

## **BEACON INVESTMENT ADVISORY SERVICES, INC.**

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This brochure provides information about the qualifications and business practices of Beacon Investment Advisory Services, Inc. (hereinafter "BIAS" or the "Firm"). If you have any questions about the contents of this brochure, please contact BIAS at this telephone number listed above. 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. Additional information about BIAS is available

**Item 2. Material Changes**

BIAS' business activities have not changed materially since the time of the last update.

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**Item 4. Advisory Business**

BIAS has been in business as a registered investment adviser since April 2015. BIAS does business under the name, Beacon Trust. BIAS is owned by Beacon Trust Company which is a New Jersey limited purpose trust company. Beacon Trust Company is owned by The Provident Bank which is owned by Provident Financial Services, Inc. a publicly traded company. The firm seeks to guide its clients through the lifecycle of wealth creation, wealth management, and intergenerational wealth transfer.

BIAS provides financial planning, consulting, tax preparation, and asset management services to its clients. Prior to engaging BIAS to provide any investment advisory services, the client is required to enter into one or more written agreements with BIAS setting forth the terms and conditions under which BIAS renders its services (collectively the “Agreement”).

As of December 31, 2015, BIAS managed approximately \$1.2 billion of regulatory assets under management on a discretionary basis in the Funds.

This Disclosure Brochure describes the business of BIAS. Certain sections will also describe the activities of Supervised Persons. Supervised Persons are any of BIAS’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on BIAS’s behalf and is subject to BIAS’s supervision or control.

**Financial Planning and Consulting Services**

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BIAS may provide its clients with a broad range of comprehensive financial planning and consulting services. BIAS works to lead each of its clients through the firm’s holistic planning process in an organized series of steps. Specific disciplines addressed in the planning process include:

- Family governance
- Compensation and benefits
- Income tax minimization
- Cash flow planning
- Net worth analysis
- Education/goal planning
- Long-term retirement planning
- Estate planning
- Charitable giving
- Risk exposure analysis & management
- Asset allocation planning
- Portfolio design

In performing its services, BIAS is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. BIAS may recommend the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if BIAS recommends its own services. As described further in this brochure, BIAS may recommend products or services of an affiliate, including Acertus Capital Management, LLC (hereinafter, "Acertus") or Beacon Trust Company. However, the client is under no obligation to act upon any of the recommendations made by BIAS under a financial planning or consulting engagement or to engage the services of any such recommended professional, including BIAS itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of BIAS's recommendations. Clients are advised that it remains their responsibility to promptly notify BIAS if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising BIAS's previous recommendations and/or services.

#### **Investment and Wealth Management Services**

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Clients can engage BIAS to manage all or a portion of their assets on a discretionary basis. As detailed in Item 8, BIAS primarily allocates clients' investment management assets among Independent Managers (as defined below), mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, options, investment limited partnerships, or other investments in accordance with the objectives of the client. In addition, BIAS may also recommend that clients who qualify as accredited investors, as defined by Rule 501 of the Securities Act of 1933, invest in privately placed securities, which may include debt, equity and/or interests in pooled investment vehicles (e.g., hedge funds). If appropriate, BIAS may provide advice about any type of investment held in clients' portfolios.

BIAS also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, BIAS either directs or recommends the allocation of client assets among the various investment options that are available. Client assets are maintained at the specific insurance company or custodian designated by the service.

BIAS tailors its advisory services to the individual needs of clients. BIAS consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. BIAS ensures that clients' investments are suitable for their investment needs, goals, objectives, and risk tolerance.

Clients are advised to promptly notify BIAS if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon BIAS's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in BIAS's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts. If it is determined that it has a material impact, BIAS will work with the client

to tailor the desired restriction into the investment management services.

#### **Use of Independent Managers**

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As mentioned above, BIAS recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers (“Independent Managers”), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the Independent Managers are set forth in a separate written agreement between BIAS or the client and the designated Independent Managers. BIAS renders services to the client relative to the discretionary selection of Independent Managers. BIAS also monitors and reviews the account performance and the client’s investment objectives. BIAS receives an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated Independent Managers.

When selecting an Independent Manager for a client, BIAS reviews information about the Independent Manager such as its disclosure brochure and/or material supplied by the Independent Manager or independent third parties for a description of the Independent Manager’s investment strategies, past performance and risk results to the extent available. Factors that BIAS considers in recommending an Independent Manager include the client’s stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated Independent Managers, together with the fees charged by the corresponding designated broker-dealer/custodian of the client’s assets, may be exclusive of, and in addition to, BIAS’s investment advisory fee set forth above. As discussed above, the client may incur additional fees separate from those charged by BIAS, the designated Independent Managers, and corresponding broker-dealer and custodian.

In addition to BIAS’s written disclosure brochure, the client also receives the written disclosure brochure of the designated Independent Managers. Certain Independent Managers may impose more restrictive account requirements and varying billing practices than BIAS.

#### **Management of Private Investment Fund**

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BIAS’s affiliate, Acertus (CRD No. 156942), an SEC registered investment adviser that maintains the same principal place of business as BIAS, is the general partner of the Planned Return Strategy Fund LP and Accelerated Return Strategy Fund LP (the “Private Funds”), Delaware limited partnerships formed in October 2012. Interests in the Private Funds are privately offered pursuant to Regulation D under the Securities Act of 1933, as amended. The Private Funds currently rely on an exemption from registration under the Investment Company Act of 1940, as amended. BIAS’s affiliate has discretionary authority to determine the broker or dealer to be used by the Private Funds.

Participation as an investor in the Private Funds is restricted to investors that are qualified clients pursuant to the requirements under Rule 205-3 under the Investment Advisers Act of 1940, as well as are “accredited investors” as defined under Rule 501 of the Securities Act of 1933, as amended. If eligible,

BIAS may recommend that certain clients invest in the Funds. All relevant information, terms and conditions relative to the Funds, including the compensation received by BIAS or an affiliate, withdrawal rights, minimum investments, qualification requirements, suitability, risk factors, potential conflicts of interest, are set forth in the Confidential Private Offering Memorandum, Limited Partnership Agreement and Subscription Agreement (together, the “Offering Documents”), which each investor is required to receive and/or execute prior to being accepted as an investor in the Funds.

#### **Management of Mutual Fund**

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BIAS’s affiliate, Acertus has also been engaged as the sub-advisor to the Hatteras Disciplined Opportunity Fund (“Hatteras”, or the “Mutual Fund”), a non-diversified, open-end investment company whose primary investment adviser is Hatteras Capital Investment Management, LLC (Class A Shares: HDOAX; Institutional Class Shares: HDOIX). The Mutual Fund is registered under the Investment Company Act of 1940 and the interests of which are registered pursuant to the Securities Act of 1933. The primary investment manager to the Mutual Fund is Hatteras Capital Investment Management, LLC, an unaffiliated registered investment adviser.

The Mutual Fund seeks to consistently outperform the broader equity market on a risk-adjusted basis in both rising and declining markets. In employing the Planned Return Strategy, Acertus seeks to purchase a rolling series of tranches of call and put options, each delivering a formulaic return over its term. All relevant information, terms, conditions, risk factors and conflicts of interest related to the Mutual Fund, including the overall management fee paid to BIAS’s affiliate and Hatteras Capital Management, LLC, are set forth in the Registration Statement, Prospectus and/or Summary Prospectus filed with the SEC.

Acertus will devote its best efforts with respect to its management of both the Mutual Fund and its other client accounts. Acertus and/or BIAS may give advice or take action with respect to the Mutual Fund that differs from that for individual client accounts. To the extent that a particular investment is suitable for both the Mutual Fund and certain individual client accounts, such investments will be allocated between the Mutual Fund and the individual client accounts in a fair and equitable manner.

**Item 5. Fees and Compensation**

BIAS offers its services on a fee basis, which may include fixed fees, as well as fees based upon assets under management.

**Financial Planning and Consulting Fees**

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BIAS may charge a fixed fee for financial planning, consulting services, and tax preparation. These fees are negotiable, but generally range from \$5,000 to \$15,000 on a fixed fee basis, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services. If the client engages BIAS for additional investment advisory services, the firm, in its sole discretion, may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services. There is a separate charge for tax preparation services.

**Investment Management Fees**

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BIAS provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by BIAS. BIAS's annual fee is exclusive of and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. BIAS does not, however, receive any portion of these commissions, fees, and costs. BIAS's annual fee is prorated and charged quarterly, in arrears, based upon the average market value of the assets being managed by BIAS during the previous quarter. The annual fee varies up to 1.20%, depending upon the market value of the assets under management and the type of investment management services to be rendered.

To the extent requested by a client, BIAS may aggregate all of a client's assets (including assets not managed by BIAS) onto its quarterly statements. For doing so, BIAS generally charges an additional 0.10% of the value of the client's outside accounts, subject to a minimum annual fee of \$500 per account. Acertus assets (with the exception of the mutual fund) have their own billing relationships and are not aggregated with BIAS assets.

**Fee Discretion**

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BIAS may, in its sole discretion, negotiate to charge a lesser fee with clients based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.



**Fees Charged by Financial Institutions**

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As further discussed in response to Item 12 (below), BIAS generally recommends that clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services (“Fidelity”) for investment management accounts.

BIAS may only implement its investment management recommendations after the client has arranged for and furnished BIAS with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, Fidelity, any other broker-dealer recommended by BIAS, a broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the “Financial Institutions”).

Clients may incur certain charges imposed by the Financial Institutions and other third parties such as fees charged by Independent Managers (as defined below), custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to BIAS’s fee.

BIAS’s Agreement and the separate agreement with any Financial Institutions may authorize BIAS or Independent Managers to debit the client’s account for the amount of BIAS’s fee and to directly remit that management fee to BIAS or the Independent Managers. Any Financial Institutions recommended by BIAS have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to BIAS. Alternatively, clients may elect to have BIAS send an invoice for payment.

**Fees for Management During Partial Quarters of Services**

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For the initial period of investment management services, the fees are calculated on a pro rata basis. The Agreement between BIAS and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. BIAS’s fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate. Clients may make additions to and withdrawals from their account at any time, subject to BIAS’s right to terminate an account that falls below its minimum portfolio size. Additions may be in cash or securities provided that BIAS reserves the right to liquidate any transferred securities or decline to accept particular securities into a client’s account. Clients may withdraw account assets on notice to BIAS, subject to the usual and customary securities settlement procedures. However, BIAS designs its portfolios as long-term investments and the withdrawal of assets may impair the ability to meet a client’s investment objectives. BIAS may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to market valuation and may be subject to

transaction fees, fees assessed at the mutual fund level (i.e., contingent deferred sales charge) and/or tax ramifications.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

BIAS does not provide any services for a performance-based fee (i.e., a fee based upon capital appreciation achieved in an account).

## **Item 7. Types of Clients**

BIAS generally provides its services to individuals. However, BIAS may also provide advice to pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

### **Minimum Account Size**

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As a condition for starting and maintaining a relationship, BIAS generally imposes a minimum portfolio size of \$3,000,000. BIAS, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and pro bono activities. BIAS only accepts clients with less than the minimum portfolio size if, in the sole opinion of BIAS, the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance.

### **Minimum Annual Fee**

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When BIAS does waive its minimum portfolio size, the firm generally imposes a minimum annual fee of \$10,000. This minimum fee may have the effect of making BIAS's service impractical for clients with smaller investment portfolios. BIAS, in its sole discretion, may waive its minimum annual fee based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, account composition, related accounts, and pre-existing client relationships.

Additionally, certain Independent Managers may impose more restrictive account requirements and varying billing practices than BIAS.

**Item 8. Methods of Analysis, Investment Strategies and Risk of Loss****Financial Planning, Investment Strategies & Methods of Analysis***Financial Planning*

BIAS may provide its clients with a broad range of comprehensive financial planning and consulting services. BIAS works to lead each of its clients through the firm's holistic planning process in an organized series of steps. Specific disciplines addressed in the planning process include:

- Family governance
- Compensation and benefits
- Income tax minimization
- Cash flow planning
- Net worth analysis
- Education/goal planning
- Long-term retirement planning
- Estate planning
- Charitable giving
- Risk exposure analysis & management
- Asset allocation planning
- Portfolio design
- Portfolio monitoring and reporting

*Asset Management*

Clients who engage BIAS for asset management services have a variety of different options. BIAS's portfolio program seeks to provide clients with access to several investment strategies in a variety of asset classes. BIAS's approach aims to maximize the liquidity, transparency, tax efficiency, and adaptability of its portfolios while preserving wealth and delivering attractive return potential. Rather than focus on traditional asset allocation techniques, BIAS diversifies across risk exposures and places risk first in building client portfolios.

BIAS's assessment management process includes an open-architecture investment platform of managers and strategies including but not limited to large, mid and small cap portfolios, as well as international, bond, and high yield. BIAS evaluates investment opportunities, and seeks to identify market voids with the goal of developing unique solutions for its clients. BIAS builds portfolios diversified across multiple risk exposures (e.g., equity market risk, credit risk, duration risk, currency risk, global macro risk, liquidity risk, etc.). As BIAS's market outlook changes, it may adapt risk exposure allocations with the goal of ensuring that clients continue to meet their financial goals.

*Separate Account Management*

This investment vehicle offers the flexibility of direct security ownership relative to BIAS's efforts to customize strategies for its clients, harvest losses, etc. In addition, BIAS seeks to employ the leverage of an institutional investor to negotiate favorable manager fee rates for its investors.

BIAS may employ these securities to access strategies for smaller allocations or if a given strategy is otherwise unavailable to investors. Mutual funds may also be used for tactical allocations due to the ease of trading funds and the liquidity associated with mutual funds relative to commitments to separately managed accounts or other investment vehicles.

*Alternative Investments*

BIAS is also committed to a more client-centric model of alternative investing. If appropriate, BIAS offers access to affiliated and unaffiliated hedge funds and funds of funds with a special focus on transparency, liquidity, and low fees. BIAS's goal relative to this allocation is to further diversify portfolios with non-correlated strategies and to reduce overall volatility.

*Active Tax Management and Loss Harvesting*

BIAS subscribes to the thinking that it's not what investors earn, but what they keep that is important. For this reason, BIAS strives to be tax aware in its manager selection and portfolio development process. In addition, BIAS may actively harvest losses where opportunities exist in an effort to create tax advantages for clients.

*Ongoing Portfolio Monitoring*

BIAS's Investment Committee continues to monitor client portfolios relative to changing circumstances

and the achievement of the goals and objectives. BIAS also employs a comprehensive process of quantitative and qualitative due diligence to proactively hire and fire Independent Managers. BIAS does not make rash decisions to fire managers for short periods of underperformance, but Independent Managers not meeting BIAS's expectations will ultimately be replaced.

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**Risk of Loss***Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more).

The client will receive a mutual fund prospectus and/or other documents explaining such risks.

*Options*

Options allow investors to buy or sell a security at a contracted "strike" price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

*Market Risks*

The profitability of a portion of BIAS's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that BIAS will be able to predict those price movements accurately.

*Use of Independent Managers*

BIAS may recommend the use of Independent Managers for certain clients. BIAS will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the Independent Managers ability to successfully implement their investment strategy.

*Use of Private Collective Investment Vehicles*

BIAS may recommend certain clients to invest in privately placed collective investment vehicles (some of which may be hedge funds or funds of funds). The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents explaining such risks.

*Management Through Similarly Managed Accounts*

For certain clients, BIAS may manage portfolios by allocating portfolio assets among various mutual funds or other securities on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as "investment strategy"). In so doing, BIAS buys, sells, exchanges and/or transfers shares of mutual funds or other securities based upon the investment strategy.

While BIAS may manage accounts in a similar fashion, BIAS ensures that the management of portfolios complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the investment strategy, with a safe harbor from the definition of an investment company.

The investment strategy may involve a higher portfolio turnover that could negatively impact the net after-tax gain experienced by an individual client. Securities in the investment strategy are usually exchanged and/or transferred without regard to a client's individual tax ramifications.

Certain investment opportunities that become available to BIAS's clients may be limited. As further discussed in response to Item 12 (below), BIAS allocates investment opportunities among its clients on a fair and equitable basis.

*General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

**Item 9. Disciplinary Information**

BIAS is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. BIAS does not have any required disclosures to this Item.

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

BIAS is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons.

**Affiliated Investment Adviser**

BIAS directly controls Acertus. Acertus provides advisory services to other investment advisory firms primarily through the use of its three proprietary strategies:

- Planned Return Strategy is a dual-purpose investment strategy designed to consistently outperform the S&P 500 on a risk-adjusted basis in both rising and declining markets. At the portfolio level it is structured to deliver returns in the high single-digit to low double-digits range in rising markets, while eliminating or substantially reducing losses in declining markets.
- Accelerated Return Strategy is designed to consistently outperform the S&P 500 in most rising markets. At the portfolio level, it is structured to deliver returns in the mid teen to mid twenty percent range in rising markets, while posting returns equal to the S&P 500 price decline in falling markets.
- Third Rail Strategy is a dual-purpose investment designed for a "black swan" market environment. At the portfolio level, it is structured to consistently allow market participation into the low to high teens range in rising markets, with less volatility, while substantially reducing losses in markets which suffer deep declines.

These strategies are offered in a sub-advised separately managed account format, as well as through the Private Fund. Certain Supervised Persons of BIAS also serve in the same or similar capacity for Acertus and the two firms share the same principal office. Under certain circumstances, Acertus may charge a management fee that is separate from and in addition to the fee charged by BIAS, which results in a conflict of interest. This conflict exists if BIAS recommends its own services. Acertus and/or BIAS do not, however, charge an additional fee where doing so is prohibited by ERISA or other applicable law,

rule or regulation.

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**Affiliated Private Fund**

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Acertus is the general partner and investment manager to the Private Funds. This arrangement may present certain conflicts of interest and is further described in Item 4 (above).

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**Affiliated Sub-Advisor to a Mutual Fund**

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Acertus is the sub-advisor to the Mutual Fund. This arrangement may present certain conflicts of interest and is further described in Item 4 (above).

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**Affiliated Trust Company**

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BIAS is owned by Beacon Trust Company (“Beacon Trust”). Beacon Trust is a full service wealth management firm with approximately \$1.2 billion in assets under administration. Beacon Trust provides customized wealth management planning and other services. There is a conflict of interest where BIAS recommends the services of Beacon Trust to clients. BIAS will only make such a recommendation if it is in the best interest of that client.

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**Affiliated Bank**

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Beacon Trust is owned by The Provident Bank which provides a full suite of banking solutions to businesses and individuals. There is a conflict of interest where BIAS recommends the services of the Provident Bank to clients. BIAS will only make such a recommendation if it is in the best interest of that client.

## **Item 11. Code of Ethics**

BIAS and persons associated with BIAS (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with BIAS’s policies and procedures.

BIAS has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“Code of Ethics”). In accordance with Section 204A of the Investment Advisers Act of 1940 (the “Advisers Act”), its Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by BIAS or any of its associated persons. The Code of Ethics also requires that certain of BIAS’s personnel (called “Access Persons”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings. The Chief Compliance Officer does not grant preclearance where it would appear that an employee’s trading could disadvantage its clients.



Clients and prospective clients may contact BIAS to request a copy of its Code of Ethics.

As discussed above in Item 4, an affiliate of BIAS is the general partner to the Private Funds. BIAS may recommend, on a fully disclosed basis, that certain clients invest in the Private Funds. As such, a conflict of interest exists to the extent that BIAS recommends that clients invest in Private Funds. BIAS does not receive any additional compensation if a client invests in the Private Funds. As such, BIAS does not believe this arrangement poses any additional conflict of interest.

## **Item 12. Brokerage Practices**

As discussed above, in Item 5, BIAS generally recommends that clients utilize the brokerage and clearing services of Fidelity.

Factors which BIAS considers in recommending Fidelity or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Fidelity enables BIAS to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. In addition, Fidelity provides support to BIAS's internal operations group with the goal of reducing errors and maintenance of account data, data downloads and support relative to the maintenance of BIAS's portfolio management system. The commissions and/or transaction fees charged by Fidelity may be higher or lower than those charged by other Financial Institutions.

The commissions paid by BIAS's clients comply with BIAS's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where BIAS determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. BIAS seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other Financial Institutions with whom BIAS and the Financial Institutions have entered into agreements for prime brokerage clearing services. BIAS periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

The client may direct BIAS in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution, and BIAS will not seek better execution services or prices from other Financial Institutions or be able to "batch" client transactions for execution through other Financial Institutions with orders for other accounts managed by BIAS (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net

prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, BIAS may decline a client's request to direct brokerage if, in BIAS's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless BIAS decides to purchase or sell the same securities for several clients at approximately the same time. BIAS may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among BIAS's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among BIAS's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that BIAS determines to aggregate client orders for the purchase or sale of securities, including securities in which BIAS's Supervised Persons may invest, BIAS generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. BIAS does not receive any additional compensation or remuneration as a result of the aggregation. In the event that BIAS determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, BIAS may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

#### **Receipt of Soft Dollars**

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services, such as the CCH tax service, Bloomberg, FT Interactive and Morningstar, which assist BIAS in its investment decision-making process. Such research generally will be used to service all of BIAS's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. For example, BIAS commissions may be used to pay for services which may be used by Acertus Private Funds, because of the relationship between BIAS and Acertus. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because BIAS does not have to produce or pay for the products or services.

In addition to the research services described above, BIAS may be offered certain services by broker-dealers and custodians that it may engage to execute securities transactions on behalf of clients. These services may include the payment of all or a portion of clients' or BIAS's administrative costs and expenses of operation, such as marketing expenses, portfolio management software, Advent, and other reasonable expenses as determined by BIAS. The availability of these benefits may influence BIAS to select one broker or custodian rather than another to perform services for clients. Nevertheless, BIAS will assure either that the fees and costs for services provided to clients by brokers or custodians offering these benefits are not materially greater than they would be if the services were performed by brokers not offering these services. These services may fall outside the safe harbor provided in section 28(e) of the Securities Exchange Act of 1934, as amended. Any services that fall outside of the safe harbor will be paid for with hard dollars.

We periodically review the performance of broker/dealers with whom we have placed orders in light of the factors discussed above. We may cease to do business with certain broker/dealers whose performance/service may not have been competitive, or we may demand that these broker/dealers improve their performance/service before receiving any further orders. The evaluation also considers the timeliness and accuracy of the research received. If BIAS cannot generate enough soft dollars through soft dollar trading during the year to cover soft dollar eligible services, we have an incentive to maximize soft dollar usage to cover our soft dollar budget for soft dollar account(s), which may have a negative balance. Negative soft dollar balances may have to be paid with hard dollars.

This conflict of interest is mitigated by internal controls and procedures relating to our brokerage practices, including our use of soft dollars. BIAS management approves all soft dollar services/products and reviews all relevant details such as cost, number of users and appropriateness based on Section 28(e). As stated above, we also receive services which, based on their use, are only partially paid for with soft dollars. These services are considered "mixed-use" because we use the service for both research or brokerage and non-research, non-brokerage purposes. In each case, we make a good faith determination of which portion of the service should be paid using soft dollars and which portion should be paid using hard dollars, which is the portion we pay. We retain documentation of the soft dollar to hard dollar allocation and perform an annual review of the allocation between soft dollars and hard dollars.

Our Chief Compliance Officer is responsible for directing the monitoring of any potential conflicts of interest regarding soft dollars, as management reviews, as necessary, all soft dollar and execution related topics including commission rates paid, mixed use analysis and broker execution analysis.

#### **Software and Support Provided by Financial Institutions**

In addition to the research products and/or services discussed above, BIAS may also receive from Fidelity, or other custodians, without cost, computer software, related systems support and other services. BIAS may receive the software, related support and other services without cost because BIAS renders asset management services to clients that, in the aggregate, maintain a certain level of assets at Fidelity or other custodians. Clients should be aware that BIAS's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence BIAS's choice of custodian over another custodian that does not furnish similar software, systems support, or services.

BIAS may receive the following benefits from Fidelity or other custodians: receipt of duplicate client

confirmations and bundled duplicate statements; access to a designated trading desks institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

In addition, BIAS receives from Fidelity the following: (i) financial support for Advent related software and (ii) financial support for BIAS to use research, marketing, and other services. BIAS will only accept these services when it feels that Fidelity represent best execution and where BIAS believes that the recommendation to use Fidelity at the rates negotiated is in the best interest of its clients per BIAS's fiduciary duty to its clients.

#### **Brokerage for Client Referrals**

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BIAS does not consider, in selecting or recommending broker/dealers, whether BIAS receives client referrals from the Financial Institutions or other third party.

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

For those clients to whom BIAS provides investment management services, BIAS monitors those portfolios as part of an ongoing process with regular account reviews. For those clients to whom BIAS provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis. Such reviews are conducted by one of BIAS's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with BIAS and to keep BIAS informed of any changes thereto. BIAS contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom BIAS provides investment advisory services will also receive a report from BIAS that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a quarterly basis. Clients should compare the account statements they receive from their custodian with those they receive from BIAS.

Those clients to whom BIAS provides financial planning and/or consulting services will receive reports from BIAS summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by BIAS.

**Item 14. Client Referrals and Other Compensation****Other Economic Benefit**

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BIAS may receive economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12 (above).

**Client Referrals**

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If a client is introduced to BIAS by either an unaffiliated or an affiliated solicitor, BIAS may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee is paid solely from BIAS's investment management fee, and does not result in any additional charge to the client. If the client is introduced to BIAS by an unaffiliated solicitor, the solicitor provides the client with a copy of BIAS's written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of BIAS discloses the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of BIAS's written disclosure brochure at the time of the solicitation.

**Fidelity Wealth Advisor Solutions Program**

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BIAS has entered into an agreement with Fidelity to participate in the Fidelity Wealth Advisor Solutions Program (the "WAS Program"), through which BIAS receives referrals from Strategic Advisers, Inc. ("SAI"), a registered investment adviser and subsidiary of FMR LLC, the parent company of Fidelity Investments. BIAS is independent and not affiliated with SAI or FMR LLC. SAI does not supervise or control BIAS, and SAI has no responsibility or oversight for BIAS's provision of investment management or other advisory services.

Under the WAS Program, SAI acts as a solicitor for BIAS, and BIAS pays referral fees to SAI for each referral received based on BIAS's assets under management attributable to each client referred by SAI or members of each client's household. The WAS Program is designed to help investors find an independent investment adviser, and any referral from SAI to BIAS does not constitute a recommendation or endorsement by SAI of BIAS's particular investment management services or strategies. Under this arrangement, SAI will receive 0.20% of the fees paid on the referred assets under management for a period of up to seven years. These referral fees are paid by BIAS and not the client.

To receive referrals from the WAS Program, BIAS must meet certain minimum participation criteria, but BIAS may have been selected for participation in the WAS Program as a result of its other business relationships with SAI and its affiliates, including Fidelity Brokerage Services, LLC ("FBS"). As a result of its participation in the WAS Program, BIAS may have a potential conflict of interest with respect to its

decision to use certain affiliates of SAI, including FBS, for execution, custody and clearing for certain client accounts, and BIAS may have a potential incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to BIAS as part of the WAS Program. Under an agreement with SAI, BIAS has agreed that it will not charge clients more than the standard range of advisory fees disclosed in its Form ADV 2A Brochure to cover solicitation fees paid to SAI as part of the WAS Program. Pursuant to these arrangements, BIAS has agreed not to solicit clients to transfer their brokerage accounts from affiliates of SAI or establish brokerage accounts at other custodians for referred clients other than when BIAS's fiduciary duties would so require; therefore, BIAS may have an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of SAI. However, participation in the WAS Program does not limit BIAS's duty to select brokers on the basis of best execution.

### **Item 15. Custody**

BIAS's Agreement and/or the separate agreement with any Financial Institution may authorize BIAS through such Financial Institution to debit the client's account for the amount of BIAS's fee and to directly remit that management fee to BIAS in accordance with applicable custody rules.

The Financial Institutions recommended by BIAS have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to BIAS. In addition, as discussed in Item 13, BIAS also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from BIAS.

### **Item 16. Investment Discretion**

BIAS is given the authority to exercise discretion on behalf of clients. BIAS is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. BIAS is given this authority through a limited power-of-attorney included in the agreement between BIAS and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). BIAS may take discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made;
- The Financial Institutions to be utilized; and
- The Independent Managers to be hired or fired.

**Item 17. Voting Client Securities**

BIAS may vote client securities (proxies) on behalf of its clients. When BIAS accepts such responsibility through the Wealth Management Services Agreement, it will only cast proxy votes in a manner consistent with the best interest of its clients. BIAS has opted to allow Proxy Trust to vote those proxies which BIAS does not vote. Proxy Trust will take advice from ISS, as adviser to Proxy Trust regarding BIAS' client proxy voting. All proxies will be voted consistent with guidelines established and described in BIAS's Proxy Voting Policies and Procedures, as they may be amended from time-to-time. Clients may contact BIAS to request information about how BIAS voted proxies for that client's securities or to get a copy of BIAS's Proxy Voting Policies and Procedures. A brief summary of BIAS's Proxy Voting Policies and Procedures is as follows:

- BIAS retains Proxy Trust to assist in making voting decisions in the best interest of clients and ensuring that proxies are submitted in a timely manner.
- Although the Proxy Voting Guidelines are followed as a general policy, certain issues are considered on a case-by-case basis based on the relevant facts and circumstances.
- Clients may direct BIAS's vote on a particular solicitation, subject to BIAS's discretion, and clients can revoke BIAS's authority to vote proxies.

In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that BIAS maintains with persons having an interest in the outcome of certain votes, BIAS takes appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict. An example of a conflict of interest includes the ability for BIAS to vote proxies on behalf of client investments in the Hatteras Funds, for which its affiliate, Acertus, is the investment adviser. If the Chief Compliance Officer detects a conflict of interest, BIAS will, at its expense, engage the services of an outside proxy voting service or outside counsel who will provide an independent recommendation and/or advice on the direction in which BIAS should vote on the proposal.

**Item 18. Financial Information**

BIAS is not required to disclose any financial information due to the following:

- BIAS does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- BIAS does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- BIAS has not been the subject of a bankruptcy petition at any time during the past ten years.

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