

**Item 1 – Cover Page**

**BST Wealth Management, LLC**

**26 Computer Drive West**

**Albany, NY 12205**

**(518) 459-6700**

**www.bstwealth.com**

**February 15, 2017**

This Brochure provides information about the qualifications and business practices of BST Wealth Management, LLC (“BST”). If you have any questions about the contents of this Brochure, please contact us at (518) 459-6700. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

BST is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provides you with information about which you determine to hire or retain an Adviser.

Additional information about BST also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for BST is 283819.

## Item 2 – Material Changes

This Item of the Brochure will discuss only specific material changes that are made to the Brochure since the last annual update and provide clients with a summary of such changes. This is our first annual update of our Brochure and it contains the following Material Changes:

- The Brochure has been amended to reflect that Robert A. Canterbury is the Chief Compliance Officer and is licensed to sell insurance in NY.
- Additionally, please note that we have updated the Assets Under Management information in Item 4 in accordance with the filing of our Annual Updating Amendment.

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

Currently, our Brochure may be requested by contacting Robert A. Canterbury, Senior Wealth Advisor & CCO, at (518) 459-6700.

Additional information about BST is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with BST who are registered, or are required to be registered, as investment adviser representatives of BST.

(Brochure Date: 02/15/2017)

(Date of Most Recent Annual Updating Amendment: 02/15/2017)

### Item 3 -Table of Contents

|   |     |
|---|-----|
| Item 1 – Cover Page.....  | i   |
| Item 2 – Material Changes .....   | ii  |
| Item 3 -Table of Contents.....  | iii |
| Item 4 – Advisory Business .....  | 1   |
| Item 5 – Fees and Compensation .....  | 3   |
| Item 6 – Performance-Based Fees and Side-By-Side Management.....                          | 7   |
| Item 7 – Types of Clients .....   | 7   |
| Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....                | 7   |
| Item 9 – Disciplinary Information .....   | 9   |
| Item 10 – Other Financial Industry Activities and Affiliations .....                      | 9   |
| Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading ..... | 11  |
| Item 12 – Brokerage Practices.....  | 12  |
| Item 13 – Review of Accounts .....  | 13  |
| Item 14 – Client Referrals and Other Compensation .....                                   | 14  |
| Item 15 – Custody .....   | 15  |
| Item 16 – Investment Discretion .....   | 16  |
| Item 17 – Voting Client Securities .....  | 16  |
| Item 18 – Financial Information.....  | 17  |
| Brochure Supplements (provided to Clients)  |     |

## Item 4 – Advisory Business

BST Wealth Management is owned by an affiliated accounting firm, BST & Co., LLP. BST Wealth Management (previous CRD #131160) operated from 1999-2014 until it merged with SMF Financial Advisors (CRD #119193). However, effective June 2016, SMF Financial Advisors is amicably terminating this relationship and BST Wealth Management is obtaining registration again under CRD #283819.

As of February 10, 2017, BST managed \$54,707,480 on a discretionary basis, \$0 on a nondiscretionary basis and advised on \$22,116,970 of participant-directed retirement plan assets.

### **Investment Management Services:**

BST manages investment portfolios for individuals, qualified retirement plans, trusts, charitable organizations, corporations and small businesses. BST will work with the client to determine the client's investment objectives and investor risk profile and may design a written investment policy statement. BST may evaluate the client's existing investments with respect to the client's investment policy and individual performance. BST will typically,

- a. Analyze the client's financial condition;
- b. Recommend options to achieve the client's financial objectives;
- c. Implement investment strategies; and
- d. Monitor performance of the client's investment.

BST may work with the client to develop a transition plan in order to move from the client's existing asset allocation to the asset allocation recommended by BST. BST uses investment and portfolio allocation software to evaluate alternative portfolio designs. BST evaluates the client's existing investments with respect to the client's investment objective. BST works with new clients to develop a plan to transition from the client's existing portfolio to the desired portfolio. BST will then continuously monitor the client's portfolio holdings and the overall asset allocation strategy and hold regular review meetings with the client regarding the account as necessary.

BST will typically create a portfolio of no-load mutual funds, and may use model portfolios if the models match the client's investment policy. BST will allocate the client's assets among various investments taking into consideration the overall management style selected by the client. BST primarily recommends portfolios consisting of passively managed asset class and index mutual funds. BST primarily recommends mutual funds

offered by Dimensional Fund Advisors (DFA) as well as other similar mutual funds and exchange traded funds. DFA sponsored mutual funds follow a passive asset class investment philosophy with low holdings turnover.

Client portfolios may also include some individual equity securities in situations where disposition of these securities would present an overriding tax implication or the client specifically requests they be retained for a personal reason. These situations will be specifically identified by the client.

BST manages mutual fund and equity portfolios on a discretionary basis according to the investment policy selected by the client.

A client may impose any reasonable restrictions on BST's discretionary authority, including restrictions on the types of securities in which BST may invest client's assets and on specific securities, which the client may believe to be appropriate.

BST may also recommend fixed income portfolios to investment management clients, which consist of managed accounts of individual bonds. BST will request discretionary authority from investment management clients to manage fixed income portfolios, including the discretion to retain a third party fixed income manager.

Pursuant to its discretionary authority, BST will retain a fixed income securities manager. The fixed income securities manager will be provided with the discretionary authority to invest client assets in fixed income securities consistent with the client's objectives. The manager will also monitor the account for changes in credit ratings, security call provisions, and tax loss harvesting opportunities (to the extent that the manager is provided with cost basis information). The manager will obtain BST's consent prior to the sale of any client securities.

On an ongoing basis, BST will answer clients' inquiries regarding their accounts and review periodically with clients the performance of their accounts. BST will periodically, and at least annually, review clients' investment policy, risk profile and discuss the re-balancing of each client's accounts to the extent appropriate. BST will provide to investment manager any updated client financial information or account restrictions necessary for investment manager to provide sub-advisory services.

In addition to managing the client's investment portfolio, BST may consult with clients on various financial areas including income and estate tax planning, business sale structures, college financial planning, retirement planning, insurance analysis, personal cash flow analysis, establishment and design of retirement plans and trust designs, among other things.

## **Employee Benefit Plan Services:**

BST also provides advisory services to participant-directed employee retirement benefit plans. BST will analyze the plan's current investment platform, and assist the plan in creating an investment policy defining the types of investments to be offered and the restrictions that may be imposed. BST will recommend investment options to achieve the plan's objectives, provide participant education meetings, and monitor the performance of the plan's investment vehicles.

BST will recommend changes in the plan's investment vehicles as may be appropriate from time to time. BST generally will review the plan's investment vehicles and investment policy as necessary.

For certain retirement plans, BST also works in coordination and support with BAM Advisor Services, LLC ("BAM"). Retirement plan clients will engage both BST and BAM. BAM will provide to the client additional discretionary investment management services and will exercise discretionary authority to select the plan investments made available to the plans' participants by selecting and maintain the plans' investments according to the goals and investment objectives of the plan.

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

## **Item 5 – Fees and Compensation**

In certain circumstances, all fees, account minimums and their applications to family circumstances may be negotiable.

BST has contracted with BAM Advisor Services, LLC (BAM), for services including trade processing, collection of management fees, record maintenance, report preparation, marketing assistance, and research. BST has also contracted with BAM for sub-advisory services with respect to Clients' fixed income accounts. BST pays a fee for BAM services based on management fees paid to BST on accounts that use BAM Advisor Services. The fee paid by BST to BAM consists of a portion of the fee paid by clients to BST and varies based on the total client assets administered through BAM Advisor Services. These fees are not separately charged to advisory clients.

The specific manner in which fees are charged by BST is established in a client's written agreement with BST. Investment Management and Employee Benefit Plan clients will be charged in advance at the beginning of each calendar quarter based upon the value (market value based on independent third party sources or fair market value in the absence of market value; client account balances on which BST calculates fees may vary from account custodial statements based on independent valuations and other accounting variances, including mechanisms for including accrued interest in account statements) of the client's account at the end of the previous quarter. New accounts are charged a prorated fee for the remainder of the quarter in which the account is incepted (date of first trade).

For Investment Management and Employee Benefit Plan Services, BST will request authority from the client to receive quarterly payments directly from the client's account held by an independent custodian. Clients may provide written limited authorization to BST or its designated service provider, BAM, to withdraw fees from the account. Clients will receive custodial statements showing the advisory fees debited from their account(s). Certain third party administrators will calculate and debit BST's fee and remit such fee to BST.

A client agreement may be canceled at any time, by either party, for any reason upon receipt of 14 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

BST's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. These fees will generally include a management fee and other fund expenses. All fees paid to BST for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders.

Such charges, fees and commissions are exclusive of and in addition to BST's fee, and BST shall not receive any portion of these commissions, fees, and costs.

## **Advisory Fees**

**Investment Management Services:** The annual fee for investment management services will be charged as a percentage of assets under management, according to the schedule below:

| <b>Assets under management</b> | <b>Annual Fee (%)</b> |
|--------------------------------|-----------------------|
| On the first \$1,000,000       | 1.00%                 |
| On the next \$1,000,000        | 0.80%                 |
| On the next \$1,000,000        | 0.65%                 |
| On the next \$2,000,000        | 0.45%                 |
| On all amounts thereafter      | 0.35%                 |

All accounts for members of the client's family (husband, wife and dependent children) or related businesses may be assessed fees based on the total balance of all accounts.

BST imposes a minimum fee of \$5,000. The minimum fee may be negotiable under certain circumstances. Certain pre-existing investment management services clients may be on a different fee schedule.

### **Employee Benefit Plan Services:**

The annual fee for plan services will be charged as a percentage of assets within the plan.

| <b>Assets Under Management</b>    | <b>BAM's Annual Fee</b> | <b>BST's Annual Fee</b> | <b>Total Fee</b> |
|-----------------------------------|-------------------------|-------------------------|------------------|
| On the first \$1,000,000          | 0.20%                   | 0.70%                   | 0.90%            |
| On the next \$4,000,000           | 0.15%                   | 0.45%                   | 0.60%            |
| On the next \$5,000,000           | 0.08%                   | 0.25%                   | 0.33%            |
| On all amounts above \$10,000,000 | 0.05%                   | 0.15%                   | 0.20%            |

Certain pre-existing employee benefit plan services clients may be on a different fee schedule.

In certain circumstances for Employee Benefit Plan services clients, BST will bundle investment advisory fees with TPA fees into one fee for a client. TPA services will be provided by affiliate BST & Co., LLP, which provides pension design and administration. The specific annual bundled fee will be based on the nature and complexity of each client's circumstances, and upon mutual agreement with the client. In other circumstances, the



Employee Benefit Plan services clients will contract separately with BST & Co., LLP. TPA fees are determined by BST & Co., LLP and are passed through to the client.

#### **Fixed Income Only Fee Schedule**

| <b>Assets under management</b>      | <b>Annual Fee (%)</b> |
|-------------------------------------|-----------------------|
| First \$3 million                   | 0.40%                 |
| Next \$5 million up to \$8 million  | 0.35%                 |
| Next \$7 million up to \$15 million | 0.30%                 |
| Amounts over \$15 million           | 0.25%                 |

All accounts for members of the client's family (husband, wife and dependent children) or related businesses may be assessed fees based on the total balance of all accounts.

BST provides investment management services to Not-For-Profit entities and the following fee schedule applies:

#### **Not-For-Profit Fee Schedule**

| <b>Assets under management</b>      | <b>Annual Fee (%)</b> |
|-------------------------------------|-----------------------|
| First \$1 million                   | 0.65%                 |
| Next \$1 million up to \$2 million  | 0.60%                 |
| Next \$3 million up to \$5 million  | 0.40%                 |
| Next \$5 million up to \$10 million | 0.30%                 |

Minimum annual fee is \$5,000.

On accounts in excess of \$10 million, the following are the fees charged by BST for services provided:

| <b>Assets under management</b> | <b>Annual Fee (%)</b> |
|--------------------------------|-----------------------|
| First \$10,000,000             | 0.30%                 |
| Balance above \$10,000,000     | 0.10 %                |

Minimum annual fee is \$30,000.

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

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

## **Item 7 – Types of Clients**

BST provides services to individuals, qualified retirement plans, trusts, charitable organizations, corporations and small businesses.

BST generally requires a minimum annual fee of \$5000 and a minimum account size of \$400,000 for individual fixed income portfolio management services. BST retains the discretion to reduce or waive these minimums based upon individual client circumstances (e.g., the nature of current investments, future contributions by client to the account, etc.).

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

### *Methods of Analysis and Investment Strategy*

BST's services are based on long-term investment strategies incorporating the principles of Modern Portfolio Theory. BST's investment approach is firmly rooted in the belief that markets are "efficient" over periods of time and that investors' long-term returns are determined principally by asset allocation decisions, rather than market timing or stock picking. BST recommends diversified portfolios, principally through the use of passively managed, asset class mutual funds. BST selects or recommends to clients, portfolios of securities, principally broadly-traded open end mutual funds or conservative fixed income securities to implement this investment strategy.

Although all investments involve risk, BST's investment advice seeks to limit risk through broad diversification among asset classes and, as appropriate for particular clients the investment directly in conservative fixed income securities to represent the fixed income class. BST's investment philosophy is designed for investors who desire a buy and hold strategy. Frequent trading of securities increases brokerage and other transaction costs that BST's strategy seeks to minimize.

In the implementation of investment plans, BST therefore primarily uses mutual funds and, as appropriate, portfolios of conservative fixed income securities. BST may also utilize Exchange Traded Funds (ETFs) to represent a market sector.

Clients may hold or retain other types of assets as well, and BST may offer advice regarding those various assets as part of its services. Advice regarding such assets will generally not involve asset management services but may help to more generally assist the client.

BST's strategies do not use securities that we believe would be classified as having any unusual risks, and we do not recommend frequent trading, which can increase brokerage and other costs and taxes.

BST receives supporting research from BAM Advisor Services and from other consultants, including economists affiliated with Dimensional Fund Advisors ("DFA"). BST typically utilizes DFA, AQR, Vanguard, and Bridgeway mutual funds as well as other similar mutual funds and exchange traded funds in client portfolios. Typically, mutual funds and exchange traded funds utilized by BST follow a passive asset class investment philosophy with low holdings turnover. DFA provides historical market analysis, risk/return analysis, and continuing education to BST.

#### *Analysis of a Client's Financial Situation*

In the development of investment plans for clients, including the recommendation of an appropriate asset allocation, BST relies on an analysis of the client's financial objectives, current and estimated future resources, and tolerance for risk. To derive a recommended asset allocation, BST may use a Monte Carlo simulation, a standard statistical approach for dealing with uncertainty. As with any other methods used to make projections into the future, there are several risks associated with this method, which may result in the client not being able to achieve their financial goals. They include:

- The risk that expected future cash flows will not match those used in the analysis
- The risk that future rates of return will fall short of the estimates used in the simulation
- The risk that inflation will exceed the estimates used in the simulation
- The risk that tax rates will be higher than was assumed in the analysis

#### *Risk of Loss*

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

All investments present the risk of loss of principal – the risk that the value of securities (mutual funds, ETFs and individual bonds), when sold or otherwise disposed of, may be

less than the price paid for the securities. Even when the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment.

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

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

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

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

## **Item 9 – Disciplinary Information**

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

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

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

As described above in Item 4, BST may exercise discretionary authority provided by a client to select an independent third party investment manager for the management of portfolios of individual fixed income securities. BST selects BAM Advisors Services, LLC for

such fixed income management. BST also contracts with BAM Advisor Services, LLC for back office services and assistance with portfolio modeling. BST has a fiduciary duty to select qualified and appropriate managers in the client's best interest, and believes that BAM Advisor Services, LLC effectively provides both the back office services that assist with its overall investment advisory practice and fixed income portfolio management services. The management of BST continuously makes this assessment. While BST has a contract with BAM Advisor Services, LLC governing a time period for back office services, BST has no such fixed commitment to the selection of BAM Advisor Services, LLC for fixed income management services and may select another investment manager for clients upon reasonable notice to BAM Advisor Services, LLC.

#### Affiliated Accounting Firm

BST is wholly owned by the accounting firm BST & Co., LLP ("BSTCo"). BST may recommend BSTCo to advisory clients in need of accounting services and BSTCo may recommend BST clients in need of advisory services. Services provided by BSTCo are separate and distinct from the advisory services of BST. As previously disclosed, in certain circumstances for Employee Benefit Plan services clients, BST will bundle investment advisory fees with TPA fees into one fee for a client for TPA services provided by BSTCo. No BST client is obligated to use BSTCo for any services. BSTCo will continue to provide advisory services incidental to its accounting practice, which includes the preparation of estate plans for clients.

#### Individual Insurance Licenses

Associated persons of BST, including Mr. Robert A. Canterbury, in their individual capacities, are licensed insurance agents and are therefore able to recommend and sell insurance products to BST clients. In their separate insurance capacities, these licensed individuals will be able to receive separate, yet customary commission compensation resulting from implementing insurance product transactions on behalf of advisory clients. Clients, however, are not under any obligation to engage these individuals when considering the implementation of insurance recommendations. The implementation of any and all recommendations is solely at the discretion of the client.

While these individuals endeavor at all times to put the interest of the clients first as part of BST's fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest and may affect the judgment of these individuals when making recommendations.

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

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

To supervise compliance with its Code of Ethics, BST requires that anyone associated with this advisory practice with access to advisory recommendations provide annual securities holding reports and quarterly transaction reports to the firm's principal. BST also requires such access persons to receive approval from the Chief Compliance Officer prior to investing in any IPO's or private placements (limited offerings).

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

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

It is BST's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. BST will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an advisor, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated private fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment advisor in relation to a transaction in which the investment advisor, or any person controlled by or under common control with the investment advisor, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an advisor is dually registered as a broker-dealer or has an affiliated broker-dealer.

## Item 12 – Brokerage Practices

BST arranges for the execution of securities transactions with the assistance of BAM Advisor Services. Through BAM, BST may participate in the Schwab Advisor Services (SAS) program offered to independent investment advisers by Charles Schwab & Company, Inc., the TDA Ameritrade Institutional Program offered by TD Ameritrade, Inc. and the Fidelity Institutional Wealth Services (FIWS) program, sponsored by Fidelity Brokerage Services, LLC ("Fidelity"). TD Ameritrade Institutional ("TDA") is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA. Schwab and Fidelity are unaffiliated SEC-registered broker dealers and FINRA member broker dealers.

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

As BST will not request the discretionary authority to determine the broker dealer to be used or the commission rates to be paid for mutual fund and equity securities transactions, clients must direct BST as to the broker dealer to be used. In directing the use of a particular broker or dealer, it should be understood that BST will not have authority to negotiate commissions among various brokers or obtain volume discounts, and best execution may not be achieved. Not all investment advisers require clients to direct the use of specific brokers.

BST will not exercise authority to arrange client transactions in fixed income securities. Clients will provide this authority to a fixed income manager retained by BST on client's behalf by designating the portfolio manager with trading authority over client's brokerage account. Clients will be provided with the Disclosure Brochure (Form ADV Part 2) of portfolio manager.

SAS, TDA and FIWS do not generally charge clients a custody fee and are compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through the broker or that settle into the clients' accounts at the brokers. Trading client accounts through other brokers may result in fees (including mark-ups and mark-downs) being charged by the custodial broker and an additional broker. While BST will not arrange transactions through other brokers, the authority of the fixed

income portfolio manager includes the ability to trade client fixed income assets through other brokers.

BST does not have any arrangements to compensate any broker dealer for client referrals.

BST does not maintain any client trade error gains. BST makes client whole with respect to any trade error losses incurred by client caused by BST. For clients utilizing TD Ameritrade for brokerage services, TD Ameritrade maintains a policy that any trade error gains will be donated by TD Ameritrade to charity

BST generally does not aggregate any client transactions in mutual fund or other securities. Client accounts are individually reviewed and managed, and transaction costs are not saved by aggregating orders in almost all circumstances in which BST arranges transactions. BAM Advisor Services, LLC, in the management of fixed income portfolios, will aggregate certain transactions among client accounts that it manages, in which case BST client's orders may be aggregated with an order for another client of BAM Advisor Services, LLC who is not a BST client. See BAM Advisor Services, LLC Form ADV Part 2.

#### **Employee Benefit Plan Services:**

BST does not arrange for the execution of securities transactions for plans as a part of this service. Transactions are executed directly through employee plan participation. BST may, however, arrange for execution of securities transactions for certain plans custodied with Schwab, Fidelity or TD Ameritrade.

### **Item 13 – Review of Accounts**

#### **Reviews:**

#### **Investment Management Services:**

Account assets are supervised continuously and formally reviewed quarterly by an investment professional of BST. The review process contains each of the following elements:

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



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

- a. a specific client request;
- b. a change in client goals and objectives;
- c. an imbalance in a portfolio asset allocation; and
- d. market/economic conditions.

For fixed income portfolios, certain account review responsibilities are delegated to a third party investment manager as described above in Item 4.

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

Retirement plan assets are reviewed no more than quarterly, and according to the standards and situations described above for investment management accounts.

#### **Reports:**

#### **Investment Management Services:**

All clients will receive quarterly performance reports, prepared by BAM and reviewed by BST, that summarize the client's account and asset allocation. Clients will also receive at least quarterly statements from their account custodian, which will outline the client's current positions and current market value.

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

Plan sponsors are provided with quarterly information and annual performance reviews from BST. In addition, plan participant education information may also be provided to the Plan Sponsor or Administrator for distribution to the participants of the plan.

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

#### **Other Compensation**

As indicated under the disclosure for Item 12, SAS, TDA and FIWS each respectively provide BST with access to services, which are not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis at no charge to them.

These services benefit BST but may not benefit its clients' accounts. Many of the products and services assist BST in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of BST's fees from its clients' accounts, and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of BST's accounts. Recommended brokers also make available to BST other services intended to help BST manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. BST does not, however, enter into any commitments with the brokers for transaction levels in exchange for any services or products from brokers. While as a fiduciary, BST endeavors to act in its clients' best interests, BST's requirement that clients maintain their assets in accounts at Schwab, TD Ameritrade or Fidelity may be based in part on the benefit to BST of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the brokers, which may create a potential conflict of interest.

BST also receives software from DFA, which BST utilizes in forming asset allocation strategies and producing performance reports. DFA also provides continuing education for BST personnel. These services are designed to assist BST plan and design its services for business growth.

#### Client Referrals

BST may from time to time compensate, either directly or indirectly, any person (defined as a natural person or a company) for Client referrals. BST is aware of the special considerations promulgated under Section 206(4)-3 of the Investment Advisers Act of 1940 and similar state regulations. As such, appropriate disclosure shall be made, all written instruments will be maintained by BST and all applicable Federal and/or State laws will be observed.

### **Item 15 – Custody**

Investment Management and Employee Benefit Plan Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. BST urges you to carefully review such

statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 – Investment Discretion**

BST requests that it be provided with written authority to determine which securities and the amounts of securities that are bought or sold. For fixed income securities, this authority will include the discretion to retain a third party money manager for fixed income accounts. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.

When selecting securities and determining amounts, BST observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to BST in writing.

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

Proxy Voting: As a matter of firm policy and practice, BST does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients will receive applicable proxies directly from the issuer of securities held in clients' investment portfolios. However, BST may provide advice to clients regarding the clients' voting of proxies.

In certain circumstances, however, BST may be required to vote proxies as part of its fiduciary duties to certain ERISA plans. In such instances, BST will vote proxies in a manner consistent with the investors' stated goals. Those Clients may obtain a copy of BST's complete proxy voting policies and procedures by contacting BST directly. Clients may request, in writing, information on how proxies for plan shares were voted. If Clients request a copy of BST's complete proxy policies and procedures or how BST voted proxies for the account(s), BST will promptly provide such information to the Client. Proxies that BST is required to vote will always be voted in the best interest of the Clients. In assessing proxy issues, BST will continue to support a passive investment style and low cost structures where applicable.

Class Actions, Bankruptcies and Other Legal Proceedings: Clients should note that BST will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held or previously were held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct BST to transmit copies of class action notices to the client or a third party. Upon such direction, BST will make commercially reasonable efforts to forward such notices in a timely manner.

## **Item 18 – Financial Information**

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