

March 28, 2012



## Allied Beacon Wealth Management

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**This brochure provides information about the qualifications and business practices of Allied Beacon Wealth Management, LLC. If you have any questions about the content of this brochure, please contact us at 804-521-7615 and or at [hmartin@alliedbeacon.net](mailto:hmartin@alliedbeacon.net).**

**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 Allied Beacon Wealth Management, LLC. is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). The searchable IARD/CRD number for Allied Beacon Wealth Management, LLC is 134922**

**Allied Beacon Wealth Management LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or by any state securities authority does not imply a certain level of skill or training.**

## Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Generally, Allied Beacon Wealth Management will notify clients of material changes on an annual basis. However, where we determine that an interim notification is either meaningful or required, we will notify our clients promptly. In either case, we will notify our clients in a separate document.

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## Item 4 Advisory Business

Allied Beacon Wealth Management, LLC (ABWM) is a Virginia based investment advisor registered with the Securities and Exchange Commission (SEC). We opened for business as CBS Advisors, LLC in September 2005. In February 2011, we changed our name to Allied Beacon Wealth Management, LLC. Allied Beacon Wealth Management is associated through common ownership with Allied Beacon Partners, Inc. (ABP), a Florida based broker/dealer. Allied Beacon Wealth Management, LLC and Allied Beacon Partners, Inc. are wholly owned by Beacon Acquisition Partners, Inc. a Toronto based public corporation listed on the Canadian National Exchange. There are no 25% owners of Beacon Acquisition Partners, Inc.

All Allied Beacon Wealth Management representatives are also registered representatives of Allied Beacon Partners, Inc. Many of these same representatives also hold insurance appointments from one or more insurance companies. Some clients of Allied Beacon Partners Inc. may also be clients of Allied Beacon Wealth Management. The relationship between Allied Beacon Wealth Management, LLC and Allied Beacon Partners Inc. is fully disclosed to all advisory clients.

Allied Beacon Wealth Management manages a multi-advisor program in which appropriately licensed representatives (Series 65 or 66 licensed) assist individual and institutional clients in identifying their investment objectives, goals and risk tolerances. This information is used to select a program and manager(s) that is best suited, given all relevant factors, to meet client needs and objectives.

### Selection of Managers

An Allied Beacon Wealth Management representative will consult with his/her clients to determine the clients investment objectives, investment goals, time horizon, and risk tolerance in order to best determine which program(s) or manager(s) is best suited for the client. The amount of investment restrictions a client may place on an account varies between programs and managers. Some programs and managers allow the client to place many investment restrictions, some allow only limited restrictions, and some do not allow any restrictions. Part of the selection process is to select the program(s) or manager(s) that best reflects the wishes of the client.

### Management of Accounts

In some instances, an Allied Beacon Wealth Management representative will manage their client's accounts on a discretionary or non-discretionary basis. After consulting with their client, each advisor representative will use a combination of fundamental and/or technical analysis, and use various sources to acquire information about investment choices suitable for each client. Fundamental analysis of a business involves analyzing its financial statements and health, its management and competitive advantages, and its competitors. Technical analysis employs models and trading rules based on such things as price, volume of shares traded, moving averages, and identification of chart patterns.

When managing an account on a non-discretionary basis, the representative will, with prior authorization from the client, will buy, sell or to trade in stocks, bonds, and any other securities, for the account. When a client grants discretion over an account to a manager, that manager shall determine the type of security, the security(ies), and the amount of each security to be purchased or sold. The manager will also determine broker/dealer where the account shall be held. The manager may chose one of the two firms that act as clearing firms for Allied Beacon Partners, however the client can direct that some other firm be used. The manager may also determine what the commission rate is used for the account. If the account is held at one of the two firms that act as clearing firms for Allied Beacon Partners, the commission rate will be no greater than the clearing cost to Allied Beacon Partners representative.

### Third Party Manager Selection

When an external manager (that is, any manager not affiliated with Allied Beacon Wealth Management) manages assets for a client introduced by Allied Beacon Wealth Management or one of its registered investment advisor representatives, the manager shall be deemed to be serving in a sub-advisor manner. Allied Beacon Wealth Management has entered into a written solicitor's agreement with the following non affiliated investment advisory firms:

- Investnet Asset Management
- Advisors Capital Management
- Anchor Capital Management
- BTS Asset Management, Inc.
- Capital Management Group
- Capital Wealth Planning
- Chapwood Custom Hedge
- CLS Investment Firm, LLC
- Dunham & Associates Investment Counsel, Inc.
- Equis Capital
- FTJ-Fund Choice LLC
- Flexible Plan Investments, LTD
- Genworth Financial Wealth Management
- Howard Capital Management
- Institute of Wealth Management
- Merit Advisors
- Morningstar
- Pacific Financial Group
- Schreiner Capital Management
- SEI

Allied Beacon Wealth Management also has agreements through Allied Beacon Partners with RBC Correspondence Services and Mesirow Financial. Both RBC and Mesirow have an extensive list of pre-approved third party managers on their platforms which become available because of our relationship with Allied Beacon Partners.

In all such instances, the third party manager's Form ADV Part 2 or brochure will be provided to the client at the time of engagement. All external or third party managers have discretion over purchase, sale and asset allocation of client account assets.

Allied Beacon Wealth Management will receive, and will pay to the representative, a portion of the fees charged by the third party manager for investment advisory services on behalf of the client. The fee is charged based on assets under management in the client's account. The portion of the fee paid to Allied Beacon Wealth Management varies depending on the fee schedule of the individual third party manager. There is no differential between the amount or level of investment advisory fees that the third party manager charges for managing a client's account in excess of that which it would customarily charge for managing any other new client with similar assets and which was not referred to the third party manager by Allied Beacon Wealth Management

Compensation paid to Allied Beacon Wealth Management from various third party managers may vary; therefore, there may be a conflict of interest in recommending a manager who shares a larger portion of the total fee over another manager.

### Financial Planning and Consulting

Allied Beacon Wealth Management offers personal financial planning services that include, but are not limited to, advice on education funding, asset allocation, budgeting and cash flow analysis, retirement planning, estate planning, and insurance planning. Allied Beacon Wealth Management also offers consulting services that include, but not limited to, advice on portfolio holdings, asset allocation, and evaluation of retirement planning, estate planning, and insurance planning. Services rendered on a consulting basis are usually not ongoing, but limited to a specific issue or issues important to a client.

Neither Allied Beacon Wealth Management nor any of its representatives gives legal or tax advice.

### Wrap Fee Programs

Allied Beacon Wealth Management is the principal of the Private Wealth Management Program provided by Envestnet. ABWM manages clients' assets in this program in the same manner that it manages clients' assets not in this program. For its services, ABWM receives a portion of the wrap fees.

### Assets Under Management

As of December 31, 2011 we manage \$14,692,869 in client assets on a discretionary basis and \$18,433,274 in client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

Allied Beacon Wealth Management is a fee based investment advisor. We receive a fee based on assets under management. We do not receive any transaction fees, such as commission, sales charge, mark up or mark down, or 12(b) 1 fees.

Allied Beacon Wealth Management is not compensated on the basis of a share of capital gains or capital appreciation of the assets in a clients' account.

### Allied Beacon Wealth Management Fees

When Allied Beacon Wealth Management advisor representative manages a client's accounts on either a discretionary or non-discretionary basis the fee schedule is as follows:

<u>Account Value</u>	<u>Maximum Annual Rate Charged to Client (Charged Quarterly)</u>	<u>Maximum Fee Charged by Clearing Firm (Charged Quarterly)</u>
\$25,000 to \$ 100,000	2.00 %	0.22%
\$100,000 to \$ 250,000	1.75 %	0.18%
\$250,000 to \$ 500,000	1.50 %	0.16%
\$500,000 to \$1,000,000	1.25%	0.09%
\$1,000,000 to \$2,000,000	1.00%	0.07%
\$2,000,000 & Above	Negotiable	0.04%

Other than advisory fees above, a client may pay an additional processing or clearing fee which is equal to the clearing firm's cost to the representative.

Under certain circumstances, such as but not limited to, household accounts and other business with the representative, the fee charged to the client is negotiable.

If mutual funds are included in an account, only "no load" or "load waived" funds are purchased.

Fees can be charged either in advance or in arrears. If the fee is charged in advance, the fee is pro-rated based on the number of days the account is open. If the account is terminated prior to the last day of a quarter, a prorated portion, based on the days remaining in such quarter, of the quarterly fee paid in advance will be refunded to the client.

#### Third Party Manager Fees

When a third party program or manager is used, the fee schedule is provided by the third party manager. Each client using a particular third party manager will be provided with that manager's disclosure statement and fee schedule. Allied Beacon Wealth Management is paid a portion of the fee paid to the third party manager.

Execution of any recommendation made as a result of financial planning or consulting services may result in compensation to Allied Beacon Partners, Inc. and/or Allied Beacon Wealth Management in the form of commissions or fees; therefore there may be an incentive to recommend securities transactions or managed accounts rather than other forms of investment or saving vehicles.

Allied Beacon Wealth Management does not withdraw fees from client accounts; however, third party advisors who manage the accounts and/or the clearing broker/dealers whose advisory platform we use directly deduct fees from our clients' accounts. The custodian or trustee of the account sends statements showing all account activity including advisory fees to the client at least quarterly. In a limited number of instances, a client may have fees billed to another account.

Most accounts are billed quarterly; however, some third party managers may charge fees monthly. Account billing is fully disclosed in each third party manager's disclosure statements that are delivered to clients.

Other than advisory fees, a client may pay additional fees related to their account. When an Allied Beacon Wealth Management advisor representative manages a client's accounts on a discretionary or non-discretionary basis, Allied Beacon Partners, through its clearing firm, charges a processing or transaction fee which is equal to the clearing firm's cost to the Allied Beacon Partners representative.

The processing fee is lower than the standard commission of many full service broker/dealers, similar to broker assisted commissions at many discount broker/dealers and greater than the commissions charged for internet trading at the deep discount broker/dealers.

Clients may also incur charges for other account services not related to the execution and clearing of transactions including, but not limited to, IRA custodial fees, interest charges on margin loans, fees for legal and courtesy transfers of securities, and any fee normally associated with owning a mutual fund.

(Please refer to section 12)

When a third party program or manager is used, the client may be required to pay a transaction fee, handling charge, custodial fee, and any fee normally associated with owning a mutual fund. A full disclosure of all fees is provided by the third party manager. Each client using a particular third party manager will be provided with that manager's disclosure statement and fee schedule.

Fees are normally charged in arrears; however, some third party managers charge fees in advance. When fees are charged is fully disclosed before any client enters into a management agreement. If the fee is charged in advance, the fee is pro-rated based on the number of days the account is open. If the account is terminated prior to the last day of a quarter, a prorated portion, based on the days remaining in such quarter, of the quarterly fee paid in advance will be refunded to the client.

All of Allied Beacon Wealth Management's business is fee based. Allied Beacon Wealth Management does not charge or collect any commission sales charge markup or markdown on any security transaction. All of Allied Beacon Wealth Management's representatives are also registered representatives of Allied Beacon Partners, Inc. Many of these same representatives also hold insurance appointments from one or more insurance companies. Some clients of Allied Beacon Partners Inc. may also be clients of Allied Beacon Wealth Management. On occasion, an Allied Beacon Partners representative who is also an Allied Beacon Wealth Management representative may effect a securities transaction for commission in the Allied Beacon Partners account of a client who is also an Allied Beacon Wealth Management client. A client's Allied Beacon Wealth Management account held at Allied Beacon Partners will not be charged any transaction fee except as described above. The relationship between Allied Beacon Wealth Management and Allied Beacon Partners Inc. is fully disclosed to all advisory clients.

Total Program Fees of various third party managers may vary based on the size and type of account. The advisor's fee portion and Allied Beacon Wealth Management's fee portion are set by the third party advisor. Allied Beacon Wealth Management's fees portion may, in certain circumstances, be negotiated.

Allied Beacon Wealth Management's fee portion ranges up to 2.00%. All fee schedules are fully disclosed in each third party advisors' disclosure statements. Compensation paid to Allied Beacon Wealth Management from various third party managers may vary; therefore, there may be a conflict of interest in recommending a manager who shares a larger portion of the total fee over another manager.

If mutual funds are included in an account, only "no load" or "load waived" funds are purchased.

Each new account is reviewed and signed by the Chief Operating officer before it is forwarded to the custodian or the third party manager.

Allied Beacon Wealth Management clients have the option to purchase any recommendation from any broker/dealer or agent.

#### Financial Planning Fees

Financial planning and consulting fees are based on the time required to complete the assignment. The standard planning and consulting fee is \$250 per hour. The total fee is agreed upon in advance and paid upon completion. Financial planning and consulting fees are negotiable and in some instance may be waived.

## **Item 6 Performance-Based Fees**

Neither Allied Beacon Wealth Management, nor any of its representatives or third party managers is compensated in any way based on a share of capital gains or capital appreciation.

## **Item 7 Types of Clients**

American Beacon Wealth Management offers investment advice, financial planning, and consulting services to Individuals, Pension and Profit Sharing Plans, Trusts, Estates, Charitable Organizations, and Local and Municipal governments.

The minimum account size is usually determined by the third party manager. Some managers allow a minimum of \$25,000 others require higher amounts. Some managers allow a lower minimum in accounts that represent a part of a household account. **Please see the third party managers' disclosure statement.**



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

Allied Beacon Wealth Management's Investment Advisor Representatives who manage client accounts obtain research from various sources including research from RBC Correspondent Services or Mesirow (the two clearing firms used by Allied Beacon Partners), and other published and non-published sources.

Investing in securities involves risk of loss that clients should be prepared to bear. Investing in securities involves the risk of loss of principal. Clients should be prepared to bear the loss of some or all their principal.

After consulting with their client, each advisor representative will use a combination of fundamental and/or technical analysis, and use various sources to acquire information about investment choices suitable for each client.

Fundamental analysis of a business involves analyzing its financial statements and health, its management and competitive advantages, and its competitors.

Technical analysis employs models and trading rules based on such things as price, volume of shares traded, moving averages, and identification of chart patterns.

All types of investment analysis, including fundamental and technical analysis, involve risk. There is always the risk that the information may be inaccurate or incomplete. There is also the risk that the information may be interpreted incorrectly.

Any investment advice given or strategies used is up to the individual manager. None of the investment strategies used by the individual managers involve unusual risk or frequent trading. Clients should be reminded that all investment strategies involve some risk, even loss of principal.

## **Item 9 Disciplinary Information**

Neither our firm nor any of our management persons has any reportable disciplinary information.

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

Allied Beacon Wealth Management, LLC (ABWM) is a Virginia based investment advisor registered with the Securities and Exchange Commission (SEC). All Allied Beacon Wealth Management representatives are also registered representatives of Allied Beacon Partners, Inc. Many of these same representatives also hold insurance appointments from one or more insurance companies. Allied Beacon Partners, Inc. is a Florida based broker/dealer. Allied Beacon Wealth Management, LLC and Allied Beacon Partners, Inc. are owned by Beacon Acquisition Partners, Inc. a Toronto based public corporation listed on the Canadian National Exchange.

Some of Allied Beacon Wealth Management's representatives are employees of a bank or thrift institution. These "bank representatives" have their securities license with Allied Beacon Partners and conduct all their securities business through Allied Beacon Partners. Also these "bank representatives" have their advisory license with Allied Beacon Wealth Management and conduct all their advisory business through Allied Beacon Wealth Management.

Some clients of Allied Beacon Partners Inc. may also be clients of Allied Beacon Wealth Management. The relationship between Allied Beacon Wealth Management LLC and Allied Beacon Partners is fully disclosed to all advisory clients. Each new account is reviewed by the Chief Operating Officer or his designate before it is forwarded to the custodian or the third party manager.

Allied Beacon Wealth Management has entered into selling agreements and/or solicitor agreements with various third party SEC registered investment advisors (Advisor(s)) who offer fully discretionary management of individual portfolios. Allied Beacon Wealth Management has selling agreements and/or solicitor agreements with the following third party advisors:

- Envestnet Asset Management
- Advisors Capital Management
- Anchor Capital Management
- BTS Asset Management, Inc.
- Capital Management Group
- Capital Wealth Planning
- Chapwood Custom Hedge
- CLS Investment Firm, LLC
- Dunham & Associates Investment Counsel, Inc.
- Equis Capital
- FTJ-Fund Choice LLC
- Flexible Plan Investments, LTD
- Genworth Financial Wealth Management
- Howard Capital Management
- Institute of Wealth Management
- Merit Advisors
- Morningstar
- Pacific Financial Group
- Schreiner Capital Management
- SEI

Part 2 of a manager's Form ADV or the manager's disclosure brochure will be provided to the client at the time of engagement.

**Please refer to the individual advisors' disclosure statement for additional information and a full disclosure of all terms and conditions, and risks.**

Compensation paid to Allied Beacon Wealth Management from various third party managers may vary; therefore, there may be a conflict of interest in recommending a manager who shares a larger portion of the total fee over another manager.

All compensation paid to Allied Beacon Wealth Management represents a portion of the fees actually charged by the third party manager for investment advisory services on behalf of the client. There is no differential between the amount or level of investment advisory fees that the third party manager will charge for managing a client's account in excess of that which it would customarily charge for managing any other new client with similar assets and which was not referred to the third party manager by Allied Beacon Wealth Management.

Allied Beacon Wealth Management will only refer clients to Advisors registered in the state where the client resides. Full disclosure, including a complete description of services rendered and fee schedule, will be provided to each client when a program is presented for consideration.

Neither Allied Beacon Wealth Management nor any of the third party advisors shall be compensated on the basis of a share of capital gains or capital appreciation of the assets, or any portion of the funds of the client.

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

All associated persons of Allied Beacon Wealth Management, LLC are governed by a Code of Ethics and Standards of Professional Conduct. The Code is based on the principle that Allied Beacon Wealth Management its employees and associated persons have a fiduciary duty to place the interests of their clients above their own. Employees are expected to maintain the highest standards of ethics and conduct in all of their business relationships.

Allied Beacon Wealth Management expects its representatives to comply with all laws, rules and regulations applicable to its operations and business. A copy of our Code of Ethics will be provided to any client or prospective client upon request.

Neither Allied Beacon Wealth Management nor Allied Beacon Partners has proprietary products which are offered for sale to Allied Beacon Wealth Management Clients. No related person at Allied Beacon Wealth Management or Allied Beacon Partners has any material interest in any security offered to clients.

Employees and representatives of Allied Beacon Wealth Management may buy and sell securities identical to those recommended to clients for their personal account. Allied Beacon Wealth Management or any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

There is an inherent conflict of interest when a representative has a position in the same securities held by clients. It is possible that initiating transactions in client accounts could affect the value of the security held by the representative. Allied Beacon Wealth Management and its representatives have a fiduciary responsibility to put the clients' interest first. If a representative has an interest in a security identical to a client, the representative must put his/her client's interest ahead of their own interest in all cases and situations.

Since these situations may represent potential conflicts of interest, Allied Beacon Wealth Management has established the following restriction in order to ensure its fiduciary responsibilities.

An officer, employee, or investment advisor representative of Allied Beacon Wealth Management, LLC, shall not buy or sell securities for their personal portfolio(s) when his or her decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public upon reasonable inquiry. No officer, employee, or investment advisor representative of Allied Beacon Wealth Management, LLC, shall prefer his or her own interest to that of the advisory client.

In the unlikely event that the interests of Allied Beacon Wealth Management, LLC, or any of its officers, employees or investment advisor representatives happen to conflict with as client's interests, full disclosure will be made to the client at once.

All Allied Beacon Wealth Management representatives must have duplicate confirmations and statements related to all non-Allied Beacon Partners account transactions sent contemporaneously to the Chief Compliance Officer or the Chief Operating Officer.

When a third party manager is employed, the third party manager effects all securities transactions on a discretionary basis. Allied Beacon Wealth Management is not a party to any of these transactions and is only notified of these trades on the monthly or quarterly client statement. For accounts managed by one of Allied Beacon Wealth Management representatives, a blotter or logbook of client securities transacted is reviewed at least every five (5) business days by the Chief Operating Officer or by the Chief Compliance Officer or their designate.

## Item 12 Brokerage Practices

Allied Beacon Wealth Management is a fee based investment advisory that is affiliated with Allied Beacon Partners, a broker/dealer, through common ownership. All Allied Beacon Wealth Management registered advisors are registered representatives of Allied Beacon Partners.

When a third party manager or advisor is employed, the third party manager generally determines which broker/dealer if any is used. The third party manager effects all securities transactions on a discretionary basis. Allied Beacon Wealth Management is not a party to any of these transactions.

Several factors enter into the selection of brokers and / or custodian among these is "best execution," pricing, accessibility by our representative, and oversight. ABWM believes that accounts held at Allied Beacon Partners through one of its clearing firms either RBC Correspondent Services or Mesirow Financial Holdings is the best choice for accounts managed by one of Allied Beacon Wealth Management representatives.

For accounts, managed by one of Allied Beacon Wealth Management representatives the representative will generally require the account be held at Allied Beacon Partners through one of its clearing firms either RBC Correspondent Services or Mesirow Financial Holdings.

An Allied Beacon Wealth Management's account receives the same treatment and the same statements as all other accounts held by Allied Beacon Partners through RBC or Mesirow. Allied Beacon Wealth Management will receive duplicate copies of statements from clearing firms. Many advisors are not associated with a broker/dealer and do not require clients to hold their advisory account at a particular broker/dealer.

Transaction fees charged to Allied Beacon Wealth Management's clients by Allied Beacon Partners / RBC / Mesirow are lower than the standard commission of many full service broker/dealers, similar to broker assisted commissions at many discount broker/dealers and greater than the commissions charged for internet trading at the deep discount broker/dealers.

Allied Beacon Wealth Management does not have any soft dollar arrangements with Allied Beacon Partners, Allied Beacon Partners' clearing firms, or with any other third party.

Neither Allied Beacon Wealth Management nor any of its registered advisors receive referrals from any clearing firm or third party advisor.

There is a possible conflict of interest when advisory accounts are held at and traded through an affiliated broker/dealer. In some cases, the broker/dealer may be able to use its relationship with the advisory affiliate to secure more favorable trading costs and not pass these savings on to the advisory client. There is also the possibility that the broker/dealer may use the advisor's research to benefit itself. It is our policy to treat our clients fairly and to always have their best interests in mind. Neither Allied Beacon Wealth Management nor any of its registered advisors receive any compensation for any transactions in advisory accounts. Allied Beacon Wealth Management does not perform any research.

Allied Beacon Partners or one of its Registered Representatives may participate in 12b-1 fees charged by the mutual fund companies to advisory clients. Allied Beacon Wealth Management, has adopted a code of Ethics that establishes standards of business conduct for its officers, directors, and employees. (See Item 11)

When making cost comparisons, clients should be aware that the combination of investment management, custodial, consulting, and brokerage services may not be available separately or may require multiple accounts, documentation and fees. In addition, certain investment managers may not be available to the client either because of minimum account size requirements, fee schedules, geographic availability, or other factors. Clients should also consider the amount of trading activity

they anticipate when assessing the overall cost. If an account is actively traded, fees may be less than separately paying investment management fees, consulting fees and commission. If an account is not actively traded, fees may be more than separately paying investment management fees, consulting fees and commission.

Some Allied Beacon Wealth Management clients may maintain brokerage accounts at Allied Beacon Partners. Accounts held at Allied Beacon Partners that are not "fee based" (not Allied Beacon Wealth Management accounts) will be charged transaction fees which will compensate the representative on that account.

Allied Beacon Wealth Management will permit a client to direct brokerage. In directing that a transaction be executed at a different broker/dealer, a client may be able to achieve a more favorable execution, but may also incur additional transaction costs, fees, and expenses.

From time to time, Allied Beacon Wealth Management or its representatives may aggregate the purchase and sale of securities for various client accounts. This is usually done when there is sufficient volume in a security to achieve an advantageous price or reduced cost.

### **Item 13 Review of Accounts**

An Allied Beacon Wealth Management investment advisor representative works directly with each client or account. The representative will review each account (regardless of where it is held or who the manager is) at least annually (or more frequently in their discretion). Each account is reviewed for adherence to the client's investment objective and whether the portfolio is structured to meet those objectives. In addition a client may request an additional review at any time.

Each client receives periodic written transaction statements and investment reviews. The normal statement review cycle is at least quarterly. Written reports for accounts managed by third party managers are generated by that third party manager or by the qualified custodian holding the account. Written reports, for accounts directly managed by an ABWM representative, are prepared and distributed to clients by the qualified custodian where the account is held.

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

Allied Beacon Wealth Management does not compensate any non related or non licensed person for client referrals.

Allied Beacon Wealth Management has a relationship with Allied Beacon Partners, its clearing firms, RBC Correspondent Services and Mesirow Financial Holdings, and with several third party advisors. From time to time Allied Beacon Wealth Management representatives may attend a training or sales meeting presented by one of these companies. Breakfast or lunch may be provided at these meetings. Representatives may also receive trinkets displaying the third party's logo. These trinkets are of little value.

### **Item 15 Custody**

All client funds and securities are held by a third party advisor or by a qualified custodian. Client statements are sent directly to the client by the third party advisor or qualified custodian. Each client should carefully review every statement sent by the qualified custodian. Clients are urged to compare statements received from the qualified custodian to any statement generated by Allied Beacon Wealth Management.

Although one of our representatives serves a trustee for his Mother's Living Trust Account, the SEC does not view Allied Beacon Wealth Management as having custody of the funds. (SEC Final Rules IA-2968 December 30, 2009 page 44 footnote 139)

## **Item 16 Investment Discretion**

Accounts of clients who use the services of a third party manager or advisor, are managed on a fully discretionary basis. To a varying degree, some of these managers allow clients to place restrictions on their discretionary authority. A full description of limitations a client can place on a manager is fully disclosed in the manager's brochure that is given to the client. Third party managers require clients to sign a limited power of attorney which gives them investment discretion. This limited power of attorney is incorporated in the manager's client agreements and fully disclosed.

Clients whose accounts are managed by one of Allied Beacon Wealth Management representatives may grant the representative discretionary authority. When a client grants the representative discretion, the client will be required to execute a limited power of attorney.

When a client grants discretion over an account to an Allied Beacon Wealth Management representative, that representative shall determine the type of security, the security(ies), and the amount of each security to be purchased or sold. The representative will also determine broker/dealer where the account shall be held. The representative will usually chose one of the two firms that act as clearing firms for Allied Beacon Partners, however the client can direct that some other firm be used. The Allied Beacon Wealth Management representative may also determine what the commission rate is used for the account. If the account is held at one of the two firms that act as clearing firms for Allied Beacon Partners, the commission rate will be no greater than the clearing cost to Allied Beacon Partners representative.

Each client is free to discuss their account with their representative at any time, and is also able to place limitations as to how the account is managed.

## **Item 17 Voting Client Securities**

Allied Beacon Wealth Management does not vote client securities. When a third party manager or advisor is employed, the third party manager may or may not vote client securities. How the third party manager or advisor handles proxies is fully disclosed in their brochure that is given to the client.

For accounts managed by one of Allied Beacon Wealth Management representatives, annual reports and proxies are sent directly to the client by the qualified custodian where the account is maintained. Allied Beacon Wealth Management neither votes client securities nor gives advice on voting of proxies.

## **Item 18 Financial Information**

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1,200 in fees six or more months in advance nor have we filed a bankruptcy petition at any time in the past ten years. Therefore, we are not required to include a financial statement with this brochure.

## **Item 19 State Registration**

We are a federally registered investment adviser therefore this section is not applicable.



## Item 20 Additional Information

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.