

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

The annual amendment to Part 2A of Form ADV dated March 9, 2017 contains the following material changes since the firm's last annual amendment dated March 29, 2016:

1. As of March 1, 2017, Beacon Trust offers a wrap fee program, if deemed appropriate for interested prospects and advisory clients, through Schwab Advisor Services division of Charles Schwab & Co. Inc. Beacon Trust is the sponsor of the program and the party responsible for marketing it.
2. On January 31, 2017, James D. Nesci, President of Beacon Trust, Executive Vice President and Chief Wealth Officer of Provident Bank, President of Beacon Trust Company and a named executive officer of Provident Financial Services Inc. (the "Company") resigned his positions with the Company and its affiliates on February 17, 2017 to pursue other career opportunities. Mr. Nesci's responsibilities for the management of the Company's wealth management business and subsidiaries were assumed by Valerie O. Murray.

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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. Beacon Trust 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.

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

As of December 31, 2016, Beacon Trust managed approximately \$1.2 billion of regulatory assets under management on a discretionary basis in the Funds.

This Disclosure Brochure describes the business of Beacon Trust. Certain sections will also describe the activities of Supervised Persons. Supervised Persons are any of Beacon Trust’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 Beacon Trust’s behalf and is subject to Beacon Trust’s supervision or control.

Financial Planning and Consulting Services

Beacon Trust may provide its clients with a broad range of comprehensive financial planning and consulting services. Beacon Trust 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, Beacon Trust 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. Beacon Trust may recommend the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Beacon Trust recommends its own services. As described further in this brochure, Beacon Trust 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 Beacon Trust under a financial planning or consulting engagement or to engage the services of any such recommended professional, including Beacon Trust itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Beacon Trust's recommendations. Clients are advised that it remains their responsibility to promptly notify Beacon Trust if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Beacon Trust's previous recommendations and/or services.

Investment and Wealth Management Services

Clients can engage Beacon Trust to manage all or a portion of their assets on a discretionary basis. As detailed in Item 8, Beacon Trust 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, Beacon Trust 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, Beacon Trust may provide advice about any type of investment held in clients' portfolios.

Beacon Trust 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, Beacon Trust 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.

Beacon Trust tailors its advisory services to the individual needs of clients. Beacon Trust 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. Beacon Trust ensures that clients' investments are suitable for their investment needs, goals, objectives, and risk tolerance.

Clients are advised to promptly notify Beacon Trust if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Beacon Trust'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

Beacon Trust'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, Beacon Trust will work with the client to tailor the desired restriction into the investment management services.

Use of Independent Managers

As mentioned above, Beacon Trust 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 Beacon Trust or the client and the designated Independent Managers. Beacon Trust renders services to the client relative to the discretionary selection of Independent Managers. Beacon Trust also monitors and reviews the account performance and the client's investment objectives. Beacon Trust 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, Beacon Trust 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 Beacon Trust 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, Beacon Trust's investment advisory fee set forth above. As discussed above, the client may incur additional fees separate from those charged by Beacon Trust, the designated Independent Managers, and corresponding broker-dealer and custodian.

In addition to Beacon Trust'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 Beacon Trust.

Management of Private Investment Fund

Beacon Trust's affiliate, Acertus (CRD No. 156942), an SEC registered investment adviser that maintains the same principal place of business as Beacon Trust, 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. Beacon Trust'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, Beacon Trust may recommend that certain clients invest in the Funds. All relevant information, terms and conditions relative to the Funds, including the compensation received by Beacon Trust 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

Beacon Trust’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 Beacon Trust’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 Beacon Trust 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.

Wrap Program

Beacon Trust offers the Beacon Trust wrap program (“Wrap Program”) through Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as described below. Beacon Trust offers the Wrap Program if deemed appropriate, to interested prospects and advisory clients. Beacon Trust is the sponsor of the Wrap Program and the party responsible for marketing it.

Generally, the clients in the Wrap Program include high net worth individuals and trusts. Wrap accounts and non-wrap accounts are managed in the same way.

The description of the Wrap Program herein is a summary and a copy of the Beacon Trust wrap fee brochure (Form ADV Part 2A Appendix 1) is available to clients upon request without charge.

The Beacon Trust Portfolio Management group pursues investment strategies as follows:

The Core Strategy portfolio seeks to own shares of the best businesses defined by compelling financial characteristics and disruptive catalysts to drive sustainable long-term price appreciation. The portfolio is optimized for companies with high returns on equity (ROE), high free cash flow yields, robust revenue growth and an overall valuation similar to that of the S&P 500. The strategy maintains a long-term time frame of five years, resulting in low turnover and allowing time for companies to reach their full potential. It is managed using a long-term constructive view of the economy and stock market. While the management of Core does not involve market timing, the presence of a flat or inverted yield curve will signal a more defensive stance away from the long-term strategy.

The Income and Appreciation portfolio is comprised of highly rated stocks according to Beacon Trust's multifactor models. A blend of growth and value, the portfolio holds about 40 stocks with a minimum capitalization of \$2 billion. There is an emphasis to generate a dividend yield significantly higher than the S&P 500. The Income and Appreciation portfolio is actively managed with constant portfolio manager oversight, risk management and a process-driven trading strategy. It includes: Current Income, Capital Appreciation and Total Return. In stock selection, we attempt to be cognizant of portfolio risk characteristics. While subject to the volatility of markets, the portfolio has historically been competitive, meeting or approaching relative benchmarks.

The FIRM, an acronym for Factor Information Return Model, utilizes factors in the portfolio construction process. Factors are underlying exposures that explain and drive stock returns. The factor approach provides opportunity to replicate the best parts of the market, can provide diversification, avoids overexposure to growth and large-cap biases, and avoids poorly compensated risks. It utilizes three transparent factors that have historically driven above-average stock returns: Quality: Low volatility in earnings per share (EPS) and low debt to equity; Valuation: Low price to earnings (P/E) ratio; and Size: Small market capitalization. The portfolio is constructed from the S&P 500 universe by ranking the aforementioned factors independently utilizing a screening process. The monthly reconstitution process replaces stocks falling short of the factor standards with higher ranking stocks in each quartile. The process is predominantly quantitative, thereby reducing fundamental judgments and portfolio manager biases in stock selection.

In addition, Beacon Trust constructs household level portfolios of mutual funds, ETFs, managed accounts, hedge funds and other private investments for its clients.

The ETF portfolios process was developed by our investment committee based upon the principals of behavioral finance. The result is a portfolio that is specifically matched to a client's risk tolerance. Beacon Trust does this by optimizing the portfolio based upon the expected return, volatility and correlation of the underlying components. Beacon Trust considers the following factors rooted in behavioral finance when determining a client's economic and emotional risk tolerances:

1. Investment objective

2. Portfolio risk definition
3. Reaction to levels of loss
4. The risk/return trade off
5. Potential losses vs. potential gains
6. Anxiety of losses vs. the satisfaction of gains
7. Investment performance time horizon
8. Stability of Returns
9. Personal goals vs. benchmark comparison
10. Spending or gifting levels

Conservative Model: tends to hold a larger percentage of fixed income assets compared to equity and alternative assets;

Balanced Model: tends to hold similar amounts of equity and fixed income assets, although this may change depending on our macroeconomic outlook;

Aggressive Model: tends to hold a larger percentage of equity assets compared to fixed income and alternative assets.

Additionally, Beacon Trust's experienced fixed income strategies invest individual client portfolios using direct ownership of bonds and other fixed income securities in an individual account, allowing for customized restrictions and tax management. Beacon Trust's philosophy in trading fixed income for our clients is to avoid risk at all costs, finding safety in big names with high credit quality.

Taxable Fixed Income: seeks to deliver a high proportion of the return and yield of the broad bond market with reduced risk and volatility. The process emphasizes liquidity, principal preservation, income stability and portfolio diversification. Beacon Trust favors large companies with high credit quality (always investment grade) and dependable cash flow generation. Beacon Trust may also buy CDs with the greatest spread to comparable Treasury.

Tax Exempt Fixed Income: features a bottom up, value-oriented approach focused on the preservation of principal and current income. Beacon Trust seeks to minimize risk and maximize liquidity by emphasizing diversification, high quality and maturity selection appropriate to our interest rate outlook. Customization is essential, as Beacon Trust considers the client's state of residence, tax bracket, state tax rates and availability of securities and pricing. Beacon Trust also looks for high credit quality, typically general obligations, essential service, and a maturity profile of 4-7 years to call. State backing is also a plus.

Clients may elect to pursue these strategies through the Wrap Program, under which clients will pay a single fee to Beacon Trust, and Beacon Trust will then be responsible for all brokerage expenses (i.e., a wrap fee). By enrolling in the Wrap Program, clients are choosing the brokerage services of Schwab.

Assets placed in the Wrap Program are managed on a fully discretionary basis by Beacon Trust.

Review & Reports of Account

Beacon Trust's Wrap Fee Program accounts will be formally reviewed at least annually to determine that the account holdings are consistent with the investor profile, investment restrictions and risk objectives. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, the market, and political or economic environment. Program clients will receive account statements, at least quarterly, and transaction confirmations directly from their custodians. Beacon Trust may arrange for periodic performance reports to be delivered to the client or made available to the client in other electronic forms.

Item 5. Fees and Compensation

Beacon Trust 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

Beacon Trust 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. For Clients with less than \$1,000,000 of AUM (including any assets invested with Acertus), the financial planning fee component will be equal to the difference between the AUM Fee and \$10,000. The financial planning fee component will be waived for Clients whose AUM (including any assets invested with Acertus) is in excess of \$1,000,000. If the client engages Beacon Trust 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

Beacon Trust provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by Beacon Trust. Beacon Trust'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. Beacon Trust does not, however, receive any portion of these commissions, fees, and costs. Beacon Trust's fee is charged monthly, in advance, based upon the average daily market value of the assets being managed by Beacon Trust during the previous month. 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. Annual fees are charged on cash after all capital is fully deployed.

To the extent requested by a client, Beacon Trust may aggregate all of a client's assets (including

assets not managed by Beacon Trust) onto its quarterly statements. For doing so, Beacon Trust 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 Beacon Trust assets. For client assets invested in any Acertus strategy, the AUM Fee is .50% of the value of the Client's assets under management invested with Acertus.

Fee Discretion

Beacon Trust 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.

Wrap Program Fees

The fee schedule for the Wrap Program is set forth below, however each month fees are payable by the client in the middle of each month. The wrap fee is computed on the last day of the month, based on the average daily market value of each of the securities in the account during the prior month, and as follows.

A) For Beacon Trust Wrap Fee Program clients the following fee schedule applies:

1.25%	for the first	\$2,000,000	
1.00%	for	\$2,000,001	to \$5,000,000
0.75%	for	\$5,000,001	to \$10,000,000
0.50%	for	\$10,000,001	to \$25,000,000
0.35%	for	\$25,000,001	to \$50,000,000
0.25%	for	\$50,000,001	and above

Fixed Income

0.65%	for the first	\$3,000,000	
0.55%	for	\$3,000,000	and above

Special Needs Trusts

1.50%	for the first	\$3,000,000	
1.00%	for	\$3,000,001	to \$5,000,000
0.50%	for	\$5,000,001	and above

B) The total amount paid using this schedule may be more or less than the amount charged by Beacon Trust under other fee schedules offered to other clients.

C) Fees are subject to negotiation in certain cases.

D) 100% of the wrap fee is paid to Beacon Trust, which then pays any brokerage charges incurred by the client. Brokerage charges can vary widely from period to period and client to client based on market events, contributions and withdrawals by a client.

Fees Charged by Financial Institutions

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

Beacon Trust may only implement its investment management recommendations after the client has arranged for and furnished Beacon Trust with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, Schwab, Fidelity, any other broker-dealer recommended by Beacon Trust, 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 Beacon Trust’s fee.

Beacon Trust’s Agreement and the separate agreement with any Financial Institutions may authorize Beacon Trust or Independent Managers to debit the client’s account for the amount of Beacon Trust’s fee and to directly remit that management fee to Beacon Trust or the Independent Managers. Any Financial Institutions recommended by Beacon Trust 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 Beacon Trust. Alternatively, clients may elect to have Beacon Trust send an invoice for payment.

Additional Information Relating to Fees

For the initial period of investment management services, the fees are not calculated on a pro rata basis, as fees are strictly based on the average daily balance of the account. The Agreement between Beacon Trust and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement, and at which point Beacon Trust’s fees are not prorated. Clients may make additions to and withdrawals from their account at any time, subject to Beacon Trust’s right to terminate an account that falls below its minimum portfolio size. Additions may be in cash or securities provided that Beacon Trust 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 Beacon Trust, subject to the usual and customary securities settlement procedures. However, Beacon Trust designs its portfolios as long-term investments and the withdrawal of assets may impair the ability to meet a client’s investment objectives. Beacon Trust 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

Beacon Trust 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

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

Minimum Account Size

As a condition for starting and maintaining a relationship, Beacon Trust generally imposes a minimum portfolio size of \$500,000. Beacon Trust, 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. Beacon Trust only accepts clients with less than the minimum portfolio size if, in the sole opinion of Beacon Trust, the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance.

Minimum Annual Fee

When Beacon Trust 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 Beacon Trust's service impractical for clients with smaller investment portfolios. Beacon Trust, 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 Beacon Trust.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Financial Planning, Investment Strategies & Methods of Analysis

Financial Planning

Beacon Trust may provide its clients with a broad range of comprehensive financial planning and consulting services. Beacon Trust 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 Beacon Trust for asset management services have a variety of different options. Beacon Trust's portfolio program seeks to provide clients with access to several investment strategies in a variety of asset classes. Beacon Trust'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, Beacon Trust diversifies across risk exposures and places risk first in building client portfolios.

Beacon Trust'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. Beacon Trust evaluates investment opportunities, and seeks to identify market voids with the goal of developing unique solutions for its clients. Beacon Trust 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 Beacon Trust'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 Beacon Trust's efforts to customize strategies for its clients, harvest losses, etc. In addition, Beacon Trust seeks to employ the leverage of an institutional investor to negotiate favorable manager fee rates for its investors.

Beacon Trust 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

Beacon Trust is also committed to a more client-centric model of alternative investing. If appropriate, Beacon Trust offers access to affiliated and unaffiliated hedge funds and funds of funds with a special focus on transparency, liquidity, and low fees. Beacon Trust'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

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

Ongoing Portfolio Monitoring

Beacon Trust's Investment Committee continues to monitor client portfolios relative to changing circumstances and the achievement of the goals and objectives. Beacon Trust also employs a comprehensive process of quantitative and qualitative due diligence to proactively hire and fire Independent Managers. Beacon Trust does not make rash decisions to fire managers for short periods of underperformance, but Independent Managers not meeting Beacon Trust's expectations will ultimately be replaced.

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 Beacon Trust’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 Beacon Trust will be able to predict those price movements accurately.

Use of Independent Managers

Beacon Trust may recommend the use of Independent Managers for certain clients. Beacon Trust 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

Beacon Trust 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, Beacon Trust 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, Beacon Trust buys, sells, exchanges and/or transfers shares of mutual funds or other securities based upon the investment strategy.

While Beacon Trust may manage accounts in a similar fashion, Beacon Trust 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 Beacon Trust’s clients may be limited. As further discussed in response to Item 12 (below), Beacon Trust 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

Beacon Trust 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. Beacon Trust does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

Beacon Trust 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

Beacon Trust 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 Beacon Trust 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 Beacon Trust, which results in a conflict of interest. This conflict exists if Beacon Trust recommends its own services. Acertus and/or Beacon Trust do not, however, charge an additional fee where doing so is prohibited by ERISA or other applicable law, rule or regulation.

Affiliated Private Fund

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).

Affiliated Sub-Advisor to a Mutual Fund

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).

Affiliated Trust Company

Beacon Trust 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 Beacon Trust recommends the services of Beacon Trust to clients. Beacon Trust will only make such a recommendation if it is in the best interest of that client.

Affiliated Bank

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 Beacon Trust recommends the services of the Provident Bank to clients. Beacon Trust will only make such a recommendation if it is in the best interest of that client.

Item 11. Code of Ethics

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

Beacon Trust 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 Beacon Trust or any of its associated persons. The Code of Ethics also requires that certain of Beacon Trust’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 Beacon Trust to request a copy of its Code of Ethics.

As discussed above in Item 4, an affiliate of Beacon Trust is the general partner to the Private Funds. Beacon Trust 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 Beacon Trust recommends that clients invest in Private Funds. Beacon Trust does not receive any additional compensation if a client invests in the Private Funds. As such, Beacon Trust does not believe this arrangement poses any additional conflict of interest.

Item 12. Brokerage Practices

Beacon Trust generally recommends that clients utilize the brokerage and clearing services of Schwab or Fidelity to maintain custody of clients’ assets and to effect trades for their accounts

Factors which Beacon Trust considers in recommending Schwab, Fidelity or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Both Schwab and Fidelity enable Beacon Trust to obtain many mutual funds without

transaction charges and other securities at nominal transaction charges. In addition, Schwab and Fidelity provide support to Beacon Trust's internal operations group with the goal of reducing errors and maintenance of account data, data downloads and support relative to the maintenance of Beacon Trust's portfolio management system. The commissions and/or transaction fees charged by Schwab or Fidelity, if applicable, may be higher or lower than those charged by other Financial Institutions.

The commissions, if appropriate, paid by Beacon Trust's clients comply with Beacon Trust'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 for which Beacon Trust 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. Beacon Trust seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions. In addition, Beacon Trust may benefit from directing trades to a certain executing broker who carries out that order for Beacon Trust, and the client. These benefits do not increase the cost to the client, and yet may benefit the client indirectly, through better and more research, and educational programs for Beacon Trust.

Transactions may be cleared through other Financial Institutions with whom Beacon Trust and the Financial Institutions have entered into agreements for prime brokerage clearing services. Beacon Trust 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 Beacon Trust 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 Beacon Trust 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 Beacon Trust (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, Beacon Trust may decline a client's request to direct brokerage if, in Beacon Trust's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless Beacon Trust decides to purchase or sell the same securities for several clients at approximately the same time. Beacon Trust 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 Beacon Trust'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 Beacon Trust's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Beacon Trust determines to aggregate client orders for the

purchase or sale of securities, including securities in which Beacon Trust's Supervised Persons may invest, Beacon Trust 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. Beacon Trust does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Beacon Trust 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, Beacon Trust 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.

From time-to-time Advisor may make an error in submitting a trade order on your behalf. When this occurs, Advisor may place a correcting trade with the broker-dealer which has custody of your account. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, it is not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax reasons). If the gain does not remain in your account and Charles Schwab & Co. Inc. ("Schwab") is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, Advisor will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

Wrap Program

Beacon Trust may recommend/require that clients establish brokerage accounts with the Schwab Advisor Services to maintain custody of clients' assets and to effect trades for their accounts. The final decision to custody assets with Schwab is at the discretion of the Advisor's clients, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. Beacon Trust is independently owned and operated and not affiliated with Schwab. Schwab provides Beacon Trust with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Advisor Services. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other

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

For Beacon Trust client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to Beacon Trust, other products and services that benefit Beacon Trust but may not benefit its clients' accounts. These benefits may include national, regional or Beacon Trust specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of Beacon Trust by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist Beacon Trust in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of Beacon Trust's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of Beacon Trust's accounts, including accounts not maintained at Schwab Advisor Services. Schwab Advisor Services also makes available to Beacon Trust other services intended to help Beacon Trust manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to Beacon Trust by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Beacon Trust. While, as a fiduciary, Beacon Trust endeavors to act in its clients' best interests, Beacon Trust's recommendation/requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to Beacon Trust of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

Soft Dollars

Beacon Trust currently does not have any soft dollar arrangements. In other words, Beacon Trust does not have any commitments or understandings to trade with specific brokers or trading counterparties or to generate a specified level of business with a particular broker or trading counterparty in order to receive certain goods or services. Even so, Beacon Trust may and does use broker-dealers that provide (without being requested to do so) research or other products or services provided by these broker-dealers. Beacon Trust thereby receives a benefit because it does not have to produce or pay for the research or other products or services.

This research is used for all client accounts. This research may include a wide variety of reports, charts, publications, or proprietary data on economic and political strategy, credit analysis, or stock and bond market conditions and projections. In addition to research, certain counterparties may provide invitations

to attend conferences and meetings with management representatives of issuers or with other analysts and specialists.

The receipt of such research creates a possible conflict of interest. Beacon Trust may have an incentive to select broker-dealers based on its interest in receiving the research or other products or services, even though no soft dollar arrangements are in place, rather than on clients' interest in receiving the most favorable execution.

Software and Support Provided by Financial Institutions

In addition to the research products and/or services discussed above, Beacon Trust may receive from Schwab or Fidelity, or other custodians, without cost, computer software, related systems support and other services. Beacon Trust may receive the software, related support and other services without cost because Beacon Trust 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 Beacon Trust's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Beacon Trust's choice of custodian over another custodian that does not furnish similar software, systems support, or services.

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

Brokerage for Client Referrals

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

Item 13. Review of Accounts

For those clients to whom Beacon Trust provides investment management services, Beacon Trust monitors those portfolios as part of an ongoing process with regular account reviews. For those clients to whom Beacon Trust provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis. Such reviews are conducted by one of Beacon Trust's investment

adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Beacon Trust and to keep Beacon Trust informed of any changes thereto. Beacon Trust 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 and whether the client wishes to impose any reasonable investment restrictions.

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

Item 14. Client Referrals and Other Compensation

Other Economic Benefit

Beacon Trust 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

If a client is introduced to Beacon Trust by either an unaffiliated or an affiliated solicitor, Beacon Trust 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 Beacon Trust's investment management fee, and does not result in any additional charge to the client. If the client is introduced to Beacon Trust by an unaffiliated solicitor, the solicitor provides the client with a copy of Beacon Trust'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 Beacon Trust 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 Beacon Trust's written disclosure brochure at the time of the solicitation.

Fidelity Wealth Advisor Solutions Program

Beacon Trust has entered into an agreement with Fidelity to participate in the Fidelity Wealth Advisor Solutions Program (the "WAS Program"), through which Beacon Trust receives referrals from Strategic Advisers, Inc. ("SAI"), a registered investment adviser and subsidiary of FMR LLC, the

parent company of Fidelity Investments. Beacon Trust is independent and not affiliated with SAI or FMR LLC. SAI does not supervise or control Beacon Trust, and SAI has no responsibility or oversight for Beacon Trust's provision of investment management or other advisory services.

Under the WAS Program, SAI acts as a solicitor for Beacon Trust, and Beacon Trust pays referral fees to SAI for each referral received based on Beacon Trust'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 Beacon Trust does not constitute a recommendation

or endorsement by SAI of Beacon Trust'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 Beacon Trust and not the client.

To receive referrals from the WAS Program, Beacon Trust must meet certain minimum participation criteria, but Beacon Trust 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, Beacon Trust 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 Beacon Trust 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 Beacon Trust as part of the WAS Program. Under an agreement with SAI, Beacon Trust 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, Beacon Trust 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 Beacon Trust's fiduciary duties would so require; therefore, Beacon Trust 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 Beacon Trust's duty to select brokers on the basis of best execution.

Item 15. Custody

All clients' accounts are held in custody by unaffiliated broker/dealers or banks, but Beacon Trust can access many clients' accounts through its ability to debit advisory fees. Beacon Trust also provides a service to certain clients where it will receive bills and invoices payable by clients (e.g., utility bills, invoices for personal and domestic services) and pay such bills using Beacon Trust's access to the clients' bank accounts. This access may be through online banking tools or signature authority over client checking accounts. In addition, Beacon Trust serves as trustee for certain client accounts. For these reasons Beacon Trust is considered to have custody of client assets. Accounts for which Beacon Trust and/or its employees have custody, other than accounts for which they have direct debiting authority, are subject to an annual surprise verification audit performed by an independent accounting firm. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should

carefully review these statements, and should compare these statements to any account information provided by Beacon Trust.

Item 16. Investment Discretion

Beacon Trust is given the authority to exercise discretion on behalf of clients. Beacon Trust 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. Beacon Trust is given this authority through a limited power-of-attorney included in the agreement between Beacon Trust and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Beacon Trust 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

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

- Beacon Trust 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 Beacon Trust's vote on a particular solicitation, subject to Beacon Trust's discretion, and clients can revoke Beacon Trust'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 Beacon Trust maintains with persons having an interest in the outcome of certain votes, Beacon Trust 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 Beacon Trust 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, Beacon Trust 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 Beacon Trust should vote on the proposal.

Item 18. Financial Information

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

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