

Form ADV Part 2A / Brochure



Wealth Management

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This brochure provides information about the qualifications and business practices of BFI Wealth Management (US Clients) Inc.

If you have any questions about the contents of this brochure, please contact us at +41 58 806 2210 and/or usadvisors@bfiwealth.com.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration does not imply that BFI or its associates have attained a certain level of skill or training. Additional information about BFI is also available on the SEC's website at: www.adviserinfo.sec.gov.

1. Material Changes

This Brochure is divided in two sections: 2A and 2B, respectively. Part 2A provides information on BFI Wealth Management (US Clients) Inc, whereas part 2B provides information on the key personnel of BFI Wealth Management (US Clients) Inc.

For future annual updating of this form, we will include any material changes to this brochure in this section. Likewise, when there is a material change to this Brochure, clients will be notified and provided with the updated version of the Brochure.

As of the date of this annual update, there are no material changes to publish.

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3. Advisory Business

The Advisory Firm:

BFI Wealth Management (US Clients) Inc. (hereafter 'BFI') was incorporated under Swiss law in 2011. BFI is a wealth management firm that focuses on the needs and objectives of US clients or non-US clients with a US link who want to diversify and invest their assets internationally.

BFI is part of the BFI group of companies and wholly owned by BFI Capital Group Inc. (hereafter 'BFI Capital'), a Swiss holding company that, via its subsidiaries, has been providing an array of wealth management services to international investors since 1993.

Advisory Services

BFI provides discretionary and non-discretionary portfolio management and advisory services. These services (hereafter 'Advisory Services') are provided primarily to US persons (individuals, trusts, estates, charitable organizations, small corporations or other similar entities). Or, they are provided to non-US persons (international families, trusts, foundations, insurance companies, small corporations or similar entities) that have a US link (for example US beneficiaries, shareholders, settlors, policyholders), which may require US-specific considerations in the management of their assets.

We work with our clients to evaluate and establish their specific needs and goals. While we focus primarily on advising clients in regard to their investment strategies and the management of their asset portfolios, the advisors of BFI also recognize the importance of proper risk management and wealth planning in conjunction with a client's investment strategies. Therefore, where adequate, BFI may advise clients on ways to enhance the benefits of their overall wealth management plan, and BFI may access and utilize the services of selective affiliated or third-party specialists (tax attorneys, tax accountants, trustees, insurance advisors, immigration specialists, etc.) as needed.

Discretionary Investment Services

Clients who wish to receive discretionary investment advice will sign a Discretionary Portfolio Management Mandate (hereafter 'Discretionary Mandate') with BFI. Under this Discretionary Mandate, BFI is authorized to manage the assets on a fully discretionary basis, according to the client's investment strategy specifications, and subject to pre-defined restrictions, if any.

BFI will regularly review and may adjust the asset allocation and investment holdings at our discretion in response to our analysis of economic, political and market conditions.

See Item 6 below for more details on 'Methods of Analysis, Investment Strategies and Risk of Loss.

Non-Discretionary Investment Services

Clients who wish to receive non-discretionary investment advice will sign a mandate for non-discretionary investment services (hereafter 'Non-Discretionary Mandate') with BFI.

Under the Non-Discretionary Mandate, BFI will provide investment advisory services and will respond within a reasonable time frame to the client's correspondence and telephone calls requesting to discuss BFI's views and recommendations regarding the big picture, the advisable asset allocation and investments (e.g. securities, securities markets, funds, currencies, market trends) and related investment options, strategies, and opportunities. BFI will discuss the foregoing with the client at reasonable length. BFI may also, but is not obligated to, contact the client from time to time (by phone, email, letter, or other means) with recommendations that we believe may be appropriate for the client based on the client's investor profile.

BFI is not registered as a securities broker-dealer and, therefore, does not provide brokerage services. Any and all brokerage services are conducted via third-party entities.

BFI's investment recommendations under this Agreement may relate (but are not limited) to stocks and other equity securities, bonds and other debt securities, money market and other cash management instruments, derivatives and other investments.

Under the Non-Discretionary Mandate, the client will be solely responsible for making all final investment decisions and BFI will not have any discretionary authority over the client's account. As per the terms of the Non-Discretionary Mandate, BFI shall not be required to monitor the client's investment portfolio or other assets to determine whether changes should be made thereto.

Finally, we will not monitor information that we previously provided or recommendations we previously made to the client to determine whether such information and recommendations require updating to reflect changed market conditions or changes to the client's investment profile.

See Item 6 below for more details on 'Methods of Analysis, Investment Strategies and Risk of Loss.

Asset Manager Selection & Sub-Advisory Mandates

BFI occasionally supports clients in the evaluation and selection of non-affiliated third-party asset managers. Particularly, where a client's investment needs and objectives may not fit the investment style and / or methodology of BFI, we may in good faith refer the respective client to third-party asset managers. BFI may have referral agreements with some third-party asset managers and may therefore be compensated for such referrals. It is at the client's sole discretion to decide whether such third-party asset managers are suitable or not.

BFI will generally have no further obligations after such a referral. In particular, BFI will not accept any liabilities for the performance and quality of service provided by such third-party asset managers that the client chooses to work with.

On a case-by-case basis, BFI may integrate the services of third-party asset managers into a Discretionary or Non-Discretionary Mandate with BFI. This will generally be done in the form of a Sub-Advisory Mandate that may cover all or part of the assets a client places with BFI.

The fees applicable to such Sub-Advisory Mandates may differ from the standard fees presented in Item 4. In such cases where a Sub-Advisory Mandate would increase the fees applicable to the Discretionary or Non-Discretionary Mandate with BFI, we will effectuate the Sub-Advisory Mandate only after obtaining the client's written agreement.

Client Needs & Restrictions

We tailor our Advisory Services to the individual needs of clients based on the information and personal specifications that clients provide to us.

BFI generally permits clients with Discretionary Mandates to impose restrictions on their investment strategies. For example, certain securities or types of securities can be excluded from a client's portfolio. BFI generally does not permit any such restrictions to clients with Non-Discretionary Mandates, since the investment decisions under such mandates are at the client's discretion and any restrictions desired by the client may be self-imposed.

Client Assets Under Management

As of September 1st 2012, BFI has a total of US\$ 92'000,000 of assets under management.

4. Fees and Compensation

Fees for Advisory Services

For all types of our clients, those with Discretionary Mandates as well as those with Non-Discretionary Mandates, BFI is compensated with a fee that is based on a percentage of the value of client assets placed under management with BFI.

Standard Annual Rates for Discretionary Mandates

The standard fee schedule for Discretionary Mandates is defined below. In general, these fees represent the upper limit of the fees charged by BFI.

However, BFI reserves the right to negotiate fees with the client that deviate from the fees specified below. Some investment strategies may include a performance fee. Certain investment strategies result in a higher level of work and analysis than others. The actual fee package applied to Discretionary Mandates will depend on (1) the volume of assets placed in the respective Mandate and (2) the style of the investment strategy chosen by the client.

Value of assets placed under Discretionary Mandates (in CHF)	up to 1'000'000	1'000'001 to 5'000'000	5'000'001 to 10'000'000	10'000'001 to 25'000'000	25'000'001 and above
Annual management fee (charged quarterly in arrears)	1.50 %	1.00%	0.75%	0.60%	As agreed

Performance Based Fees

BFI may charge a performance fee upon agreement with the client. Such performance fee will be a percentage of the of annual net asset growth of the portfolio. On negative market trends it is possible that the net asset value will amount to less than the historic highest value when a performance fee was charged last. In this instance no performance fee will be calculated until the net asset value will exceed the previously highest historic value (high watermark).

Standard Annual Rates for Non-Discretionary Mandates

The standard fee schedule for Non-Discretionary Mandates is defined below, subject to a minimum quarterly fee of CHF 2'500. BFI reserves the right to negotiate fees with clients under certain circumstances.

Value of assets placed under Non-Discretionary Mandates (in CHF)	500'000 to 1'000'000	1'000'001 to 5'000'000	5'000'001 to 10'000'000	10'000'001 to 25'000'000	25'000'001 and above
Annual management fee (charged quarterly in arrears)	2.50 %	1.75%	1.00%	0.80%	As agreed

Advisory Fee Invoicing

The aforementioned fees are generally invoiced directly to the custodian(s) / broker(s) contracted under the client's Mandate and charged directly to the client's respective account(s) in accordance with the terms defined in the Mandate. Fees may be subject to Swiss VAT at the rates in force at that time.

Fees are charged in the portfolio reference currency, quarterly in arrears and calculated on the basis of the average value of the assets under management for each particular quarter.

Any Mandate can be terminated at any time by the client without penalty. In that case, in any partial calendar quarter, the outstanding fees will be pro-rated and charged based upon the number of days that the mandate was active during the final quarter of the respective mandate.

Other Types of Fees or Expenses

Other Compensation for Advisory Services

The aforementioned fees cover exclusively BFI's discretionary and non-discretionary advisory services. BFI takes no other fees for its Advisory Services unless agreed otherwise with the client.

As discussed in Item 3 above, BFI may receive compensation for the selection of and referral to non-affiliated third-party asset managers.

BFI is not registered as a securities broker-dealer. Therefore, BFI does not provide any securities brokerage services, and neither BFI nor its employees charge clients any transaction-based fees or accept compensation for the sale of securities or other investment products. Brokerage commissions, transaction fees, custodian fees, and other related costs and expenses which may be incurred by the client under the Mandate are exclusive and in addition to BFI's Advisory Services fees.

Some institutions pay BFI a finder's fee for client assets placed with them under custody. BFI has clear internal policies to avoid any conflict of interest when placing clients' assets with such custodians or broker-dealers.

Due to the volume of business that BFI and its sister companies do with a number of banks and broker-dealers ('Preferred Institutions'), BFI's clients may benefit from special terms and arrangements with those institutions.

With some "Preferred Institutions" BFI has the right to commissions (so-called "retro-cessions") on the institution's custody and transaction fees, which generally amount to 50% of the bank / broker fees charged. These "retro-cessions" are passed on fully as a preferential discount to BFI's clients under Discretionary Mandate, but not on to clients under Non-Discretionary Mandate.

With other "Preferred Institutions" BFI receives "All-in fees". All-in fees refer to an arrangement where the bank and / or broker-dealer charges a pre-agreed annual fee that covers all of the Preferred Institution's custody, transaction and brokerage fees. Third-party brokerage fees are not included in the All-in fee and are therefore charged separately and on top of the All-in fees. BFI will, in any case, strive to obtain competitive All-in fees for its clients. No commissions (so-called "retro-cessions") are paid to BFI.

Account Management Fees

Under certain circumstances, BFI may charge an Account Management Fee which covers account handling services that may be only indirectly related to the actual investment management. This may be the case, for example, when clients engage BFI to provide independent monitoring and consolidated reporting services, which are independent and / or part of an investment mandate given to a third-party asset manager.

Third-Party Fees

Clients may incur third-party charges such as stamp duties, taxes, commission charges, currency exchange charges and other fees charged by third-party entities or regulatory authorities.

Third-party brokers charge fees to execute securities transactions or commissions when acting as agent, or they charge a mark-up on transactions when acting as principal. Mutual funds and exchange traded funds may charge up-front fees and internal management fees, which are generally disclosed in the fund prospectus.

These kinds of third-party commissions and fees are passed on to our clients. BFI does not reduce its Advisory Services fees to offset any of these fees, costs or expenses.

Fees for other services

BFI may from time to time refer its clients, with their consent, to non-affiliated third parties for additional services, such as accounting, reporting or legal counsel. BFI does not receive any compensation or fees for such referrals.

BFI may provide its clients with access to other products and services that are not part of its standard Advisory Services and, therefore, may not be covered by a client's Mandate. Such services may include certain mail retention services, international payment services, global custody solutions and the like. Such services will be priced separately in accordance with the applicable fee schedules.

BFI also reserves the right to charge hourly fees for services that are outside of the scope of its standard Advisory Services. Such fees are based primarily on the complexity of the service provided and are agreed to with the client in advance.

Hourly fees generally range from CHF250 to CHF500 per hour depending primarily on the qualification and experience of the employee(s) involved. Fees may be waived, discounted, and/or negotiated at the discretion of BFI.

5. Types of Clients

As noted in item 3 above, BFI's advisory services are provided directly to US persons (individuals, trusts, estates, charitable organizations, small corporations or other similar entities). Or, they are provided to non-US persons (international families, trusts, foundations, insurance companies, small corporations or similar entities) that have a US person link (for example US beneficiaries, shareholders, settlors, policyholders), which require US-specific considerations in the management of the client's assets.

Although the typical mandate with BFI starts at CHF 1'000'000 or more assets under management, we may enter into agreements with clients for lesser account sizes.

6. Investment Strategies, Methods of Analysis and Risk of Loss

Investment Strategies and Methods of Analysis

Discretionary Mandates

We offer discretionary clients a variety of investment strategies depending of their respective profiles. For Discretionary Mandates, we generally focus on allocating investments among various asset classes, following a top-down, big picture investment approach, with the strategic asset allocation decision being the biggest source of alpha.

We seek international diversification in an effort to enhance portfolio return while trying to diversify risks. We may also use hedging strategies to alter the asset and/or currency exposure of Discretionary Mandate portfolios to try to protect the clients' assets against market events likely to have a negative impact on performance.

Our clients' Discretionary Mandate portfolios may include various instruments such as, but not limited to cash, equity securities, corporate debt securities, commercial papers, certificates of deposit, municipal and governmental securities, mutual funds, exchange traded funds, physical commodities, physical precious metals, future contracts, forward contracts, derivatives and alternative investments such as hedge funds, funds of hedge funds and private equity vehicles.

Discretionary Mandates are generally implemented in accordance with BFI's MAP methodology. Our analysis methods may include, but are not limited to, fundamental, quantitative and technical research.

For clients that share BFI's big picture and investment style, clients may take advantage of BFI's core investment strategy. BFI, at its discretion, offers a variety of other asset allocations and suitable satellite investment strategies to clients, including but not limited to strategies such as 'Global Bonds', 'Precious Metals' or 'International Equity' strategies and the like.

Non-Discretionary Mandates

For our clients with Non-Discretionary Mandates, we provide a trade-by-trade basis advice, tailored to each client depending on individual needs and profile.

We may provide advice on various instruments such as, but not limited to, cash, equity securities, corporate debt securities, commercial papers, certificates of deposit, municipal and governmental securities, mutual fund shares, exchange traded funds, physical commodities, physical precious metals, future contracts, forward contracts, derivatives and alternative investments such as hedge funds, funds of hedge funds and private equity vehicles.

Risk of Loss

Clients should always keep in mind that all types of investments in financial instruments through both Discretionary Mandates as well as Non-Discretionary Mandates involve risks of loss. Our analysis methods generally rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available

sources of information about such securities or markets, provide accurate data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Investing in financial instruments including securities involves the risk of loss that clients should be prepared to bear. Other usual material risks relating to investments include, but are not limited to:

- **Market Risk** – market price of securities may go up or down, sometimes rapidly or unpredictably, and can lead clients to lose up to their whole investment. Market risk exists in all types of investments.
- **Currency risks** – form of risk that generally arises from the change in price of one currency against another. Whenever clients have assets or business operations across national borders, they face currency risk if their positions are not hedged. Currency risks may not be always hedged.
- **Commodities Risk** – commodities prices can be very volatile and show important fluctuation on short periods of time.
- **Liquidity Risk** – a particular security or other instrument is difficult to trade. An illiquid asset may reduce the returns because the investor may not be able to sell the assets at the time desired for an acceptable price, or might not be able to sell the assets at all.
- **Credit/Counterparty Risk** -- possibility that the issuer or guarantor of a fixed income security, a bank or the counterparty of a derivatives contract will default on its obligation to pay interest and/or principal, which could cause an investor to lose money.
- **High Yield Risk** -- lower-quality debt securities (those of less than investment grade quality, commonly known as “high yield bonds” or “junk bonds”) are riskier, speculative and involve greater risk of default.
- **Interest Rate Risk** – debt securities fluctuate in value as interest rates change. The general rule is that if interest rates rise, the market prices of debt securities will usually decrease and vice versa.
- **Foreign/Emerging Markets** – foreign securities may involve the risk of loss due to political, economic, regulatory, and operational uncertainties, currency fluctuations, and generally higher credit risks for foreign issuers. Clients should be aware that all of these risks may be heightened in emerging markets more specifically. Investing in foreign or emerging markets is generally intended only for clients who are able to bear and assume this increased risk that they represent.

We strive to mitigate the above risks by monitoring, among others, the markets, economic conditions, industries concerns and changes to general outlooks on corporate earnings, regulatory developments, monetary and fiscal policy, changes to interest or currency rates or adverse investor sentiment in general.

Different financial instruments involve different levels of exposure to risk and may be inappropriate to your circumstances or risk appetite.

7. Disciplinary Information

BFI and its employees have not been involved in any legal or disciplinary events that would be material to a client's evaluation of the company or its personnel.

8. Other Financial Industry Activities and Affiliations

Material Relationships or Arrangements & Material Conflicts of Interest

As mentioned above, BFI is a subsidiary of BFI Capital and is therefore under common control and ownership with its sister companies in the group ('Group Companies').

The management persons and other employees of BFI may also be officers and employees of Group Companies. BFI may have service level agreements (SLAs) with these Group Companies in relation to a variety of services, including but not restricted to administrative support functions, portfolio administration tools and services, as well as miscellaneous office and infrastructure services (e.g. telephone receptionist services, use of meeting rooms).

The services of the Group Companies may at times be recommended by BFI, where appropriate, to its clients. Conversely, the Group Companies may at times recommend the advisory services of BFI. In instances where insurance solutions (e.g. different types of annuities or life policies) are used in the context of a client's mandate, BFI may employ the expertise of BFI Consulting Inc.

Furthermore, BFI may, under a client's Mandate, recommend and / or invest in investment funds that may be managed by one of our Group Companies, or BFI may recommend and / or invest in third-party funds for which management persons or employees of BFI and / or Group Companies act in an advisory role or are on such a fund's investment committee. In order to minimize possible conflicts of interest, the selection of such funds or similar investment strategies will be made only when it is in the best interest and meets the investment profile of the client.

The aforementioned points may under certain circumstances lead to conflicts of interest. Clients should be aware that the receipt of additional compensation by BFI, its management persons, employees or the Group Companies creates a conflict of interest that may impair the objectivity of our firm and the aforementioned individuals when making advisory recommendations.

Protecting Client Interests

No client is obligated to use the services of Group Companies. The implementation of any or all recommendations is solely at the discretion of the client.

In order to protect our clients' interests and mitigate conflicts of interest, the services of BFI are kept distinct from those of any Group Companies, and they are provided for separate, distinct and typical compensation. BFI will seek to ensure the proper separation of client records, advice and recommendations. Information will be segregated or encrypted as necessary.

Additional information about BFI business and affiliates

Additional information on the Group Companies and BFI Capital may be obtained at the BFI Capital website at www.bficapital.com.

Furthermore and as noted above, BFI also completes a Form ADV, Part 1, which contains additional information about its business and its affiliates, including legal or disciplinary events. This document is filed with the SEC and is publicly available through the SEC's website: http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd_OrgSearch.aspx

9. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

BFI has adopted a written Code of Ethics ('the Code') that is applicable to all management persons, employees and other persons involved in our Advisory Services (hereafter collectively 'the Advisory Team'). Clients may obtain the entire Code upon request.

Focus on Advice in the Client's Best Interest

Among other things, the Code requires the Advisory Team to act in our clients' best interests, abide by all applicable regulations, avoid even the appearance of insider trading, and report on personal securities transactions.

The employees of BFI are not compensated with sales commissions. They receive fixed salaries and bonuses that are influenced and determined on the basis of a broad array of performance measures and are reviewed on at least an annual basis. In other words, the employee incentive system of BFI does not focus on sales. Instead it enforces a culture of personal advice and tailored solutions.

Key Standards and Procedures

BFI's management will monitor and manage strict standards and procedures in order to maintain operational integrity and compliance. BFI endeavors at all times to put the interests of our clients first as part of our fiduciary duty as a registered investment adviser. We take the following steps to address and mitigate possible conflicts of interest:

- We disclose to clients the existence of all material conflicts of interest;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed, and we periodically monitor such outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm;
- we prohibit employees from trading alongside client accounts. If at all permitted, it must be after obtaining BFI's Pre-clearance; furthermore, our employees must report their private trading activities on a regular basis to ensure that they do not engage in improper transactions;

- we do not, in the context of Discretionary Mandates invest in IPO's; and securities with low market volumes are generally avoided. Employee investments in low market value securities that may from time to time be selected for our portfolios, require pre-clearance;
- we use an incentive system that focuses our employees' efforts on proper advice and personalized solutions rather than selling; accordingly, our employees are not compensated with sales commissions or volume-based bonuses; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

10. Brokerage Practices

Selection of Custodians and Trading Counterparties

BFI does not offer any direct securities brokerage services. All brokerage services that BFI employs for the purpose of its Advisory Services are conducted via custodian banks and or broker dealers. Certain types of securities or commodities may also be traded via specialized third-party brokers.

BFI and / or the Group Companies know and have worked extensively with a number of Swiss banks ("Preferred Institutions"), who provide BFI and its clients with service and pricing advantages (as discussed in item 4).

BFI generally recommends that its clients arrange for their assets to be held under custody with such Preferred Institutions. Under certain circumstances BFI may accept Mandates where clients elect to have their accounts held in custody by firms other than the Preferred Institutions.

BFI does not guarantee best execution as BFI does not act as the custodian or broker dealer executing the trade. Nevertheless, the Preferred Institutions that BFI works with aim at providing all trades at best execution terms in accordance with the local practice. They may at their discretion also use other banks or brokers/dealers in the delivery of their trade services.

Historically, BFI has concluded that the Preferred Institutions are as good as, or better than, the other firms that have been considered. On at least a semi-annual basis BFI evaluates the pricing and services offered by the Preferred Institutions and other trading counterparties with those offered by other reputable firms in order to determine whether the Preferred Institutions and other chosen custodians and trading counterparties provide our clients with good services at competitive prices.

Aggregated Trades

BFI typically aggregates client trades in an effort to treat all clients fairly. Clients participating in a bunched trade receive the same average asset price. Trading costs charged for such bunched trades by the respective banks / brokers are generally the same as they would be if the clients were trading individually.

BFI may choose to place smaller trades ahead of larger trades when the smaller trades are not expected to materially affect the price or liquidity of the security in question.

Use of Soft Dollars

According to the rules of the SEC it is permissible for an investment advisor to use “soft dollars” to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process.

BFI currently does not make use of “soft dollars”. BFI may in the future make use of “soft dollars” to obtain research and brokerage services which may include, but are not limited to, such items as research reports, certain financial newsletters or trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants’ advice on portfolio strategy; data services (including services providing market data, company financial data, certain valuation and pricing data and economic data); and advice from brokers on order execution.

11. Review of Accounts

The portfolios of all clients with Discretionary Mandates are reviewed regularly, and at minimum on quarterly basis.

For both Discretionary and Non-Discretionary Mandates, BFI employs an in-house portfolio administration system and performance analysis tools that allow us to provide clients with a variety of account and performance reports.

BFI publishes statements upon request or at least on a quarterly basis in the client login section of its official website. Clients should carefully review these statements and should contact BFI if they believe there are any discrepancies or mistakes.

The online reporting service is made available via a secure portal entry point within BFI’s official website. It is primarily used to make available account and performance statements to clients, but may also be utilized to upload other client-specific documentation and correspondence.

The statements produced for clients include a listing of the allocation of the assets in the client account among various asset classes, the valuation of the same and the investment performance of the investments made under the client’s Mandate.

The data that is used to create such statements is received from the custodian(s) and from a data feed service. Utmost care is placed in the data consolidation, however the client must review the statements carefully and inform of any mistakes.

12. Client Referrals and Other Compensation

BFI may pay a referral fee to individuals or firms for identifying and introducing prospective clients to BFI.

13. Custody

Clients' accounts are held in custody by independent custodian banks or financial services custodians and by Preferred Institutions as discussed in item 11 above.

BFI does not maintain physical possession of funds or securities of any client although fees may, as discussed in item 4 above, be paid to BFI directly from the account of the client, who has authorized the custodian to do so.

14. Voting Client Securities

BFI does not have the authority to vote client proxies. If BFI inadvertently receives any proxy materials on behalf of a client, BFI will promptly forward such materials to the client.

15. Financial Information

BFI has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.