In the event that the Client requests that BWM recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those Clients that may direct BWM to use a specific broker-dealer/custodian), BWM generally recommends that investment management accounts be maintained at *Pershing LLC* (“*Pershing*”) (CRD 7560), registered broker dealer. Prior to engaging BWM to provide investment management services, the Client will be required to enter into a formal Investment Advisory Agreement with BWM setting forth the terms and conditions under which BWM shall manage the Client’s assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that BWM considers in recommending *Pershing* (or any other broker-dealer/custodian to clients) include historical relationship with BWM, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by BWM’s Clients shall comply with BWM’s duty to obtain best execution, a Client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where BWM determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not

the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although BWM will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, BWM's investment management fee. BWM's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

### **THIRD PARTY MONEY MANAGEMENT**

Where BWM provides access to investment service programs in which client accounts are managed by independent third party investment advisers, the selection and recommendation of broker dealers or custodians are not applicable.

## **B. Soft Dollar Benefits**

Under "soft dollar" arrangements, one or more of the brokerage firms would provide or pay the costs of certain services, equipment, or other items. These soft dollar benefits are attributed to BWM by reducing its expenses; however, the amount of the fee paid to BWM by the Client will not be reduced. Nonetheless, BWM believes that to the extent it makes allocations to brokerage business with soft dollar arrangements, this would generally enhance the ability to obtain research, optimal execution and other benefits on behalf of our Clients.

"Soft dollar arrangements" can create conflicts of interest. Such conflicts include the following: (a) When the Firm uses brokerage commissions (or markups or markdowns) to obtain research or other products or services, the Firm receives a benefit because it does not have to produce or pay for research, products or services; and (2) the Firm may have an incentive to select or recommend a broker-dealer based on the Firm's interest in receiving the research or other products or services, rather than on the Fund's interest in receiving most favorable execution. BWM intends to comply with the "safe harbor" of Section 28(e) of the Securities Exchange Act of 1934, as amended.

Although not a material consideration when determining whether to recommend that a Client utilize the services of a particular broker-dealer/custodian, BWM may receive from *Pershing* (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist BWM to better monitor and service Client accounts maintained at such institutions. Included within the support services that may be obtained by BWM may be investment-related research, pricing information and market data, software and other technology that provide access to Client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by BWM in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist BWM in managing and administering Client accounts. Others do not directly

provide such assistance, but rather assist BWM to manage and further develop its business enterprise.

BWM's Clients do not pay more for investment transactions effected and/or assets maintained at *Pershing* as a result of this arrangement. There is no corresponding commitment made by BWM to *Pershing* or any other entity to invest any specific amount or percentage of Client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

**BWM's Chief Compliance Officer, Michael V. Bradley, remains available to address any questions that a Client or prospective Client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

### C. Brokerage for Client Referrals

When recommending broker-dealers to Clients, the Firm does not consider whether it receives Client referrals from a broker-dealer or third party.

### D. Directed Brokerage

(a) Recommend, Request or Require Broker-Dealers or Custodians

BWM will request that Clients utilize certain broker-dealers or custodians.

(b) Permit

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

- **Please Note:** In the event that the Client directs BWM to effect securities transactions for the Client's accounts through a specific broker-dealer, the Client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the Client determined to effect account transactions through alternative clearing arrangements that may be available through BWM.

**BWM's Chief Compliance Officer, Michael V. Bradley, remains available to address any questions that a Client or prospective Client may have regarding the above arrangement.**

### E. Order Aggregation

To the extent that BWM provides investment management services to its Clients, the transactions for each Client account generally will be effected independently, unless BWM decides to purchase or sell the same securities for several Clients at approximately the same time. BWM may (but is not obligated to) combine or "bunch" such orders to obtain

best execution, to negotiate more favorable commission rates or to allocate equitably among BWM's Clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among Clients in proportion to the purchase and sale orders placed for each Client account on any given day. This practice is reasonably likely to result in administrative convenience or an overall economic benefit to the Client. Clients also benefit relatively with better purchase or sale execution prices, lower commission expenses or beneficial timing of transactions or a combination of these and other factors. BWM shall not receive any additional compensation or remuneration as a result of such aggregation.

**Special Note Regarding Third Party Money Managers:** Some of BWM's investment advisory services involve advising clients with respect to choosing third party money managers to manage their account portfolios. Due to the nature of these consulting agreements, order aggregation is not applicable.

**Trade Error Policy.** BWM shall reimburse accounts for losses resulting from BWM's trade errors, but shall not credit accounts for such errors resulting in market gains. The gains and losses are reconciled within BWM's custodian Firm account and BWM retains the net gains and losses.

## **ITEM 13            REVIEW OF ACCOUNTS**

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### **A. Periodic Reviews**

BWM reviews its Client's account activity on a continual basis to determine their conformity with investment objectives and guidelines. For further due diligence, the portfolios will be assessed on an ongoing basis by BWM's Principal and/or representatives. All investment supervisory Clients are advised that it remains their responsibility to advise BWM of any changes in their investment objectives and/or financial situation. All Clients (in person or via telephone) are encouraged to review financial planning issues (as applicable), investment objectives and account performance with BWM on an annual basis.

### **B. Intermittent Review Factors**

Intermittent reviews may be triggered by substantial market fluctuation, economic or political events, or by changes in your financial status (such as retirement, termination of employment, relocation, or inheritance).

Clients are advised to notify BWM promptly if there are any material changes in their financial situation and/or investment objectives.

### **C. Client Reports**

Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian and/or program sponsor for the Client accounts. Those Clients to whom BWM provides investment supervisory services shall also receive a periodic report from BWM summarizing account holdings and performance.

## ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

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### A. Economic Benefits for Client Referrals

As discussed under Soft Dollar arrangements in Item 12 above, BWM may receive an indirect economic benefit from *Pershing*. BWM, without cost (and/or at a discount), may receive support services and/or products from *Pershing*.

BWM's Clients do not pay more for investment transactions effected and/or assets maintained at *Pershing* as a result of this arrangement. There is no corresponding commitment made by BWM to *Pershing* or any other entity to invest any specific amount or percentage of Client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

**BWM's Chief Compliance Officer, Michael V. Bradley, remains available to address any questions that a Client or prospective Client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

BWM has arrangements with third party money managers. We receive compensation from third party investment advisory firms for client referrals.

BWM does not receive and does not have any additional arrangement with third parties to receive economic benefits (such as sales awards or other prizes) for providing investment advice or other advisory services to its Clients.

### B. Referral Compensation to unaffiliated Third Parties

The Firm does not compensate directly or indirectly, any person, other than its representatives, for Client referrals. Prior to compensating any individual for referrals, BWM will ensure that these individual solicitors are appropriately registered as investment adviser representatives if registration is required by the jurisdictions in which solicitation activities are conducted.

## ITEM 15 CUSTODY

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### A. Custodian of Assets

While BWM does not have physical custody of Client funds or securities, the custodian may pay BWM's management fees through a deduction from the custodial brokerage account that holds Client funds, pursuant to Client's account application. In certain jurisdictions, an Adviser's ability to withdraw management fees from the Client's account may be deemed *custody*.

BWM does not have direct custody of any Client funds and/or securities. BWM does not take physical custody of Client funds and/or securities under any circumstances. Client's funds and securities are held by a BWM preferred qualified custodian. Please refer to Item 12 for our information regarding our Brokerage Practices. BWM has implemented written policies and procedures to ensure that it will be in compliance with the required requirements and applicable safeguards with respect to custody.

BWM has indirect custody of Client's funds or securities by virtue the ability to have its advisory fee for each Client debited by the custodian on a quarterly basis. Prior to permitting direct debit of fees, each Client provides written authorization permitting fees be made direct from the custodian. As part of the billing process, the Client's custodian is advised of the amount of the fee to be deducted from that Client's account. On at least a quarterly basis, the custodian is required to send to the Client a statement showing all transactions within the account during the reporting period. The custodian does not calculate the amount of the fee to be deducted and does not verify the accuracy of BWM's advisory calculation. Therefore, **it is important for Clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things.** Clients should contact BWM directly if they believe that there may be an error in their statement.

## **B. Account Statements**

Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian and/or program sponsor for the Client accounts. Those Clients to whom BWM provides investment supervisory services shall also receive a periodic report from BWM summarizing account holdings and performance.

Although we are your advisor, your statements will be mailed by the account broker-dealer or custodian. When you receive these statements, please review the statements carefully. Please compare asset values, holdings, and fee to the account statement issued for the previous period.

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

## **ITEM 16 INVESTMENT DISCRETION**

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### **INVESTMENT ADVISORY SERVICES**

It is BWM's customary procedure to have full discretionary authority in order to supervise and direct the investments of your accounts. You grant this authority upon execution of our Investment Management Agreement. This authority is for the purpose of making and implementing investment decisions, without your prior consultation.

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

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

### **THIRD PARTY MONEY MANAGEMENT**

BWM may allocate the assets of its clients among a relatively concentrated group of third party money managers. The selection and allocation of assets among the third party money managers will be in the sole and exclusive direction of BWM. You grant us this authority upon execution of our Investment Advisory Contract.

The money managers will be granted discretionary trading authority to provide investment supervisory services for that portion of the clients' portfolios allocated to that particular third party money manager. BWM at all times retains the authority to terminate the relationship with the third party money managers or to add new third party money managers. BWM's role will be to monitor the overall financial situation of the client portfolios, and to monitor the investment approach and performance of the money manager.

The third party money managers will trade independently of one another. There can be no assurance that the trading strategies employed by a third party money manager will be successful. The third party money managers make investment decisions on selecting securities types and specific securities. Third party money managers will also rebalance and reallocate your accounts when the third party money manager determines such rebalancing or reallocating is appropriate. Please note the BWM will not make any decisions on selecting any securities types or specific securities for the accounts managed by the third party money managers.

## **ITEM 17 VOTING CLIENT SECURITIES**

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BWM does not vote Client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the Client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the Client's investment assets.

Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact BWM to discuss any questions they may have with a particular solicitation.

## **ITEM 18 FINANCIAL INFORMATION**

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### **A. Balance Sheet Requirement**

BWM is not the qualified custodian of Client funds or securities, does not have custody of Client funds or securities and does not require prepayment of fees of more than \$500 per Client, six (6) months or more in advance. BWM's discretionary authority is discussed in



Item 16. BWM will comply with the balance sheet requirement within the jurisdictions in which it is registered as an Investment Adviser.

#### **B. Financial Condition**

BWM has discretionary authority to manage Client assets. The Firm does not have any financial impairment that will preclude it from meeting contractual commitments to Clients.

#### **C. Bankruptcy Petition**

Neither the Firm nor its management has been the subject of a bankruptcy petition at any time during the last 10 years.

### **ITEM 19 REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

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#### **A. Firm Management**

BWM has one Chief Compliance Officer, Michael V. Bradley. Mr. Bradley's education and business background can be found in the attached Brochure Supplement (Form ADV Part 2B).

#### **B. Other Business Activities**

Our Managing Principal, Michael V. Bradley is also licensed as an insurance agent. In his capacity as insurance agent, Mr. Bradley will receive separate, yet customary compensation for insurance product sales. As a prospective client or client, you are not obligated to effect securities transactions through our firm or purchase insurance product offerings.

Acting in dual capacities may pose conflicts of interest or may give the perception of conflicts of interest due to the receipt of compensation for effecting transactions and commissions for the sale of insurance products. Any conflicts of interest or perceived conflicts of interest will be disclosed to the client in writing and in advance of effecting such transactions.

#### **C. Performance-Based Fees**

As stated in Item 6, BWM currently does not accept Performance-Based Fees.

***Note to California Clients: Any Performance Allocation will be charged in accordance with the provisions of CCR Section 260.234.***

#### **D. Disciplinary Reporting Disclosure**

##### **D.1. Arbitration Claims**

BWM as a Firm has not been found liable in any arbitration claim alleging damages in excess of \$2,500 involving an investment or investment-related business or activity, fraud, false statements or omissions, theft, embezzlement or other wrongful taking of property, bribery, forgery counterfeiting or extortion or dishonest, unfair or unethical practices.

Michael V. Bradley, the Managing Principal, was involved in the following FINRA arbitration proceedings:

(a) FINRA Case 10-00954: While working with Associated Securities Corp. ("ASC"), Mr. Bradley and ASC were named in an arbitration matter involving Apex Equity Options Fund, LP ("Apex"). Customer allegations involved unsuitable investment in unapproved product in June 2007. The arbitration was settled in February 2011. Mr. Bradley did not have to contribute towards the settlement amount.

(b) FINRA Case 08-01824: While working with Associated Securities Corp. ("ASC"), Mr. Bradley and ASC were named in an arbitration matter involving Apex Equity Options Fund, LP ("Apex"). Customer allegations involved suitability and misrepresentation that Apex was an approved product for clients. The arbitration was settled on or about May 12, 2008. Mr. Bradley did not have to contribute towards the settlement amount.

#### D.2. Civil, Self-Regulatory Organization (SRO), or Administrative Proceedings

BWM has not been found liable in any civil, self-regulatory organization, or administrative proceeding involving an investment or investment related business or activity, fraud, false statements or omissions, theft embezzlement or other wrongful taking of property bribery, forgery, counterfeiting, or extortion; or dishonest, unfair or unethical practices.

Michael V. Bradley, the Managing Principal, was the subject of a regulatory action involving the State of Arizona Division of Securities ("Arizona Division") which resulted in this consent to a cease and desist order ("Arizona Order") entered on May 21, 2009. This Arizona Order resulted from allegations by the Division that Mr. Bradley was selling interest in a hedge fund, Apex Equity Options Funds, LP ("Apex") to clients without prior approval of Associated Securities Corp. ("ASC") a broker-dealer with which he was associated at the time. Without admitting or denying the allegations, Mr. Bradley consented to the Division Order and paid a total of \$145,006 in restitution and penalties, which he did immediately after entry of the Division Order. Mr. Bradley asserts that the opportunity to sell interest in Apex was referred to him by his own supervisor, who advised him that he had obtained approval to sell Apex. Furthermore, Mr. Bradley obtained approval from ASC of marketing materials relating to client meetings to discuss Apex, as he was required to do. The Securities and Exchange Commission ("SEC") investigated Mr. Bradley regarding Apex. By a letter dated March 25, 2010, the SEC indicated that it would not bring an enforcement action against Mr. Bradley.

#### E. Relationships or Arrangements with Securities Issuers

Neither the Firm nor its employees have any relationship or arrangement with any issuer of securities.

### **CONFLICTS OF INTERESTS – CALIFORNIA CLIENTS**

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**All material conflicts of interest under CCR Section 260.238(k) are disclosed, regarding BWM, its representatives and its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.**

## **PRIVACY POLICY**

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BWM does not disclose nonpublic personal information about its Clients or former Clients to any persons other than as described below. BWM collects information about its Clients (such as name, address, social security number, assets and income) from discussions with Clients, from documents that Clients may deliver to BWM (such as account applications) and in the course of providing services. In order to service its Client accounts and effect Client transactions, BWM may provide Client personal information to its affiliates and to Firms that assist it in servicing Client accounts and which have a need for such information. BWM does not otherwise provide information about its Clients to outside Firms, organizations or individuals except as required by law. Any party that receives this information will use it only for the services disclosed herein and as allowed by applicable law or regulations, and is not permitted to share or use this information for any other purpose.