



Buckingham Asset Management, LLC  
8182 Maryland, Suite 500  
St. Louis, MO 63105  
(314) 725-0455  
[www.investmentadvisorsonow.com](http://www.investmentadvisorsonow.com)  
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This Brochure provides information about the qualifications and business practices of Buckingham Asset Management, LLC ("Buckingham"). If you have any questions about the contents of this Brochure, please contact us at (314) 725-0455. 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.

Buckingham is a registered investment advisor. Registration of an investment advisor does not imply any level of skill or training. The oral and written communications of an investment advisor provide you with information about which you determine to hire or retain an investment advisor.

Additional information about Buckingham also is available on the SEC's 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. The CRD number for Buckingham is 143323.

## **Item 2 – Material Changes**

This Item of the Brochure will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. None of the changes included in this update are deemed to be material. The last update of our brochure was March 30, 2012.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year.

We will further provide you with a new Brochure as necessary based on changes or new information, without charge.

Currently, our Brochure may be requested by contacting Dan Haynes, our Compliance Officer at (314) 725-0455. Additional information about Buckingham is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with Buckingham who are registered, or are required to be registered, as investment advisor representatives of Buckingham.

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## **Item 4 – Advisory Business**

Buckingham has been providing advisory services since 1994. As of March 31, 2011, Buckingham managed \$3.03 billion on a discretionary basis and \$161 million on a non-discretionary basis for total of \$3.19 billion assets under management. In addition, Buckingham provided services to \$187 million of participant-directed retirement plan assets.

In 2010, Buckingham entered into an agreement with Wealth Management Consultants, LLC to merge their firms. As a result of that agreement, some of Buckingham's clients may receive services from Buckingham Asset Management, LLC d/b/a Wealth Management Consultants ("WMC"). Buckingham is the investment advisor, investment advisor representatives are representatives of Buckingham, and all references to Buckingham in this disclosure document will include WMC.

### **Advisory Services**

Buckingham manages investment portfolios for a wide variety of clients including individuals, qualified retirement plans, charitable organizations and foundations as well as corporations. Buckingham works with clients to determine the client's specific investment objectives. These objectives may be set forth in a written Investment Policy Statement that describes an asset allocation model that conforms to a client's risk tolerance level and expected rate of return requirements. Investment and portfolio allocation software may be used to evaluate alternative portfolio designs. Buckingham evaluates clients' existing investments with respect to their investment policy statements and works with new clients to develop a plan to transition from a client's existing portfolio to the portfolio recommended by Buckingham. Buckingham then continuously monitors clients' portfolio holdings and holds regular review meetings with clients regarding their account, as necessary.

In addition to managing clients' investment portfolios, Buckingham may provide additional wealth management services to clients based upon their unique circumstances and needs. Such services may include income planning, college planning, retirement planning, risk management counsel, establishment of and counsel on retirement plans, and assistance with assets outside Buckingham's direct management.

Buckingham will typically create a portfolio of passively managed mutual funds, and may use model portfolios if the models match a client's investment policy. Buckingham will allocate a client's assets among various investments taking into consideration the client's unique ability, need and willingness to take risk.

Mutual funds that follow a passive investment philosophy generally have low holdings turnover. Consequently, the fund expenses are generally lower than fees and expenses charged by other types of funds. Client portfolios may also include some individual equity securities but these are generally part of clients' investment holdings prior to working with Buckingham. Buckingham manages mutual fund and equity portfolios on either a discretionary or non-discretionary basis.

For clients with a fixed income allocation, Buckingham generally recommends customized, ladder bond portfolios to clients. In such situations, Buckingham will typically request discretionary authority from clients to manage their fixed income assets. Discretionary authority may be necessary to enable Buckingham to purchase such assets in a timely manner when they are available at quoted prices. Complete customized, ladder fixed income portfolios generally require a minimum level of assets

allocated to fixed income. Low-cost passively managed fixed income mutual funds may be used for smaller allocated amounts.

Buckingham regularly monitors credit ratings of client account holdings as reported by Moody's, Standard and Poor and/or Fitch. Buckingham may, at its discretion maintain or sell securities based on transaction costs and other investment considerations. It is the firm's policy to hold most, but not all, fixed income assets in client portfolios until maturation absent a material change in credit quality or other investment decisions such as tax-loss harvesting opportunities.

Additionally, for clients holding certificate of deposits (CDs), Buckingham regularly monitors CD positions to ensure principal invested in CDs does not exceed FDIC insurance limits. For accounts linked by the same tax-payer identification number, we examine CD positions within accounts under Buckingham's management to look for breaches of FDIC insurance limits on principal invested in CDs. The firm does not monitor for CD positions held away from Buckingham. If clients hold CD positions elsewhere, it is their duty to inform Buckingham.

In certain circumstances, Buckingham may allocate a portion of a portfolio to an independent third-party investment advisor ("separate account manager") for separate account management based upon individual client circumstances and objectives, including, but not limited to, client account size and tax circumstances. Upon the recognition of such situations, Buckingham will enter into a tri-party agreement with the client and separate account manager for the management of those securities. Buckingham will monitor the performance of the selected separate account manager(s). If Buckingham determines that a particular selected separate manager(s) is not providing sufficient management services to the client, or is not managing the client's portfolio in a manner consistent with the client's personal investment guidelines or asset allocation, Buckingham will remove the client's assets from that selected separate account manager(s) and place the client's assets with another investment manager(s) at Buckingham's discretion (for discretionary accounts).

#### **Employee Benefit Retirement Plan Services**

Buckingham also provides advisory services to retirement plans using the third party administration services of certain retirement plan service providers.

For such clients, Buckingham will analyze the plan's current investment platform, and assist the plan in creating an investment policy statement defining the types of investments to be offered and the restrictions that may be imposed. Buckingham will recommend investment options to achieve the plan's objectives, provide participant education meetings, and monitor the performance of the plan's investment vehicles.

Buckingham will periodically review plans' investment vehicles and investment policy statements and will recommend changes in the plan's investment vehicles, as may be appropriate, from time to time.

Buckingham may also serve in the capacity of "investment manager" to certain retirement plans. In such circumstances, Buckingham will additionally accept discretion to select available investments for the plan as well as create model portfolios and make them available to plan participants.

Buckingham also offers the Advisors Access™ 401(k) platform in coordination with its affiliate BAM Advisor Services, LLC (BAM). In Advisors Access™, Buckingham provides those services as described above with the direct support of BAM. Clients choosing Advisors Access™ will engage both Buckingham and BAM, which will provide to the client additional discretionary investment management services.

In Advisors Access™, BAM will exercise discretionary authority to select the plan investments made available to plans' participants. BAM will exercise discretionary authority to select and maintain the plans' investments according to the goals and investment objectives of the plan.

Buckingham will continue to work with plans to monitor plan investments, provide fiduciary plan advice including regular considerations of the goals and objectives of the plan, and provide participant education services to the plan.

### **Sub-Advisory Services**

Buckingham may also act as a sub-advisor to other independent registered investment advisors and their clients. Sub-advisory services are normally provided to the clients of independent investment advisors participating in the turnkey asset management services program offered by Buckingham's affiliate, BAM Advisor Services, LLC. As a sub-advisor, Buckingham is hired by the independent investment advisor to provide individual account management, often for fixed income securities, to the independent investment advisor's clients. The independent investment advisor will work with the client to determine an appropriate allocation of assets for sub-advisory services and monitor the advisory services of Buckingham.

Buckingham's sub-advisory services may include the following, as applicable:

- Analyze client's existing portfolio;
- Recommend strategies for client's portfolio;
- Assist the client in creating an Investment Policy Statement to guide Buckingham in implementing the approved investment strategy;
- Implement the investment strategy pursuant to investment discretion delegated by the independent investment advisor;
- Monitor performance of the sub-advisory account;
- Provide client with quarterly reports showing positions and performance; and
- Meet in person with client, as requested by client.

### **Item 5 – Fees and Compensation**

Clients will be invoiced in advance at the beginning of each calendar quarter based upon the value (market value based on independent third party sources or fair market value in the absence of market value; client account balances on which Buckingham calculates fees may vary from account custodial statements based on independent asset valuations and other accounting variances, including mechanisms for including accrued interest in account statements) of the client's account(s) at the end of the previous quarter. New accounts may be charged a pro-rated fee for the remainder of the quarter in which the account is incepted (typically the date of first trade).

Buckingham will request authority from clients to receive quarterly payments directly from the client's account(s) held by an independent qualified custodian. Clients may provide written limited authorization to Buckingham to withdraw fees from account(s). Buckingham will send to the client an invoice showing

the amount of the fee, the value of the client's assets on which the fee was based, and the specific manner in which the fee was calculated. Clients should verify the accuracy of the fee calculations in such invoices. Clients will also receive custodial statements showing the advisory fees debited from their account(s).

Either the client or Buckingham may terminate the advisory agreement without penalty upon thirty (30) days notice in writing to the other party. Upon termination of any agreement, any prepaid, unearned fees will be promptly refunded. Termination of an agreement will not affect (a) the validity of any action previously taken by Buckingham under the agreement; (b) liabilities or obligations of the parties from transactions initiated before termination of the agreement; or (c) the client's obligation to pay advisor fees (pro-rated through the date of termination). On the termination of the agreement, Buckingham will have no obligation to recommend or take any action with regard to the securities, cash or other investments in a client's account.

All fees paid to Buckingham are separate and distinct from the fees and expenses charged by mutual funds to their shareholders or the transaction fees charged by the custodian. Mutual fund expenses are described in each fund's prospectus. These expenses will generally include a management fee, other fund expenses, and possibly a distribution fee. A client could invest in mutual funds directly, without the services of Buckingham. In that case, the client would not receive the services provided by Buckingham which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Certain passively managed mutual funds also may not be available to the client directly. Accordingly, the client should review both the fees charged by the funds, the transaction fees charged by the custodian, as well as the fees charged by Buckingham to fully understand the total amount of fees to be paid by the client.

In certain circumstances, fees and account minimums may be negotiable based on family relations, firm affiliations or individual circumstances. Principals of Buckingham are not charged fees on either their personal accounts or accounts of immediate family members. Employees of Buckingham receive reduced fees as may their immediate family members. Fees may also be reduced if a client receives portions of services from another investment advisor normally performed by Buckingham.

### **Advisory Services**

The annual fee for Buckingham's investment management services will be charged as a percentage of assets under management, according to the schedule below:

| Assets Under Management   | Annual Fee (%) |
|---------------------------|----------------|
| On the first \$500,000*   | 1.25%          |
| On the next \$500,000     | 0.90%          |
| On the next \$1,000,000   | 0.70%          |
| On the next \$1,000,000   | 0.50%          |
| On the next \$2,000,000   | 0.40%          |
| On all amounts thereafter | 0.35%          |

Individual Accounts for immediate family members (such as husband, wife and dependent children) are aggregated, and the fee is charged based on the total value of all family members' accounts.

\* Client accounts where the total balance of all accounts falls within this range will be accepted only on a case-by-case basis. Buckingham does not have a defined minimum account size and instead has established a \$5,000 minimum fee.

If an independent third-party advisor is utilized for the separate account management described earlier in Item 4, that advisor may charge fees in addition to Buckingham's. All fees and expenses charged by separate account manager(s) are separate and distinct from those Buckingham charges and are withdrawn from the client's account by the separate account manager. Buckingham does not receive any fees or payments from separate account manager(s). Buckingham will review the aggregate fee charged by both Buckingham and the selected separate account manager(s) will be fair and reasonable and will be competitive with those fees customarily charged in the industry for similar services.

### **Institutional Advisory Services**

Buckingham generally charges institutional clients (both for-profit and not-for-profit institutions) with accounts where the total balance of all accounts exceeds \$5,000,000 according to the schedule below:

| Assets Under Management    | Annual Fee (%) |
|----------------------------|----------------|
| Up to \$20,000,000         | 0.20%          |
| Amounts above \$20,000,000 | 0.05%          |

Generally, not-for-profit institutional clients with accounts where the total balance of all accounts is less than \$5,000,000 receive a discount of twenty-five percent (25%) from Buckingham's standard fee schedule disclosed in the section above.

The minimum annual fee for institutional advisory service relationships is \$25,000 for institutions with greater than \$5,000,000 of managed assets.

### **Employee Benefit Retirement Plan Services**

The annual fee for plan services will be charged as a percentage of assets within the plan. The annual fee will be based upon a number of factors including the size of the plan, the number of participants, the number of locations as well as the method of employee education. Generally, the annual fee for plan services will not be higher than Buckingham's standard fee schedule for accounts set up through the Retirement Plan Service Providers.

Advisors Access™ 401(k) platform standard fee schedule is as follows:

| Assets Under Management   | Annual Fee |
|---------------------------|------------|
| On the first \$1,000,000  | 1.00%      |
| On the next \$1,000,000   | 0.75%      |
| On the next \$3,000,000   | 0.55%      |
| On the next \$5,000,000   | 0.40%      |
| On all amounts thereafter | 0.35%      |

Buckingham and BAM share this fee according to percentage negotiated between Buckingham and BAM.



## **Item 6 – Performance-Based Fees and Side-By-Side Management**

Buckingham does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). All fees are calculated as described above and are not charged on the basis of income or capital gains or capital appreciation of the funds or any portion of the funds of an advisory client.

## **Item 7 – Types of Clients**

Buckingham manages investment portfolios for a wide variety of clients including individuals, qualified retirement plans, charitable organizations and foundations as well as corporations.

While Buckingham does not have a defined minimum account size and instead has established a \$5,000 minimum fee, client accounts where the total balance of all accounts falls below \$500,000 are accepted on a case-by-case basis.

The minimum annual fee for institutional advisory service relationships is \$25,000 for institutions with greater than \$5,000,000 of managed assets.

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

Investment advice may be offered on any investments held by a client at the start of the advisory relationship. The primary vehicles recommended for investing are passively managed mutual funds and customized, laddered bond portfolios. Buckingham generally only recommends investment grade bonds and monitors these securities for changes in rating.

Buckingham may recommend public real estate investment trusts (REITS) and commodities index funds for certain clients who desire to include real estate or commodities in their asset allocation strategy.

Buckingham will also evaluate insurance products such as annuities and various types of life insurance products.

Buckingham's security analysis is based on a number of factors including those derived from commercially available software technology, securities rating services, general market and financial information, due diligence reviews and specific investment analysis that clients may request.

Buckingham's investment advice is based on long-term investment strategies incorporating the principles of Modern Portfolio Theory. Buckingham's investment approach is firmly rooted in the belief that markets are efficient and that investors' returns are determined principally by asset allocation decisions, not by market timing or stock selection. Buckingham focuses on developing globally diversified portfolios, principally through the use of passively managed mutual funds that are available only to institutional investors and clients of a network of select investment advisors.

Although all investments involve risk, Buckingham's investment recommendations seek to limit risk through broad global diversification and investment in high-quality fixed income securities. Buckingham's investment philosophy is designed for investors who desire a buy and hold strategy, with an investment time horizon of a minimum of five years, and preferably longer. Frequent trading of

securities increases transaction costs that Buckingham's investment philosophy seeks to minimize for clients.

### **Risk of Loss**

**Investing in securities involves risk of loss that clients should be prepared to bear.**

All investments present the risk of loss of principal – the risk that the value of securities (mutual funds, exchange traded funds (ETFs) and individual bonds), when sold or otherwise disposed of, may be less than the price paid for the securities. Even when the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment.

The mutual funds and ETFs utilized by Buckingham may include funds invested in domestic and international equities, including real estate investment trusts (REITs), corporate and government fixed income securities and commodity futures. Equity securities may include large capitalization, medium capitalization and small capitalization stocks. Mutual funds and ETF shares invested in fixed income securities are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings.

Among the riskiest mutual funds used in Buckingham's investment strategies are the U.S. and International small capitalization and small capitalization value funds, emerging markets funds, and commodity futures funds. Conservative fixed income securities have lower risk of loss of principal, but most bonds (with the exception of Treasury Inflation Protected Securities, or TIPS) present the risk of loss of purchasing power through lower expected return. This risk is greatest for longer-term bonds.

Certain funds utilized by Buckingham may contain international securities. Investing outside the United States involves additional risks, such as currency fluctuations, periods of illiquidity and price volatility. These risks may be greater with investments in developing countries.

More information about the risks of any particular market sector can be reviewed in representative mutual fund prospectuses within each applicable sector.

**Equity Securities Risk.** Equity securities (common, convertible preferred stocks and other securities whose values are tied to the price of stocks, such as rights, warrants and convertible debt securities) could decline in value if the issuer's financial condition declines or in response to overall market and economic conditions. A fund's principal market segment(s), such as large cap, mid cap or small cap stocks, or growth or value stocks, may underperform other market segments or the equity markets as a whole. Investments in smaller companies and mid-size companies may involve greater risk and price volatility than investments in larger, more mature companies.

**Fixed-Income Securities Risk.** Fixed-income securities are subject to interest rate risk and credit quality risk. The market value of fixed-income securities generally declines when interest rates rise, and an issuer of fixed-income securities could default on its payment obligations.

**Asset Allocation Risk.** A fund's selection and weighting of asset classes and/or underlying funds may cause it to underperform other funds with a similar investment objective.

## **Item 9 – Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Buckingham or the integrity of Buckingham's management. Buckingham has no information applicable to this Item.

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

Buckingham is a wholly-owned subsidiary of Focus Operating, LLC (a wholly-owned subsidiary of Focus Financial Partners, LLC) and is affiliated through both common ownership and control with BAM Advisor Services, LLC (BAM), also a registered investment advisor, and BAM Risk Management, LLC (BAM RM), a licensed insurance agency. The officers of Buckingham are also officers of these companies. Officers of Buckingham may also participate in other private businesses involving commercial real estate and other private investments, which have no material relationship to Buckingham and its services. The officers of Buckingham spend virtually all of their business time on the related activities of Buckingham and BAM. The activities of BAM RM are managed by a small number of Buckingham's officers and employees.

### **Focus Operating, LLC**

Focus Operating, LLC is a wholly-owned subsidiary of Focus Financial Partners, LLC (Focus). Focus also owns other registered investment advisors, broker-dealers, pension consultants, insurance firms, and other financial services firms (the Focus Affiliates). The Focus Affiliates provide wealth management and benefit and investment consulting services, serving individuals, families, employers, and institutions. Some Focus Affiliates also manage or advise limited partnerships, private funds or limited liability companies as disclosed on their respective Form ADVs.

The Focus Affiliates do not share client information amongst each other without prior client consent and management of the other Focus Affiliates is not involved in the management of Buckingham. A list of the affiliated investment advisors can be found on Buckingham's Form ADV Part 1 and additional information about Focus can be found at [www.focusfinancialpartners.com](http://www.focusfinancialpartners.com).

### **BAM Advisor Services, LLC**

BAM Advisor Services, LLC (BAM) is an investment advisor registered with the SEC. BAM provides turnkey asset management services to independent registered investment advisors. BAM offers technology, education, marketing, administration, support and consultation to advisors across the country. BAM's objective is to provide resources to other advisors who understand and practice the tenets of Modern Portfolio Theory. BAM also provides fixed income sub-advisory services to independent investment advisors and their clients pursuant to limited investment discretion. Buckingham shares investment personnel and support services with BAM in providing services. Such services include, among others, trade processing, calculation and collection of management fees, record maintenance, report preparation, marketing assistance and research. BAM may offer distinct packages of services for retirement plan services.

See Item 12 for further descriptions of investment and trading operations that discuss certain conflicts of interest presented through the overlap of services provided by Buckingham and BAM. Buckingham and

BAM share office space, accounting personnel, trading desks and many other critical functions including management.

### **BAM Risk Management, LLC**

BAM Risk Management, LLC (BAM RM) is a licensed insurance agency. BAM RM offers consulting services with regard to term and guaranteed death benefit life insurance products, property and casualty insurance, long-term care products, disability insurance and fixed annuity products and coordinates the sale of such products. Associated persons of Buckingham may be separately licensed as insurance agents for BAM RM and may recommend insurance products to Buckingham clients. In their capacities as insurance agents, these individuals are able to implement recommended insurance transactions for advisory clients for separate and typical commission compensation. All commissions are paid to BAM RM. Clients, however, are not under any obligation to engage these individuals or BAM RM when considering the implementation of insurance recommendations. The implementation of any and all recommendations is solely at the discretion of the client.

Buckingham endeavors at all times to put the interest of the clients first as part of Buckingham's fiduciary duty.

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

Buckingham has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. Buckingham's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients and sets forth Buckingham's practice of supervising the personal securities transactions of employees with access to client information. Individuals associated with Buckingham may buy or sell securities for their personal accounts identical or different than those recommended to clients. It is the expressed policy of Buckingham that no person employed by the firm shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on investment decisions of advisory clients.

To supervise compliance with its Code of Ethics, Buckingham requires that anyone associated with this advisory practice with access to advisory recommendations provide annual securities holding reports and quarterly transaction reports to the firm's Compliance department. Buckingham also requires such access persons to receive approval from the Compliance department prior to investing in any initial public offerings or private placements.

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

Buckingham will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

### **Item 12 – Brokerage Practices**

#### **Investment Management Services**

Buckingham participates in the Schwab Advisor Services (SAS) program offered to independent investment advisors by Charles Schwab & Company, Inc. (Schwab), the Fidelity Institutional Wealth

Services (FIWS) program, sponsored by Fidelity Brokerage Services, LLC (Fidelity) and the TD Ameritrade Institutional Program (TDA), a division of TD Ameritrade, Inc. Schwab, Fidelity and TDA are Financial Industry Regulatory Authority (FINRA) member broker-dealers and are independent and unaffiliated with Buckingham. Buckingham also has negotiated special bank money market and bank certificate of deposit (CD) rates that may not be available to retail investors through Enterprise Bank & Trust (Enterprise) and The Business Bank. Enterprise and The Business Bank are unaffiliated with Buckingham and are banking entities.

With respect to retirement plans, 529 plans and after-tax annuities, Buckingham participates in the TIAA-CREF Financial Advisor Program offered to advisors providing fee-only investment management. Buckingham may also recommend after-tax annuities from Peoples Benefit Life Insurance Company, a division of AEGON and Jefferson National.

The Schwab, Fidelity and TDA brokerage programs will generally be offered to advisory clients for the execution of mutual fund and equity securities transactions. Buckingham regularly reviews these programs to ensure that its offerings are consistent with its fiduciary duty. These trading platforms are essential to Buckingham's service arrangements and capabilities, and Buckingham may not accept clients who direct the use of other brokers. As part of these programs, Buckingham receives benefits that it would not receive if it did not offer investment advice or if it did not participate in these programs. (See the disclosure under Item 14 of this Brochure for further details.)

The Enterprise and Business Bank platforms are generally offered to clients who desire to have bank deposit accounts and who would like to maintain a higher cash or short-term time deposit allocation. Use of Enterprise and Business Bank require clients to open an account with these banking institutions. The Enterprise and Business Bank have provided certain benefits directly to Buckingham to allow Buckingham and BAM's back-office technology to link directly to these organizations. (See the disclosure under Item 14 of this Brochure for further details.)

As Buckingham will not request the discretionary authority to determine the broker-dealer to be used or the commission rates to be paid in these situations, clients must direct Buckingham as to the broker-dealer to be used. In directing the use of a particular broker-dealer, it should be understood that Buckingham will not have authority to negotiate commissions among various broker-dealers or obtain volume discounts. As such, best execution may not be achieved. Not all investment advisors require clients to direct the use of specific broker-dealers.

For fixed income portfolios and transactions, however, Buckingham requests that it be provided with written authority to determine the broker-dealer to use for client transactions and the costs that will be charged to clients for these transactions. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change or amend these limitations but such amendments need to be submitted to Buckingham in writing.

In fixed income portfolios, Buckingham will monitor the quality of services and client fixed income transactions, and approve the selection of those that will provide the best services at the lowest costs possible. The reasonableness of brokerage costs and "mark ups/mark downs" is based on the dealer's ability to provide professional services, competitive execution, expertise in specific securities or markets (securities availability), price competitiveness, speed of response, operational efficiency, market

research, idea generation, bid strength, experience and financial stability, bid strength and other services that will help Buckingham in providing investment management services to clients.

Client trades in fixed income or equity transactions may be blocked with transactions where (i) Buckingham initiates each client transaction, (ii) or client transactions are initiated by Buckingham, BAM or an investment advisor utilizing the back office services of BAM or Buckingham. Block trading will be utilized to seek cost benefits for clients.

In the event block trades are only partially filled, allocations will be made on a fair and equitable basis considering the timing of orders and the ability to pro-rate partial trade fills from brokers and dealers. As necessary, the first order received may be allocated shares on a preferential basis. The trading desk of Buckingham and BAM is a single entity handling orders related to Buckingham, BAM and investment advisors utilizing BAM's back office services. Buckingham and BAM may also exercise discretion to cross transactions between non-affiliated accounts in situations in which it is determined that such a transaction can be fairly priced for each account and is judged to be in each client's best interest.

Buckingham does participate in AdvisorDirect, a referral program established by TDA, an independent and unaffiliated broker-dealer. (See the disclosure under Item 14 of this Brochure for further details.)

If an independent third-party separate account manager is utilized, that manager may have different brokerage practices and the client should review the disclosure documents and agreements of the utilized separate account manager.

### **Trade Errors**

In all circumstances involving trade errors caused by Buckingham, clients are "made whole." If the correction of the trade error by the firm results in a loss, Buckingham is responsible for that loss. If the correction of the trade error by the firm results in a gain, Buckingham will remit that gain to the client.

In instances where multiple trades are corrected at the same time for the same client, the firm will net the results of each correction against each other. Gains received during these corrections may be used to offset losses resulting from other corrections within the total trade error correction.

Buckingham may also correct trade errors by reallocating a purchased security to another client(s) account(s) in situations in which Buckingham determines such allocation will be in the clients' best interest. Such reallocations may prevent Buckingham from incurring trade error losses.

### **Employee Benefit Retirement Plan Services**

Buckingham does not arrange for the execution of securities transactions as a part of this service for accounts held with Retirement Plan Service Providers. In such situations, transactions are executed directly through employee plan participation. Buckingham may, however, arrange for execution of securities transactions for certain plans custodied with Schwab, Fidelity or TDA.

## **Item 13 – Review of Accounts**

### **Reviews**

#### **Investment Management Services**

Account assets are supervised continuously and regularly reviewed quarterly. Advisory personnel are assigned to each account. The review process contains each of the following elements:

- assessing client goals and objectives;
- evaluating the employed strategy(ies);
- monitoring the portfolio(s); and
- addressing the need to rebalance.

Additional account reviews may be triggered by any of the following events:

- a specific client request;
- a change in client goals and objectives;
- an imbalance in a portfolio asset allocation;
- market/economic conditions; and
- realizing tax losses in an account.

#### **Employee Benefit Retirement Plan Services**

Plan assets are reviewed as necessary and according to the standards and situations described above for investment management service accounts.

Advisors Access™ 401(k) provides annual reports with fiduciary benchmarks to plan sponsors. Advisors Access™ 401(k) also provides quarterly information regarding investment returns and participant education that may be distributed by the sponsor or plan's administrator to the participants of the plan.

### **Regular Reports Provided To Clients**

All clients other than those utilizing employee benefit retirement plan services will receive quarterly performance reports from Buckingham that summarize the client's account and asset allocation. Quarterly reports include portfolio performance review, current positions, billing statements, and current market value. Clients will also receive statements from qualified account custodians.

Clients utilizing Buckingham's employee benefit retirement plan services receive reporting services through their respective RPSPs. Buckingham may, however, provide reporting services for certain plans custodied with Schwab, Fidelity or TDA.

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

As indicated under the disclosure for Item 12, Buckingham utilizes the services of SAS, FIWS and TDA. SAS, FIWS and TDA each respectively provide Buckingham with access to institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis at no charge to them. The services include brokerage, custody, research, and access to mutual funds and other investments that are

otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

SAS, FIWS and TDA also make available to Buckingham other products and services that benefit Buckingham but may not benefit its clients' accounts. Some of these other products and services assist Buckingham in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of Buckingham's fees from its clients' accounts, and assist with back-office functions, recordkeeping and client reporting.

Many of these services generally may be used to service all or a substantial number of Buckingham's accounts. Offered brokers also make available to Buckingham other services intended to help Buckingham manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. Buckingham does not, however, enter into any commitments with the brokers for transaction levels in exchange for any services or products from brokers.

There is no direct link between Buckingham's participation in the program and the investment advice it gives to its clients, although Buckingham receives economic benefits through its participation in the program that are typically not available to TDA retail investors. The benefits received by Buckingham through participation in the program do not depend on the amount of brokerage transactions directed to TDA.

TDA, Enterprise Bank and The Business Bank have each individually hired independent contractors at no cost to Buckingham to set up technology systems to ensure compatibility with Buckingham and BAM operating systems. Neither Buckingham nor BAM have made any commitment to direct business to any of these companies as a result of this. This benefit provided by these entities benefits Buckingham and BAM and may not directly benefit Buckingham clients' accounts, which may create a potential conflict of interest.

As previously disclosed, Buckingham is also a participant in AdvisorDirect, a referral program established by TDA, a division of TD Ameritrade Inc., member FINRA/SIPC/NFA. TDA has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TDA does not supervise Buckingham and has no responsibility for Buckingham's management of client portfolios, advice or other services. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, Buckingham may have been selected based on the amount of profitability to TDA of the assets in, and trades placed for, client accounts maintained at TDA. Buckingham's participation in this program does not result in any promised transactions, business or compensation to TDA. TDA will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TDA and whose client accounts are profitable to TDA. Consequently, in order to obtain client referrals from TDA, Buckingham may have an incentive to recommend to clients that the assets under management by Buckingham be held in custody with TDA and to place transactions for client accounts with TDA. Being in this program does not relieve the firm's fiduciary responsibility to its clients and clients are free to decide which firm to custody their assets.



While as a fiduciary Buckingham endeavors to act in its clients' best interests, Buckingham's requirement that clients maintain their assets in accounts at Schwab, FIWS or TDA may be based in part on the benefit to Buckingham of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the brokers, which may create a potential conflict of interest.

Some of these same benefits may also be available on the TIAA-CREF and AEGON platforms. SAS, FIWS and TDA also provide assistance to Buckingham's affiliate, BAM Advisor Services, by subsidizing events to assist BAM in recruiting independent registered investment advisor clients. Buckingham does not work with either SAS or FIWS to recruit investor clients for Buckingham.

Buckingham also receives software from Dimensional Fund Advisors (DFA), a mutual fund company whose products Buckingham recommends, which Buckingham utilizes in forming asset allocation strategies and producing performance reports. DFA also provides BAM assistance in the production of seminars, and DFA has also provided its own personnel and outside consultants for purposes of developing prospects for BAM, continuing education for existing BAM advisor clients and internal strategic planning for BAM. DFA, through a web-based service, provides referrals of investor clients to Buckingham. DFA makes such referrals to many investment advisors based on the geographic location of the prospective client. DFA does not provide help to Buckingham in recruiting investor clients in any other way.

Buckingham's website provides a link to Amazon.com and BarnesAndNoble.com for which Buckingham receives a fee for books purchased through that link.

Speakers from Buckingham may be offered an honorarium for speaking engagements. It is the policy of Buckingham to direct the sponsor to donate such honorariums to a 501(c)(3) organization of Buckingham's choice.

Buckingham's affiliate, BAM Advisor Services, receives further promotional (sponsorship and exhibitor) fees from various entities in connection with educational and informational seminars and conferences. BAM Advisor Services offers seminars and conferences to independent investment advisors utilizing BAM Advisor Services' turnkey asset management services. Promotional fees for the seminars and conferences are paid by various entities including broker-dealers and custodians through which Buckingham may arrange client securities transactions, and third party administration service providers that Buckingham recommends to certain retirement plans.

### **Payment of Referral Fees**

Buckingham may from time to time compensate, either directly or indirectly, any person (defined as a natural person or a company), including CPA firms, for client referrals. As previously disclosed, Buckingham is also a participant in AdvisorDirect, a referral program established by TDA. Through the AdvisorDirect program, TDA may refer clients to Buckingham and Buckingham will compensate TDA for these referrals. Buckingham is aware that conflicts of interest may arise from the firm's participation in this referral program and of the special considerations promulgated pursuant to Rule 206(4)-3 under the Investment Advisers Act of 1940 regarding referral arrangements. As such, appropriate disclosure shall be made, all written instruments will be maintained by Buckingham and all applicable Federal and/or

State laws will be observed. The firm's duty of "best execution" is not eliminated by its participation in the program.

Buckingham pays TDA an on-going fee for each successful referral through the previously mentioned AdvisorDirect program. This fee is usually a percentage (not to exceed 25%) of the advisory fee the client pays to Buckingham ("Solicitation Fee"). Advisor will also pay TDA the Solicitation Fee on any advisory fees received by Buckingham from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired Buckingham on the recommendation of such referred client. Buckingham will not charge clients referred through the AdvisorDirect program any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TDA to its clients.

Buckingham has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TDA or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Also, the firm and TDA are independent of one another and have neither an agency nor employment relationship.

### **Item 15 – Custody**

Clients should receive at least quarterly statements from the qualified custodian or bank that holds and maintains clients' investment assets. Buckingham urges its clients to carefully review such statements and compare such official custodial records to the account statements that may be provided to you by Buckingham. Buckingham's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Item 16 – Investment Discretion**

For discretionary investment management accounts, Buckingham requires that the authority to determine which securities and the amounts of securities that are bought or sold be provided in writing. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change or amend these limitations but such amendments need to be submitted to Buckingham in writing. Discretion as an "investment manager" for certain retirement plans involves selecting available investments for the plan as well as creating model portfolios and making them available to participants.

### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, Buckingham does not accept the authority to and does not vote proxies. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients will receive applicable proxies directly from the issuer of securities held in clients' investment portfolios. Buckingham, however, may provide advice to clients regarding clients' voting of proxies.

Clients should note that Buckingham will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held or previously were held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct Buckingham to transmit copies of class action notices to the client or a third

party. Upon such direction, Buckingham will make commercially reasonable efforts to forward such notices in a timely manner.

### **Item 18 – Financial Information**

Registered investment advisors are required in this Item to provide you with certain financial information or disclosures about their financial condition. Buckingham has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.