

**Firm Brochure**  
(Part 2A of Form ADV)



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This brochure provides you with information about the qualifications, business practices and nature of advisory services of Beacon Capital Management, LLC, all of which should be considered before becoming an advisory client of our firm. Please contact Frankie V. Merritt, 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 registered as an Investment Adviser with the SEC. Nonetheless, registration with the SEC does not imply any level of skill or training. Additional information about our firm is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number, known as a CRD number. Our firm's CRD number is 156228.

March 14, 2017

## ITEM 2 MATERIAL CHANGES

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### **Summary of Material Changes**

Beacon Capital Management, LLC (“Beacon Capital Management”) last filed an annual updating amendment on March 16, 2016. Since that date, the Firm has made the following material changes to its firm brochure:

- One investment adviser representative, Wesley McNeil, resigned from our firm.
- Our Chief Compliance Officer has changed from C. Pete Benson to Frankie V. Merritt.
- We have added a branch office at 7003 Chadwick Drive, Ste 321, Brentwood, TN 37027.

All items addressed in this brochure have been updated to reflect Beacon Capital Management’s current advisory business. Beacon Capital Management has made no other material changes to structure, personnel, or operations.

If you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at 615-224-9794 or by email at [atfrankie@beaconcm.com](mailto:atfrankie@beaconcm.com).

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## ITEM 4      **ADVISORY SERVICES**

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### **A.      FIRM DESCRIPTION**

Beacon Capital Management, LLC, (“Beacon Capital Management” or “Firm”) is organized as a Tennessee limited liability company that was founded in 2005. Beacon Capital Management is a wealth management firm that provides selection of advisory programs or services directed by third party investment advisory firms.

**Principal Owners:** The principal owners of our firm are Jonathan S. Maxson and Cameron “Pete” Benson. Jonathan S. Maxson and Cameron “Pete” Benson are also Investment Adviser Representatives for the Firm.

### **B.      TYPES OF ADVISORY SERVICES**

#### *1. Portfolio Management Services*

Beacon Capital Management offers discretionary management services to clients based on the specific needs and objectives of such persons. As a discretionary adviser, Beacon Capital Management will be granted full discretion and authority to manage the client’s account subject to any written guidelines which the client may provide.

Accordingly, Beacon Capital Management 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. Once a Client’s portfolio is construed, Beacon Capital Management will provide continuous supervision and rebalancing of the portfolio as changes in market conditions and as Client circumstances may require. As noted, Beacon Capital Management will have discretionary authority to manage advisory accounts, and will not obtain approval prior to placing trades or the purchase or sale of assets.

Beacon Capital Management will offer financial planning as part of the portfolio management services. Beacon Capital Management will review a Client’s investment horizon, objectives, tax situation, income and liquidity needs and will recommend an asset allocation mix based on such criteria.

#### *2. Third Party Money Management Services*

Beacon Capital Management provides access to investment service programs in which client accounts are managed by independent third party investment advisors. Our Firm has entered into agreements with various third parties investment advisors 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.

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, a Beacon Capital Management IAR 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 Beacon Capital Management. 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.

The third-party managers 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, Beacon Capital Management 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.

Beacon Capital Management at all times retains the authority to terminate the relationship with the third-party money managers or to add a new third-party money manager without specific client consent. Beacon Capital Management'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.

Beacon Capital Management generally utilizes third-party money manager platforms provided by TD Ameritrade, Inc., Pershing, LLC, Fidelity Investments, National Financial Services, LLC, Millenium Trust Company, and Constellation Trust Company.

### *3. Consulting Services*

Beacon Capital Management provides consulting services on investment related matters (including estate planning, portfolio review etc.) on a standalone separate fee basis. Our Firm will be compensated on an hourly basis for its consulting services. The consulting fees are negotiable but generally are based on an hourly rate at \$250 per hour. Clients are generally required to enter into a consulting agreement setting forth the terms and conditions of the engagement, including termination, description of services and portion of the fee that is due from the client prior to the firm commencing services.

## **C. TAILORED SERVICES**

### *1. Portfolio Management Services*

Beacon Capital Management manages its Clients accounts based on the individual needs of our Clients and the suitability of products and services. We make a thorough assessment of our Client's goals, objectives, investment horizon, and risk tolerance.

Beacon Capital Management 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 Beacon Capital Management and the fees that the Client will be charged. The Agreement grants Beacon Capital Management written authority to deduct fees from custodial accounts.

Clients are advised to promptly notify Beacon Capital Management if there are any material changes in their financial situations, investment objectives, or in the event they wish to alter any guidelines upon investment management services.

Agreements may not be assigned without prior consent.

#### *2. Third Party Money Management 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.

### **D. WRAP FEE PROGRAMS**

Wrap Fee Programs are arrangements between broker-dealers, investment advisers, banks and other financial institutions and affiliated and unaffiliated investment advisers through which the Clients of such firms receive discretionary investment advisory, execution, clearing and custodial services in a "bundled" form. In exchange for these "bundled" services, the Clients pay an all-inclusive (or "wrap") fee determined as a percentage of the assets held in the wrap account.

Beacon Capital Management is not a sponsor of and does not participate in any Wrap Fee Program(s).

### **E. ASSETS UNDER MANAGEMENT**

When calculating regulatory assets under management, an Investment Adviser must include the value of any private fund over which it exercises continuous and regular supervisory or management services. Beacon Capital Management has approximately \$153,297,620 on a discretionary basis. This Assets under Management figure is based on calculations as of December 31, 2016.

## **ITEM 5 FEES AND COMPENSATION**

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### **A. ADVISORY FEES**

#### *1. Portfolio Money Management Services*

Beacon Capital Management will assess a Management Fee (the "Management Fee") to provide discretionary portfolio management services. The Management Fee is an annual fee based on a percentage of the Client's assets under management. Clients are assessed an annual asset management fee of up to 2.0% of the value of a Client's assets held in that Client's account. As noted in Item 4, Beacon Capital Management will offer financial planning as part of the portfolio management services as part of the Management Fee.

#### *2. Third Party Money Management Services*

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. Beacon Capital Management will receive referral fees from the third party money managers. Clients must acknowledge such compensation arrangement by signing the solicitor's acknowledgement.

### *3. Consulting Services*

Beacon Capital Management provides consulting services on investment related matters (including estate planning, portfolio review etc.) on a standalone separate fee basis. The consulting fees are negotiable but generally are based on an hourly rate at \$250 per hour. The hourly fee is negotiable, but generally is assessed on an hourly rate basis. Consulting fees are required to be paid upon completion of service.

## **B. BILLING PROCEDURES**

### *1. Portfolio Management Services*

The Management Fee will be assessed quarterly and will be equal to 0.50% (2.0% on an annual basis) of the weighted daily average net assets (securities, cash, and cash equivalents) under management ("Net Assets") of such Client's Account, averaged over the relevant quarter. The Management Fee is payable in arrears as of the first business day of each quarter and calculated before any accrual for or payment of the Management Fee. The Management Fee will be appropriately prorated to reflect any withdrawals and/or contributions which occur during a quarter, and shall be paid to the Adviser regardless of the Account's profitability. Beacon Capital Management reserves the right to discount fees based on the needs and circumstances of Clients. All of the above-referenced fees are negotiable. Lower fees for comparable services may be available from other sources.

### *2. Third Party Money Management Services*

Advisory fees are billed in accordance with the third party money manager's fee structure. As outlined in the Investment Advisory Contract of each third party money manager, the fees typically will be deducted directly from the client's account on a monthly basis in arrears.

## **C. OTHER FEES & EXPENSES**

There may be additional costs. Clients may incur no-load 12b-1 distribution fees; certain deferred sales charges on previously purchased mutual funds. IRAs can incur certain charges imposed by other third parties in connection with investments made through the account, including but not limited to an annual maintenance fees.

## **D. FEE PAYMENT & REFUND POLICY**

### *1. Portfolio Management Services*

Any fees due to Beacon Capital Management shall be invoiced to Client when due and shall be paid, either by check/wire transfer or by means of a direct debit from Client's Account

(where such debit is authorized in writing by Client) by not later than the twenty-fifth (25th) business day after the Client's receipt of a correct invoice for such fees.

The Client has the right to terminate the IA Agreement without penalty within thirty (30) business days of entering into the IA Agreement. In addition, either party may terminate the IA Agreement at any time upon thirty (30) days' written notice. Upon termination of the IA Agreement, management fees will be prorated to date of termination and any unearned portion of prepaid fees will be refunded.

## *2. Third Party Money Management Services*

Beacon Capital Management does not receive its compensation from its clients; as noted above in Item 5.A, the clients pay the third party money managers. Clients are urged to read the Fee Payment and Refund Policy of the respective third party money manager(s).

## **E. OTHER COMPENSATION**

### **1. CONFLICTS RELATED TO COMPENSATION**

Beacon Capital Management's management and supervised persons ("personnel") are also registered representatives of Kalos Capital, Inc. ("Kalos"), a broker-dealer. Several Beacon Capital Management personnel are registered representatives and platform participants of Kalos Capital, Inc. whereby brokerage and custody services are provided to our investment adviser representatives. In that capacity, they are paid commissions, brokerage fees, 12b-1 fees or other fees or payments for brokerage transactions on behalf clients, which may include clients who are also clients of Kalos Capital, Inc. Kalos is the only outlet for commission based securities brokerage for our personnel. Beacon Capital Management's management and supervised persons are not permitted to act in the capacity of registered representatives with any other firm. These arrangements pose conflicts of interest for personnel to the extent they have financial incentives to recommend sales or other transactions to the clients to induce fees.

### **2. PRODUCTS AND SERVICES NOT EXCLUSIVE**

Clients or prospective clients of Beacon Capital Management are under no obligation to act upon the recommendations of the Firm. Furthermore, if clients decide to accept our recommendations, they are certainly under no obligation to effect a brokerage transaction or purchase insurance products through Beacon Capital Management or Kalos.

### **3. INCOME GENERATED BY COMMISSIONS**

A considerable portion of Beacon Capital Management's personnel's compensation (60%) is comprised of commissions and compensation from the sale of investment products recommended to clients, including asset-based distribution fees, mutual fund sales fees, and insurance commissions. This compensation is exclusive of advisory compensation.

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

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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 that Beacon Capital Management would participate directly in the account's results. "Side-by-Side Management" refers to a



situation in which the same Adviser manages accounts that are billed based on a percentage of assets under management (“Management Fee”) and at the same time it manages other accounts for which fees are assessed on a performance fees basis. Beacon Capital Management does not charge performance based fees and does not conduct side-by-side investment product management.

## **ITEM 7        TYPES OF CLIENTS**

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Beacon Capital Management manages wealth portfolios for many different types of clients. We generally provide advice to Individuals and High Net-Worth Individuals.

### *1. Portfolio Management Services*

The minimum account size for separately managed accounts is generally \$100,000. Beacon Capital Management reserves the right, in its sole discretion, to request reduction, or waiver of, the minimum initial investment.

### *2. Third Party Money Management Services*

The minimum account size for third party money managers will depend on the terms and conditions of each third-party money manager to whom Beacon Capital Management will refer clients. The minimum account size will be outlined in the Investment Advisory Contract of each third-party money manager.

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

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### **A.        METHODS OF ANALYSIS**

Beacon Capital Management generally employs fundamental analysis and technical analysis when analyzing securities to achieve the investment objectives and goals of the client.

Fundamental analysis involves analyzing its financial statements and health, its management and competitive advantages, and its competitors and markets. Fundamental analysis is performed on historical and present data but with the goal of making financial forecasts. There are several possible objectives: to conduct a company stock valuation and predict its probable price evolution; to make a projection on its business performance; to evaluate its management and make internal business decisions; and to calculate its credit risk. Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating stock.

Technical analysis is a method of evaluating securities by relying on the assumption that market data, such as charts of price, volume and open interest can help predict future (usually short-term) market trends. Technical analysis assumes that market psychology influences trading in a way that enables predicting when a stock will rise or fall. The technical indicators that the fund may consider include, but are not limited to, price,

volume, momentum, relative strength, sector/group strength and moving averages. Technical analysis does not consider the underlying financial condition of a company. This presents a risk that a poorly-managed or financially unsound company may underperform regardless of market movement.

Analysis consists of identifying an investment area or macro opportunity where a market dislocation has occurred and/or where an extraordinary risk/reward potential exists, identifying best of breed emerging managers in the identified investment area, analyzing quantitative measurements to determine potential fit for Beacon Capital Management's needs and expectations.

***Third Party Money Management Services:*** Although Beacon Capital Management will seek to select only money managers who will invest the client assets with the highest level of integrity, Beacon Capital Management will have no control over the day-to-day operations of any of its selected money managers. Beacon Capital Management does perform due diligence on all managers chosen. Sources of information include, but not limited to, past performance numbers, risk metrics, background checks on managers, audit checks and reference interviews. Nonetheless, Beacon Capital Management would not necessarily be aware of certain activities at the underlying money manager level, including without limitation the money manager's engagement in unreported risks, investment "style drift" or even fraud. As a result, there can be no assurance that money managers will conform their conduct in a manner that is consistent with Beacon Capital Management's expectations.

Please note that the third-party money managers 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**

### ***1. Portfolio Management Services***

Beacon Capital Management strives at all times to meet the individual investment objectives of each of their Clients. During an interview with a new Client, a Beacon Capital Management advisor will seek to understand the Client's goals and time horizon while also evaluating the Client's risk tolerance through discussion and feedback. The specific methods used to meet Client investment objectives will vary but, in general, Beacon Capital Management will construct well-diversified investment portfolios that are comprised of low expense ratio, institutional share class mutual funds, exchange traded funds ("ETFs"), individual stocks, and etc.

### ***2. Third Party Money Management Services***

The third party investment managers available through Beacon Capital Management employ various investment strategies to help clients meet their investment objectives and goals. Recommendations consist of diversifying assets over several different asset classes. This diversification process includes equities, mutual funds, bonds, annuities, and alternative investments of different companies in diverse industry sectors. Our firm does not make a practice of recommending third party money managers that recommend short

sales or margin transactions, but will employ these strategies upon the request of our clients. Short-term trading, short sales, margin transactions, and options writing generally hold greater risk and clients should be aware that when utilizing these strategies, there is an increased risk of loss of investment principal.

### **C. RISK OF LOSS**

Every effort is made by Beacon Capital Management to ensure positive outcomes our Clients. Beacon Capital Management 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. All investment programs have certain risks that are borne by the investor. Investors may face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic, and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar will be worth more today than a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

While this information provides a synopsis of the events that may affect your investments, this listing is not exhaustive. We want you to understand that there are inherent risks associated with investing and depending on the risk occurrence; you may suffer LOSS OF ALL OR PART OF YOUR PRINCIPAL INVESTMENT.

**Third Party Money Management:** 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. An investor should not make an investment with the expectation of sheltering income or receiving cash distributions.

**D. RECOMMENDATIONS OF SPECIFIC TYPES OF SECURITIES**

Beacon Capital Management does not recommend specific types of securities to its clients. Beacon Capital Management provides access to investment service programs in which client accounts are managed by independent third party investment advisors.

**ITEM 9 DISCIPLINARY INFORMATION**

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The Firm is required to disclose whether there are legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Beacon Capital Management and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

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

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**A. FINANCIAL INDUSTRY ACTIVITIES**

Beacon Capital Management is not a registered broker-dealer, or a futures commission merchant, commodity pool operator or commodity trading advisor. However, our Managing Principals and supervised persons are registered representatives of broker-dealer Kalos Capital, Inc.

**B. FINANCIAL INDUSTRY AFFILIATIONS**

None of Beacon Capital Managements management or supervised persons is registered as, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor.

**C. OTHER AFFILIATIONS**

Our Managing Principals and supervised persons are investment adviser representative and registered representatives of Kalos Capital, Inc. This dual registration affords the ability to effect securities transactions through broker-dealers on behalf of clients. In our capacity as registered representatives, we are, by and through our broker-dealer, Kalos Capital, Inc., also affiliated with FINRA (Financial Industry Regulatory Authority). In our

registered capacities, we received separate, yet customary compensation for effecting any transactions.

Our Managing Principals and supervised persons are also insurance agents who may conduct business through various insurance agencies. In our capacities as insurance agents, we 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 creates potential conflicts of interest or can 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.

#### **D. COMPENSATIONAL ACTIVITIES AND AFFILIATIONS**

Beacon Capital Management, its managing principals and supervised persons have material business relationships with Kalos Capital, Inc. Beacon Capital Management's managing principals and supervised persons are Kalos Capital Inc. registered representatives and provide investments offered through Kalos Capital, Inc. By and through these relationships, Beacon Capital Management's investment adviser representatives receive direct and indirect compensation for accounts that are serviced by, introduced to, or subject to association with Kalos Capital, Inc. product and service offerings. Due to the nature of these associations, and the compensation derived, securities products and other income generating sales can result in a substantial concentration of products and services that benefit Kalos Capital, Inc. and Beacon Capital Management's investment adviser representatives. To mitigate or remedy any potential conflicts of interest, the nature of these associations will be fully disclosed to the client before effecting transactions. Additionally, Beacon Capital Management's Chief Compliance Officer will review transactions periodically to assess over-concentration with respect to any product and service offering, evaluate client suitability to ensure compatibility with direct asset management programs and assess fee structures for compensation that appears to extend beyond a customary threshold.

As previously disclosed in Item 5, we can receive a referral fee for referring clients to third party money managers. This situation creates a conflict of interest. When we refer a client to a third party money manager, our main determining factor will be the client's best interest. Each client will be provided a copy of the Form ADV Part 2 or similar disclosure document of each third party money manager to whom the client is referred. The Form ADV Part 2 or similar disclosure document of each third party money manager will contain at least the information contained in the ADV Part 2 and will disclose specific details of the referral arrangement and the fees that will be paid.

Please refer to Item 5 for full details regarding the programs, fees, and conflicts of interest when selecting other investment advisers.

## **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 Beacon Capital Management must act in an ethical and professional manner. In view of the foregoing and applicable provisions of relevant law, Beacon Capital Management has adopted 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 establishes reporting requirements and enforcement procedures relating to personal trading by Beacon Capital Management personnel. Beacon Capital Management'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 OR INTEREST IN CLIENT TRANSACTIONS**

Beacon Capital Management does not make recommendations of or effect transactions in securities which any related person may have material financial interest.

### **C. PROPRIETARY TRADING**

At times, Beacon Capital Management or related persons may, from time to time, buy or sell for itself securities that Beacon Capital Management also recommends to Clients. However, any purchase or sale of a security by Beacon Capital Management or a related person will be subject to Beacon Capital Management's fiduciary duty to its Clients. Beacon Capital Management will always document any transactions that could be construed as a conflict of interest. To mitigate or remedy any conflicts of interest or perceived conflicts of interest, Beacon Capital Management will monitor trading reports for adherence to our Code of Ethics.

### **D. SIMULTANEOUS TRADING**

From time to time, representatives of Beacon Capital Management may buy or sell securities for themselves at or around the same time as clients. In any instance where similar securities are being bought or sold, we will uphold our fiduciary duty by always transacting on behalf of our client before transacting for our own benefit.

## **ITEM 12 BROKERAGE PRACTICES**

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### **A. SELECTION AND RECOMMENDATION**

#### *1. Portfolio Management Services*

Beacon Capital Management recommends broker-dealers or custodians with whom it has established arrangements or agreements. Beacon Capital Management intends to maintain brokerage and custodial arrangements with TD AMERITRADE Institutional, a Division of TD AMERITRADE, Inc. ("TDAI") as well as Fidelity Investments. Both are FINRA/SIPC/NFA

members. These arrangements are designed to maximize efficiency, enhance the ability to monitor positions, and to be cost effective for our clients. By recommending clients use the specified custodian(s) which Beacon Capital Management has approved, we seek to achieve most favorable execution of client transactions.

Beacon Capital Management does not have discretion with respect to broker-dealer selection. In making brokerage recommendations, Beacon Capital Management will consider a number of judgmental factors, including, without limitation: 1) clearance and settlement capabilities; 2) quality of confirmations and account statements; 3) the ability of the broker to settle the trade promptly and accurately; 4) the financial standing, reputation and integrity of the broker-dealer; 5) the broker-dealer's access to markets, research capabilities, market knowledge, and any "value added" characteristics; 6) Beacon Capital Management's past experience with the broker-dealer; 7) Beacon Capital Management's past experience with similar trades; and 8) any other factors. Recognizing the value of these factors, Clients may pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction. Beacon Capital Management recognizes that "Best execution," which is a combination of price, quality of execution and other factors, is not synonymous with lowest brokerage commission.

Because the amount of our compensation or the products or services we receive may vary depending on the broker-dealer we recommend to be used by our clients, we may have a conflict of interest in making that recommendation. Our recommendation of a specific broker-dealer may be based in part on the products and services we receive and not solely on the nature, cost or quality of custody and brokerage services provided to you and our other clients. Nevertheless, in accordance with our Code, we place your interests ahead of ours. In addition to brokerage and custody services, these services may include access to account information; access to investments generally available to institutional investors; research, software and educational opportunities.

## *2. Third Party Money Management Services*

Beacon Capital Management provides access to investment service programs in which client accounts are managed by independent third party investment advisors. Selection and Recommendation of broker dealers or custodians are not applicable to the advisory operations of Beacon Capital Management.

## **B. SOFT DOLLAR BENEFITS**

We have not entered into any soft dollar agreements with any broker-dealer. We are not required to affect a minimum volume of transactions or maintain a minimum dollar of client assets to receive services from the broker-dealers. However, commissions and other fees for transactions executed through the broker-dealers may be higher than commissions and other fees available if you use another broker-dealer to execute transactions and maintain custody of your account. We believe, however, that the overall level of services and support provided to our clients by the broker-dealers outweighs the benefit of possible lower transactions cost which may be available under other brokerage arrangements.

**C. BROKERAGE FOR CLIENT REFERRALS**

Beacon Capital Management does not receive client referrals from broker-dealers or third parties in exchange for using that broker-dealer or third party.

**D. DIRECTED BROKERAGE**

Beacon Capital Management does not permit clients to direct brokerage.

**E. ORDER AGGREGATION**

*1. Portfolio Management Services*

Beacon Capital Management, at times, aggregates sale and purchase orders of securities for advisory accounts with similar orders in order to obtain the best pricing averages and minimize trading costs. 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. Our policies and procedures mandate aggregating multiple orders. Aggregate orders will be allocated to Client accounts in a systematic non-preferential manner. Beacon Capital Management will aggregate or “bunch” transactions for a Client’s account with those of other Clients in an effort to obtain the best execution under the circumstances.

*2. Third-Party Money Management Services*

Beacon Capital Management 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 to nor affect the investment management policies of Beacon Capital Management. See Item 12A.

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**ITEM 13 REVIEW OF ACCOUNTS**

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**A. PERIODIC REVIEWS**

Beacon Capital Managements criterion for reviewing client accounts is as follows:

**1. PORTFOLIO REVIEWS**

Beacon Capital Management reviews the third party money managers’ investment strategies including current portfolio holdings on a continual basis. We review the investment programs of the third party money managers to analyze whether your portfolio is aligned with your investment goals and objectives. Our Investment Adviser Representatives are responsible for conducting the review of client accounts. The reviews are monitored by our Chief Compliance Officer. The reviews consist of determining whether your portfolio is aligned with your investment goals and objectives.

**2. MONITORING OTHER ADVISERS**

We may at times monitor the performance of the third party money managers and if necessary recommend the new managers.



**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 Beacon Capital Management promptly if there are any material changes in their financial situation, investment objectives, or if they wish to place restrictions on their account.

**C. CLIENT REPORTS**

You will receive a report at least quarterly from the broker-dealer or custodian, detailing your account performance. The statements will be mailed by or made available electronically through the account custodian. Please review the account statements carefully by comparing asset values, holdings, and advisory fees to that in previously received statements, confirmations, and advisory fee invoices.

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**ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION**

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**A. ECONOMIC BENEFITS FOR ADVISORY SERVICES RENDERED**

Beacon Capital Management has arrangements with third-party money managers. We receive compensation from third party investment advisory firms for client referrals. If the referred persons or entities become Clients of the Firm, the Solicitor will receive a portion of the investment advisory fee collected from the Client. This agreement is fully disclosed in writing to all persons or entities solicited and allows for the sharing of fees. The fee paid by the Client to the Firm is not increased due to the referral agreement with the Solicitor.

**B. COMPENSATION FOR CLIENT REFERRALS**

Beacon Capital Management does not compensate any third-party for client referrals.

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**ITEM 15 CUSTODY**

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**A. CUSTODIAN OF ASSETS**

*1. Portfolio Management Services*

Custody means holding, directly or indirectly, client funds or securities, or having any authority to obtain possession of them. Beacon Capital Management does not have physical custody of any client funds or securities. Our firm has custody of your funds and securities by virtue of our ability to deduct advisory fees. While Beacon Capital Management does not have physical custody of Client funds or securities, fees are paid by the custodian from the custodial brokerage account that holds Client funds pursuant to the Client's account application.

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 Beacon Capital Management'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 Beacon Capital Management directly if they believe that there may be an error in their statement.

As noted, Beacon Capital Management will not maintain physical possession of Client funds and securities. Instead, Client's funds and securities are held by a Beacon Capital Management preferred qualified custodian. Please refer to Item 12 for our information regarding our Brokerage Practices.

#### *2. Third-Party Money Management Services*

Our client's assets are held by qualified custodians utilized by our recommended third party money managers.

### **B. ACCOUNT STATEMENTS**

Although we are your adviser, your statements will be mailed by your qualified custodian. In addition, clients may receive additional account statements from the third party money managers, if available. When you receive these statements, please review them carefully. Please compare asset values, holdings, and fees on such statements to those in the statements received directly from the qualified custodian.

## **ITEM 16 INVESTMENT DISCRETION**

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#### *1. Portfolio Management Services*

It is Beacon Capital Management'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 ("Agreement"). This authority is for the purpose of making and implementing investment decisions without your prior consultation.

Generally, Clients will grant to Beacon Capital Management complete discretion and authority to make all investment decisions with respect to the types of securities to be bought or sold and the amount of securities to be bought or sold. Our discretionary authority does not give authority to take or have possession of any assets in your account or to direct delivery of any securities or payment of any funds held in the account to our Firm. Furthermore, our authority by agreement does not allow us to direct the disposition of such securities or funds to anyone except the account owner. Notwithstanding the foregoing, all discretionary trades made by Beacon Capital Management on behalf of a Client will be in accordance with that Client's articulated investment objectives and goals, and, as such, could be subject to various limitations.

#### *2. Third-Party Money Management Services*

Beacon Capital Management will 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 Beacon Capital Management. 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. Beacon Capital Management at all times retains the authority to terminate the relationship with the third-party money managers or to add new third party money managers. Beacon Capital Management'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 Beacon Capital Management will not make any decisions on selecting any securities types of specific securities for the accounts managed by the third-party money managers.

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## **ITEM 17                      VOTING CLIENT SECURITIES**

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Beacon Capital Management and its representatives do not participate in proxy voting on behalf of clients. Our clients are responsible for directing their own proxies solicited by issuers of securities. You are responsible for making elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings and other type events pertaining to the securities in your account. You will receive proxy and other solicitation information by mail from the broker-dealer. You must follow the solicitation instructions for voting included with the information.

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## **ITEM 18                      FINANCIAL INFORMATION**

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### **A.        BALANCE SHEET REQUIREMENT**

Beacon Capital Management does not require or solicit prepayment of more than \$1,200 in fees per client, six month or more in advance.

### **B.        FINANCIAL CONDITION**

Beacon Capital Management does not have any financial impairment that will preclude it from meeting contractual commitments to clients.

### **C.        BANKRUPTCY PETITION FILINGS**

Beacon Capital Management has not been the subject of a bankruptcy petition at any time.



## Privacy Notice

### FACTS

#### WHAT DOES BEACON CAPITAL MANAGEMENT, LLC DO WITH YOUR PERSONAL INFORMATION?

#### Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

#### What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number
- Investment Experience
- Retirement Assets
- Transaction History
- Employment Information
- Risk Tolerance
- Account Balances
- Account Transactions
- Wire Transfer Instructions

When you are *no longer* our customer, we continue to share your information as described in this notice.

#### How?

All financial companies need to share customer's personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons the Beacon Capital Management, LLC chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Beacon Capital Management, LLC share?	Can you limit this sharing?
<b>For our everyday business purposes –</b> Such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
<b>For our marketing purposes –</b> to offer our products and services to you	Yes	No
<b>For joint marketing with other financial companies</b>	No	We don't share
<b>For our affiliates' everyday business purposes –</b> information about your transactions and experiences	No	We don't share
<b>For our affiliates' everyday business purposes –</b> information about your creditworthiness	No	We don't share
<b>For our affiliates to market to you</b>	No	We don't share
<b>For nonaffiliates to market to you</b>	No	We don't share

#### Questions?

Call 1.615.224.9794 or go to [www.beaconcm.com](http://www.beaconcm.com)

### Who we are

Who is providing this notice?

*Beacon Capital Management, LLC*

### What we do

How does Beacon Capital Management, LLC protect my personal information?

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

Our service providers are held accountable for adhering to strict policies and procedures to prevent any misuse of your nonpublic personal information.

How does Beacon Capital Management, LLC collect my personal information?

We collect your personal information, for example, when you

- Open an account
- Provide account information
- Give us your contact information
- Make deposits or withdrawals from your account
- Make a wire transfer
- Seek advice about your investments
- Give us your income information
- Show your government-issued ID
- Enter into an investment advisory contract with us

We also collect your personal information from other companies.

Why can't I limit all sharing?

Federal law gives you the right to limit only

- Sharing for affiliates' everyday business purposes – information about your creditworthiness
- Affiliates from using your information to market to you
- Sharing for nonaffiliates to market to you

State laws and individual companies may give you additional rights to limit sharing.

### Definitions

**Affiliates**

Companies related by common ownership or control. They can be financial and nonfinancial companies.

- *Beacon Capital Management, LLC has no affiliates.*

**Nonaffiliates**

Companies not related by common ownership or control. They can be financial and nonfinancial companies

- *Beacon Capital Management, LLC does not share with nonaffiliates so they can market to you.*

**Joint marketing**

A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

- *Beacon Capital Management, LLC does not jointly market.*

### Other Important Information