



# Blue Barn Wealth

Blue Barn Wealth, LLC

Registered Investment Adviser

CRD #107202

**Form ADV Part 2A**

Firm Brochure

March 30, 2020

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This brochure provides information about the qualifications and business practices of Blue Barn Wealth, LLC. If you have any questions about the contents of this brochure, please contact us at (801) 466-4101 or by email at [info@bluebarnwealth.com](mailto:info@bluebarnwealth.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Registration as a registered investment adviser does not imply a certain level of skill or training.

Additional information about Blue Barn Wealth, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Blue Barn Wealth, LLC's CRD number is: 107202.

## Item 2: Material Changes

Since its last annual update, Blue Barn Wealth has added pension and retirement plan consulting services to its list of offerings. In addition to its hourly fee model for Financial Planning Only Services, Blue Barn Wealth has also added a fixed fee option. (Please note that Financial Planning Only Services does not include Portfolio Management Services.) As a result, the language in ADV Part 2A (Firm Brochure) has been updated to reflect these additional changes by revising the following sections:

- Item 4: Advisory Business
  - We added a section called, *Pension and Retirement Plan Consulting Services*, which describes the consulting services we offer to pensions or other employee benefit plans (including but not limited to 401(k) plans). These services are based on the goals, objectives, demographics, time horizon, and/or risk tolerance of the plan and its participants. Pension and retirement plan consulting may include but is not limited to:
    - providing fiduciary services as a 3(21) co-fiduciary or a 3(38) investment manager
    - identifying investment objectives and restrictions
    - providing guidance on various assets classes and investment options
    - recommending money managers to manage plan assets in ways designed to achieve objectives
    - monitoring performance of money managers and investment options and making recommendations for changes
    - recommending other service providers, such as custodians, administrators and broker-dealers
    - providing group education to plan participants
    - providing individual guidance to plan participants (as requested)
    - creating a written pension consulting plan
- Item 5: Fees and Compensation
  - For Financial Planning Only clients (which does not include Portfolio Management Services), we revised the hourly fee description, which is now called, *Project-Based Hourly Fee*. We also added a section called, *Fixed Fee*, which describes the fixed, monthly fee arrangement.
  - We added a section called, *Pension and Retirement Plan Consulting Services Fees*, which described the fee arrangements for pensions and retirement plan clients.
- Item 7: Types of Clients
  - We added a sentence stating that we also serve pensions and retirement plans as clients.

This section of the brochure addresses only those material changes that have occurred since the firm's last annual update.

At any time, the firm may update this document and either send clients a copy of its updated brochure or provide a summary of material changes to its brochure and offer to send an electronic or hard copy form of the updated brochure. At any time, clients are also able to download this brochure from the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), or they may contact our firm to request a copy.

As with all firm documents, clients and prospective clients are encouraged to review this brochure in its entirety and are encouraged to ask questions at any time prior to or throughout the engagement.

## Item 3: Table of Contents

Item 1: Cover Page.....	1
Item 2: Material Changes.....	2
Item 3: Table of Contents.....	3
Item 4: Advisory Business.....	4
Item 5: Fees and Compensation .....	8
Item 6: Performance-Based Fees and Side-By-Side Management.....	13
Item 7: Types of Clients.....	13
Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss .....	14
Item 9: Disciplinary Information .....	18
Item 10: Other Financial Industry Activities and Affiliations .....	18
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	19
Item 12: Brokerage Practices .....	20
Item 13: Review of Accounts .....	22
Item 14: Client Referrals and Other Compensation.....	24
Item 15: Custody.....	25
Item 16: Investment Discretion.....	25
Item 17: Voting Client Securities.....	26
Item 18: Financial Information.....	26
Item 19: Requirements for State-Registered Advisers .....	26

## Important Information

Throughout this document Blue Barn Wealth, LLC may be referred to as “Blue Barn Wealth,” “the firm,” “firm,” “our,” “we,” or “us.” A client or prospective client may be also referred to as “the client,” “client,” etc., and refers to a client engagement involving a single person or two or more persons and may refer to natural persons and legal entities. The term “advisor” and “adviser” are used interchangeably except where accuracy in identification is necessary (e.g., an internet address, etc.).

## Item 4: Advisory Business

### Description of the Firm

Blue Barn Wealth, LLC (also referred to as “Blue Barn Wealth®” or “BBW”) is a Utah domiciled limited liability company.

At Blue Barn Wealth, we manage the financial complexity of our clients so that they can live a more simple, intentional and meaningful life. For over 24 years, our firm has helped clients align their actions with their core desires by providing objective financial planning and portfolio management services. Since its inception, Blue Barn Wealth has been a fee-only registered investment adviser.

Denise D. Smith, CPA, CFP®, first registered the firm with the Securities and Exchange Commission (SEC) in 1994. In 2001, the firm headquarters were relocated from Laramie, WY to Salt Lake City, UT. In 2005, the firm was renamed Financial Planning Office, LLC.

On May 1, 2015, Hyrum L. Smith purchased Financial Planning Office, LLC from Denise Smith. On November 3, 2017, Financial Planning Office became a wholly owned subsidiary of HJB Wealth Management, LLC, which is primarily and beneficially owned by Hyrum Smith through Hyrum L. Smith, LLC, and Jeff Brimhall through Force for Good Financial, LLC.

On March 25, 2019, Financial Planning Office, LLC was renamed Blue Barn Wealth, LLC and continues to provide independent and objective financial planning and investment management on a fee-only basis.

In addition to our registration as an investment adviser in the State of Utah, our firm and its associates may register, become licensed, or meet certain exemptions to registration and/or licensing in other jurisdictions in which investment advisory business is conducted. In Texas, we operate under the trade name My Blue Barn Wealth.

### Description of Advisory Services Offered

Blue Barn Wealth offers financial planning and portfolio management services. We call the combination of our financial planning and portfolio management services, “Wealth Management Services.” Based on your individual needs and level of assets, a subset of the each of these services may be provided to you. Blue Barn Wealth offers three service levels (Essential, Full-Service, and Premium) based on your needs and level of assets, as outlined on our website. The financial planning services provide clients with advice on key topics such as cash flow and debt management, funding a college education, retirement planning, and risk management, estate or tax planning, among others. Ongoing and continuous supervision of our clients’ portfolios are provided through our portfolio management services offering as well as engaging the services of institutional investment managers. For pensions, retirement plans, and businesses, Blue Barn Wealth offers consulting services. For institutional clients, such as other investment advisers, Blue Barn Wealth develops model portfolios and may engage as a consultant.

An initial interview is conducted by a representative of our firm to discuss your current situation, goals and the scope of services that may be provided to you. During or prior to this meeting you will be provided with our Form ADV Part 2A firm brochure that includes a statement involving our privacy policy, as well as Form ADV Part 2B, a brochure supplement about the representative who will be assisting you. We will also ensure that any material conflicts of interest have been disclosed to you that could be reasonably expected to impair the rendering of unbiased and objective advice.

Should you wish to engage our firm for its services, you must first execute our client engagement agreement. Thereafter discussion and analysis will be conducted to determine your financial needs, goals,

holdings, etc. Depending on the scope of the engagement, you may be asked to provide copies of the following documents early in the process:

- Tax returns
- Insurance policies
- Mortgage and/or student loan information
- Wills, codicils and trusts
- Divorce decree or separation agreement
- Current financial specifics including W-2s or 1099s
- Information on current retirement plans and benefits provided by your employer
- Statements reflecting current investments in retirement and non-retirement accounts
- Employment or other business agreements you may have in place
- Completed risk profile questionnaires or other forms provided by our firm

It is important that we are provided with an adequate level of information and supporting documentation throughout the term of the engagement including but not limited to: source of funds, income levels, and an account holder or attorney-in-fact's authority to act on behalf of the account, among other information that may be necessary for our services. The information and/or financial statements provided to us need to be accurate. Our firm may, but is not obligated to, verify the information that you have provided to us which will then be used in the advisory process.

It is essential that you inform our firm of significant issues that may call for an update to your plan. Events such as changes in employment or marital status, an unplanned windfall, etc., can have an impact on your circumstances and plans. Our firm needs to be aware of such events so that adjustments may be made as necessary.

## **Financial Planning Services**

Your financial plan may be as broad-based or narrowly focused as you desire. The incorporation of most or all the following components allow for not only a thorough analysis but also a refined focus of your goals and objectives. Note that when these services focus only on areas of your interest, your overall situation or needs may not be fully addressed. Our firm will present a summary of recommendations, guide you in the implementation of some or all of them at your request, and we encourage plan reviews thereafter.

### ***Cash Flow Analysis and Debt Management***

A review of income and expenses will be conducted to determine current surplus or deficit along with advice on prioritizing how any surplus should be used, or how to reduce expenses if they exceed the client's income. Advice may also be provided on which debts to pay off first based on factors such as the interest rate of the debt and any income tax ramifications. Recommendation may also be made with respect to appropriate cash reserves for emergencies and other financial goals, and a review of accounts (such as money market funds) for such reserves, plus strategies to save desired amounts.

### ***Risk Management***

A risk management review includes an analysis of exposures to major risks that could have a significant adverse impact on the client's financial picture, such as premature death, disability, property and casualty losses, or the need for long-term care planning. Advice may be provided on ways to minimize such risks and about weighing the costs of purchasing insurance versus the benefits of doing so and, likewise, the potential cost of not purchasing insurance ("self-insuring").

### ***Employee Benefits***

A review and analysis are made for the client, as an employee, to ensure they are taking maximum advantage of their benefits. We may offer advice on employer-sponsored retirement plan or stock options, among other benefits that may be available to the client.

### *Retirement Planning*

Retirement planning services typically include projections of the likelihood of achieving financial goals, with financial independence as an objective. For situations where projections show less than the desired results, a recommendation may include showing the impact on projections by making changes in certain variables (e.g., working longer, saving more, spending less, taking more risk with investments). If a client is near retirement or already retired, advice may be given on appropriate distribution strategies to minimize the likelihood of running out of money or having to adversely alter spending during retirement years. In addition, advice is given on optimal Social Security and Medicare claiming strategies as well as tax strategies to limit the amount of your Social Security benefit that will be taxed.

### *Education Planning*

College funding advice may include projecting the amount that will be needed to achieve post-secondary education funding goals, along with savings strategies and the “pros-and-cons” of various college savings vehicles that are available.

### *Estate Planning*

Reviews involve an analysis of current estate plans and exposures to estate taxes. We may recommend a new or revised will, powers of attorney, trusts and other related documents. Advice might include ways to minimize or avoid future estate taxes by implementing appropriate planning strategies. We also discuss with you the purpose behind your desired estate plans and help you to create a plan that is in line with your long-term goals and values for your beneficiaries.

### *Tax Strategies*

Advice may include ways to minimize current and future income taxes as a part of the client’s overall financial picture. A recommendation may be offered as to which type of account(s) or specific investments should be owned based in part on their “tax efficiency,” with consideration that there is the possibility of future changes to federal, state or local tax laws and rates that may impact each client’s situation.

### *Investment Consultation*

Our investment consultation component may involve providing information on the types of investment vehicles available, advice on stock options, investment analysis and strategies, asset selection and portfolio design, as well as assisting our client with their investment account if it is maintained at another broker/dealer or custodian. The strategies and types of investments that may be recommended are further discussed in Item 8 of this brochure.

### *Charitable Giving*

We believe that giving generously is a key aspect of living a meaningful life. In order to give generously, clients need to feel confident that they have enough to care for their own needs. We use the financial planning process to help clients achieve this assurance. We also provide clients with resources to give efficiently and effectively. We discuss the various methods of charitable giving including donor advised funds (DAF), foundations, and direct giving. We also provide guidance on evaluating charities to ensure that the money donated is being used effectively.

### *Business Consultation*

We are available to assist small businesses in a variety of ways to include business strategy, practice management, general financial advice, debt management, as well as assisting them with matters involving coordination with their financial institution, attorney or accountant.

A broad-based plan is an endeavor that requires detail; therefore, certain variables can affect the cost involved in the development of the plan: the quality of records, complexity and number of current investments, diversity of insurance products and employee benefits maintained, size of the potential estate, and special needs of the client or their dependents, among others. We may concentrate on reviewing only a

specific area (modular planning) per client request, such as an employer retirement plan allocation, college funding or evaluating the sufficiency of savings plan. Note that when these services focus only on certain areas of client interest or need, the overall situation or needs may not be fully addressed due to limitations established by the client. In all instances involving our financial planning engagements, our clients retain full discretion over all implementation decisions and are free to accept or reject any recommendation we make.

## **Portfolio Management Services**

You may also engage our firm to implement investment strategies that we have recommended to you. Depending on your risk profile, goals and needs, among other considerations, your portfolio will involve the employment of one of our investment strategies as well as either a broad range or more narrowly focused choice of investment vehicles which are further discussed in Item 8 of this brochure.

We typically prepare an Investment Policy Statement (IPS) reflecting your objectives, time horizon, tolerance for risk, as well as any reasonable account constraints you may have for the portfolio. For example, you have the right to exclude certain securities (e.g., options, stocks, etc.) at your discretion. The IPS will be designed to be specific enough to provide future guidance while allowing flexibility to work with changing market conditions. Since this effort is the product of information and data you have provided, you may be asked to review it and provide your final approval. We will then develop a customized portfolio for you based on your unique situation, investment goals and tolerance for risk. We manage your portfolio on a discretionary or nondiscretionary basis (defined in Item 16). We want to note that it will remain your responsibility to promptly notify us if there is any change in your financial situation and/or investment objectives for the purpose of our reviewing, evaluating or revising previous account restrictions or firm investment recommendations.

Following our review and/or plan development, we may recommend that you engage an institutional investment manager to invest a portion of your portfolio under our supervision. Prior to recommending a sub-advisor or third-party investment manager, we will conduct what we believe to be an appropriate level of due diligence that includes ensuring the sub-advisor/third-party manager is appropriately registered or notice-filed within your state of residence. Clients may be required to maintain a minimum account size to be eligible for this service, and certain sub-advisors/third-party managers may require a higher asset-level to invest in their program. We will inform you in advance of each manager's minimum investment criteria.

Under this type of engagement, we will gather input from you about your financial situation, investment objectives, reasonable restrictions you may want to impose on the management of the account, and we will then provide this information to the sub-advisor/third-party investment manager to develop your portfolio. Sub-advisors/third-party managers will invest on behalf of a client account in accordance with the strategies set forth in their own disclosure documents which will be provided to you by our firm prior to your employing these strategies. The selected sub-advisor/third-party investment manager assumes discretionary authority over an account, and some of these programs may not be available for those clients who prefer an account to be managed under a non-discretionary engagement or whom may have other unique account restrictions.

At least annually thereafter a review will be performed from both a compliance and performance perspective to determine whether the selected sub-advisor/third-party investment manager remains an appropriate fit for your portfolio.

## **Pension and Retirement Plan Consulting Services**

Blue Barn Wealth offers consulting services to pensions or other employee benefit plans (including but not limited to 401(k) plans). Pension and retirement plan consulting may include but is not limited to:

- providing fiduciary services as a 3(21) co-fiduciary or a 3(38) investment manager
- identifying investment objectives and restrictions

- providing guidance on various assets classes and investment options
- recommending money managers to manage plan assets in ways designed to achieve objectives
- monitoring performance of money managers and investment options and making recommendations for changes
- recommending other service providers, such as custodians, administrators and broker-dealers
- providing group education to plan participants
- providing individual guidance to plan participants (as requested)
- creating a written pension consulting plan

These services are based on the goals, objectives, demographics, time horizon, and/or risk tolerance of the plan and its participants.

### Model Portfolio Development

For institutional clients, such as other investment advisers, Blue Barn Wealth develops model portfolios and may engage as a consultant.

### Client Assets Under Management

As of December 31, 2018, Blue Barn Wealth manages approximately \$125,471,994 for its Wealth Management clients, all of which is managed on a discretionary basis.

### Wrap Fee Program

We do not offer an investment program involving wrapped (bundled) fees.

### General Information

Blue Barn Wealth does not offer legal or accounting related services. With your prior written consent, we will work with your attorney or accountant to assist with the coordination and implementation of accepted strategies. Note that these other professionals will charge you separately for their services and their fee is separate of our advisory fee.

## Item 5: Fees and Compensation

Blue Barn Wealth is strictly a fee-only financial planning and investment management firm. We do not sell annuities or insurance, nor invest in any mutual funds or limited partnerships that pay us a commission. We are not affiliated with any entities that sell such financial products or securities. No commissions in any form are accepted.

Forms of payment are based on the types of services being provided, term of service, etc., and will be stated in your engagement agreement with our firm. Fees are to be paid by check or draft from US-based financial institutions. With your prior authorization payment may also be made through a qualified, unaffiliated PCI compliant third-party processor, or withdrawal from your investment account held at your custodian of record. Payment requests for our advisory fees will be preceded by our invoice, and fees paid to our firm will be noted in your account statement you will receive from your custodian. Our firm does not accept cash, money orders or similar forms of payment for its engagements.



# Method of Compensation and Fee Schedule

## Financial Planning Only Services

For clients who qualify for our Full-Service or Premium offering, our financial planning services are included in the cost of the Wealth Management Services outlined in the following section. Clients interested in financial planning services only can either pay an hourly fee for a one-time project or pay a monthly fixed fee for ongoing services.

### *Project-Based Hourly Fee*

Clients with limited and specific financial planning needs that can be addressed through a one-time project are assessed an hourly fee. Our maximum rate is \$300 per hour depending upon the expertise required and individual state laws. The hourly fee is billed in 15-minute increments, with a partial increment (e.g., six minutes) treated as a whole increment. Prior to entering into an agreement, we provide an estimate of the overall cost of the project based on the requested deliverables and the expected time involved. We require a deposit of 50% of the total estimated cost to initiate the engagement; the balance of the fee is due in full upon delivery of the final invoice, which coincides with the presentation of the agreed upon deliverables. Once the project is complete the engagement ends, and no further services are provided until the client requests to enter a new agreement.

### *Fixed Fee*

Clients interested in receiving our financial planning services through an ongoing engagement, are assessed a Fixed Fee. The Fixed Fee Agreement is a 12-month contract that must be renewed annually in order to continue the services. If the contract is not renewed, the services are discontinued. As part of the Fixed Fee Agreement, a list of specific services along with expected time frames for completion are determined in consultation with the client. We track these services throughout the engagement and provide a reconciliation at the end of each contract period prior to renewal. The Fixed Fee includes a one-time set up fee that ranges from \$125-\$1,000 as well as an annual fee that is determined based on the services requested. The annual fee is divided into twelve equal installments and is billed monthly in arrears. The Fixed Fee generally ranges from \$1,200 to \$12,000 per year.

Fees for our planning services and ongoing support take into consideration factors such as the complexity of the client's financial profile, number of services requested, time involved in developing the plan and assisting in its execution, assets that comprise overall net worth, as well as the number of individual accounts.

While the individual services provided to each client entering a Fixed Fee agreement are customized to each client's situation, the following services should apply to most clients: an initial discovery meeting, access to the Blue Barn Wealth financial software, email support, and a deliverables meeting. The content and focus of these meetings depend on the specific financial planning services requested. The Fixed Fee engagement typically does not include our portfolio management services as these services are covered by our Wealth Management Agreement.

In the event of early termination of the Fixed Fee Agreement, the client will be billed for the hours worked at a rate of \$300 per hour, and if necessary, the client will be refunded the difference.

## Wealth Management Services

Our wealth management services combine our financial planning and portfolio management services based on each clients' situation. Our Essential Wealth Management offering includes a very limited subset of our financial planning services as outlined on our website, whereas our Full-Service and Premium Wealth Management offerings include more comprehensive financial planning services as part of the wealth management fee. Clients receiving our Essential Wealth Management offering who want additional financial planning services can pay for these services through our hourly fee arrangement described above.

For our wealth management services, we charge an asset-based fee, which is a regressively tiered schedule based on the level of a client's investable assets. This asset-based fee is charged quarterly in arrears, which means that at the end of each calendar quarter our clients pay for the preceding quarter. The fee is determined by multiplying the aggregate account balance across all accounts in a client's household as of the last day of the quarter by the annual percentages listed in the tiered fee schedule. The result is then divided by 4 to determine the quarterly fee for the preceding quarter. In addition, any deposits or withdrawals that occur during the quarter will follow the same calculation, however they will be prorated by the number of days the funds were in the account.

<b>Assets Under Management</b>	<b>Annual Fees</b>	
First \$500,000	0.90%	(90 basis points)
\$500,001 - \$1,500,000	0.75%	(75 basis points)
\$1,500,001 - \$3,500,000	0.60%	(60 basis points)
\$3,500,001 - \$7,500,000	0.45%	(45 basis points)
\$7,500,001 - \$15,500,000	0.30%	(30 basis points)
\$15,500,001+	0.15%	(15 basis points)

The asset-based fee is based on a blended tier. For example, a client who has a total portfolio of \$1,400,000 managed by our firm would be assessed an annualized fee of 90 basis points for the first \$500,000 and 75 basis points on the remaining \$900,000, for a blended rate of just over 80 basis points.

For the benefit of lowering your asset-based fee, we will attempt to aggregate accounts for the same individual or two or more accounts within the same family, or accounts where a family member has power of attorney over another family member's account into a single household.

If a sub-advisor is engaged to execute its investment strategy within your account maintained at our custodian of record, the sub-advisor's fee is in addition to our fee schedule. The sub-advisor fee is often in lieu of an expense ratio on a mutual fund or exchange traded fund.

In the rare absence of a reportable market value, our firm may seek a third-party opinion from a recognized industry source (e.g., unaffiliated public accounting firm), and the client may choose to separately seek such an opinion at their own expense as to the valuation of "hard-to-price" securities if they believe it to be necessary.

The first billing cycle will begin once your engagement agreement is executed with our firm and assets have settled into your account held by the custodian of record. Advisory fees for partial quarters will be prorated based on the remaining days in the reporting period in which our firm services the account. Fee payments will generally be assessed within the first 15 calendar days of each billing cycle.

Our firm will concurrently send you and the custodian of record a written invoice each billing period as part of your quarterly statement that describes the advisory fees to be deducted from the account at our firm's request. The invoice will include the total fee assessed, covered time period, calculation formula utilized, and reference to the assets on which the fee is based. We urge you to also verify the accuracy of fee calculations; the custodian may not verify the accuracy of advisory fee assessments for each account.

Your written authorization is required for the custodian of record to deduct advisory fees from your account. By signing our firm's engagement agreement, as well as the custodian account opening documents, you have the option to authorize the custodian to withdraw both advisory fees and any transactional fees from your account. With your authorization, the custodian will remit our fees directly to our firm. All fees deducted will be clearly noted on account statements that you will receive directly from your custodian of

record. Alternatively, you may request to directly pay our advisory firm the wealth management fee in lieu of having it withdrawn from your investment account. Our valuation assessment will remain the same as described above, and the client's direct payment must be received by our firm within 15 calendar days of our invoice.

### **Third-Party Investment Managers**

Each third-party investment manager program has a stated fee range that will be described to you through the use of that investment manager's disclosure documents and prior to your selection of the manager. We will inform you in advance as to whether the selected third-party investment manager(s) will allow for account aggregation (householding) for the purpose of fee discounts.

The annualized asset-based fee for the third-party managers will vary and will be in addition to our fee schedule described above for our continued services, which we will describe to you in your engagement agreement with our firm.

Investment management services fees, including debits and credits, will be noted on account statements that you will receive directly from your custodian of record on a quarterly or more frequent basis. We may not be directly involved in the billing process of third-party investment accounts. We recommend that you verify the accuracy of fee calculations; the custodian may not verify the accuracy of third-party manager fees for you.

Your written authorization is required in order for the custodian of record to deduct advisory fees from your investment account. By signing the custodian account documents, you will be authorizing the withdrawal of fees from your account. The withdrawal of these fees from your account will be accomplished by the custodian of record. Most third-party managers do not allow for direct payment (e.g., payment by check, etc.). Our portion of the advisory fee will be remitted directly to our firm either via the third-party investment manager or directly from the custodian unless the client has elected to pay by check.

### **Pension and Retirement Plan Consulting Services Fees**

Pension and retirement plan consulting fees are generally negotiable and are typically assessed as a percent of assets under advisement. This rate is up to 1% of the plan assets for which Blue Barn Wealth is providing such consulting services. Depending on the agreement, either an average of the daily balance in the client's account throughout the billing period or the balance in the client's account on the last day of the billing period is used to determine the market value of the assets upon which the advisory fee is based.

Clients may select the method in which they are billed. Depending on the agreement, pension and retirement plan consulting fees are withdrawn directly from the client's accounts with client's written authorization, may be invoiced and billed directly to the client, or may be paid by check or ACH. Fees are paid quarterly in arrears.

For clients desiring an hourly arrangement, our maximum rate for pension and retirement plan consulting services is \$300 per hour depending upon the expertise required and individual state laws. The hourly fee is billed in 15-minute increments, with a partial increment (e.g., six minutes) treated as a whole increment. Hourly pension and retirement plan consulting fees are paid monthly in arrears.

### **Model Portfolio Development**

Our model portfolio clients are typically assessed an annualized asset-based fee that is determined by the aggregate value of all accounts utilizing our investment model, and as of the last market day of each calendar quarter. The fee ranges from 0.05% to 0.50% (5 to 50 basis points), and will be billed quarterly, in arrears. Alternatively, we may serve as portfolio manager for a monthly fee of \$5,000, and we will prorate the first month's fee, when necessary, based on the number of days remaining in the month.

The first billing cycle will begin once our engagement agreement is executed, and our portfolio models are utilized by the client. We generally assess our fee within the first 15 calendar days of each billing cycle, and we will send the client a written notice ("invoice" each billing period that describes the advisory fees to be charged. This notice will include the total fee assessed, covered time period, calculation formula utilized, and reference to the assets under management in which the fee had been based. It is important that the client verify the accuracy of fee calculations.

### Discounting and Grandfathering Fees

The advisory services to be provided and their specific fees will be detailed in the client's engagement agreement. Published fees are discounted at our firm's discretion and are typically for our associates and related persons. Our firm strives to offer fees that are fair and reasonable in light of the experience of our firm and the services to be provided; similar services may be made available from other firms and potentially at a lesser fee.

For some of our long-time clients, we have grandfathered their historical fee schedule as a courtesy. This fee schedule may be billed differently than outlined above, including being billed in advance instead of in arrears. In all cases, the appropriate fee schedule is outlined in the client engagement agreement and clearly disclosed on the quarterly invoice.

### **Additional Client Fees**

Any transactional or service fees (sometimes termed brokerage fees), individual retirement account fees, qualified retirement plan fees, account termination fees, or wire transfer fees will be borne by the account holder per the custodian of record's or third-party administrators separate fee schedule. The custodian of record or third-party administrator will provide you with a copy of their fee schedule (e.g., Schwab Pricing Guide) upon account opening and notify you of any future changes to those fees as they occur.

Fees paid by our clients to our firm for our advisory services are separate from any internal fees or charges a client may pay for mutual funds, exchange-traded funds (ETFs), exchange-traded notes (ETNs), or other similar investments.

Per annum interest at the current maximum statutory rate may be assessed on fee balances due more than 30 days; we may refer past due accounts to collections or legal counsel for processing. We reserve the right to suspend some or all services once an account is deemed past due.

Additional information about our fees in relationship to our brokerage practices are noted in Items 12 and 14 of this document.

### **External Compensation for the Sale of Securities to Clients**

We do not charge or receive a commission or mark-up on a client securities transaction, nor do we receive "trailer" or SEC Rule 12b-1 fees from an investment company we may recommend when we are engaged to provide portfolio management services. Fees charged by issuers are detailed in prospectuses or product descriptions and the client is encouraged to read these documents before investing.

You retain the right to purchase recommended or similar investments through your own service provider. Please note that many institutional investment managers do not make themselves directly available to the public.

### **Termination of Services**

Either party may terminate the agreement at any time by communicating the intent to terminate in writing with 30 days' notice. If you verbally notify our firm of the termination and, if in two business days following

this notification, we have not received your notice in writing, we will make a written notice of the termination in our records and send you our own termination notice as a substitute. Our firm will not be responsible for investment allocation, advice or transactional services (except for limited closing transactions) upon the expiration of the 30-day notice period following receipt of a termination notice. It will also be necessary that we inform the custodian of record and/or third-party investment manager that the relationship between parties has been terminated.

A new client will have the right to terminate our firm's engagement agreement without fee or penalty within five business days after entering into the contract. Should a client terminate a financial planning service after this five-day time period, the client will be assessed fees at the firm's current hourly rate for any time incurred in the preparation of that client's analysis or plan. When a wealth management services client terminates their agreement after the five-day period, that client will be assessed fees on a prorated basis for services incurred from either (i) as a new client, the date of the engagement to the date of the firm's receipt of the written notice of termination, or (ii) all other accounts, the last billing period to the date of the firm's physical or constructive receipt of written termination notice.

You will be entitled to a refund if you were required to provide an initial deposit for a financial planning engagement, you provided all requested information, and your plan was not delivered to you within six months' time from the date of the engagement.

Our firm will return any prepaid, unearned fees on a prorated basis (based on the amount of work that was already completed) within 15 days of the expiration of the 30-day notice period, following the firm's receipt of termination notice. Earned fees in excess of any prepaid deposit will be billed at the time of termination and will be due upon receipt of our invoice. Our return of payment to a client for our financial planning services will only be completed via check from our firm's US-based financial institution; no credits or "transaction reversals" will be issued. We will coordinate remuneration of prepaid asset-based fees, if any, to a client's investment account or by check. Return of prepaid fees will never involve a personal check, cash or money order from our firm or from an associate of our firm.

## Item 6: Performance-Based Fees and Side-By-Side Management

Our firm's advisory fees are not based on a share of capital gains or capital appreciation (growth) of any portion of managed funds, also known as performance-based fees. Our fees are also not based on side-by-side management, which refers to a firm simultaneously managing accounts that do pay performance-based fees (such as a hedge fund) and those that do not.

## Item 7: Types of Clients

Blue Barn Wealth provides advisory services to individuals and high net worth individuals (and their trusts and estates) of all levels of investment experience. We also provide consulting services to pensions and profit-sharing plans as well as to businesses of all scale. We also provide model portfolio development services to institutional clients, such as other investment advisers. We will inform you in advance if any sub-advisor or third-party investment manager requires minimum investible assets.

We reserve the right to waive or reduce certain fees based on unique individual circumstances, special arrangements or preexisting relationships. We also reserve the right to decline services to any prospective client for any nondiscriminatory reason.

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

### Methods of Analysis and Investment Strategies

Blue Barn Wealth's methods of analysis for constructing client portfolios are based on Modern Portfolio Theory. Modern Portfolio Theory is an investment theory which states that by employing securities whose price movements have historically low correlations, it is possible to create an efficient portfolio that can offer the highest expected return for a given level of risk, or one with the lowest level of risk for a given expected return. The practice of Modern Portfolio Theory does not employ market timing or stock selection methods of investing but rather a long term, buy-and-hold strategy with periodic rebalancing of the account to maintain desired risk levels.

Whenever practical, our portfolios contain investment vehicles that are broadly diversified, tax-efficient and low-cost. It is common to find a broad range of mutual funds or ETFs within a portfolio, as well as individual stocks, bonds, options and limited partnerships. We use margin transactions for some of our clients when appropriate.

When appropriate, we employ fundamental analyses and evaluate economic factors including interest rates, the current state of the economy, or the future growth of an industry sector. Our research is drawn from a variety of sources, including financial periodicals, financial software, corporate rating services, and research reports from economists and other industry professionals, in addition to annual reports, prospectuses, and filings with the Securities and Exchange Commission.

### Risk of Loss

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

Modern Portfolio Theory assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk that those returns may not be realized. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics.

Our firm believes its strategies and investment recommendations are designed to produce the appropriate potential return for the given level of risk; however, there is no guarantee that a planning goal or investment objective will be achieved. Past performance is not indicative of future results.

The following paragraphs include examples of some of the risks associated with investing and various investment strategies, and we believe it is important that our clients review and consider each of the risks prior to investing.

#### General Investment Risks

- *Market Risk:* The price of an investment may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's underlying circumstances. For example, political, economic and social conditions may trigger market events. When the stock market or an industry falls, it can cause the prices of individual stocks to fall indiscriminately. This is also called systemic or systematic risk.
- *Inflation Risk:* When any type of inflation is present, a dollar today will not buy as much as a dollar may next year because purchasing power is eroding at the rate of inflation.

- *Political Risk:* Financial and market loss may occur because of political decisions or disruptions in a country or region. Political risk may also be known as "geopolitical risk."
- *Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Company Risk:* When investing in securities, such as stocks, there is always a certain level of company or industry-specific risk that is inherent in each company or issuer. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. This is also referred to as unsystematic risk and can be reduced or mitigated through diversification.
- *Financial Risk:* Excessive borrowing to finance a business operation increases profitability risk because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

### Failure to Implement

Each financial planning client is free to accept or reject any or all recommendations made by our firm. While no advisory firm can guarantee future performance, no plan can succeed if it is not implemented. Clients who choose not to take the steps recommended in their financial plan may face an increased risk that their stated goals and objectives will not be achieved.

### Fundamental Analysis

Because information obtained for performing fundamental analysis may be incorrect, the analysis may not provide an accurate estimate of earnings, which may be the basis for a security's value. In addition, the assumptions used in fundamental analysis may not adequately reflect what will occur in the future, which can dramatically impact the results of the analysis.

### Passive Investing

A portfolio that employs a passive, efficient markets approach has the potential risk at times to generate lower-than-expected returns for the broader allocation than might be the case for a more narrowly focused asset class, and the return on each type of asset may be a deviation from the average return for the asset class.

### Research Data

When research and analyses are based on commercially available software, rating services, general market and financial information, or due diligence reviews, a firm is relying on the accuracy and validity of the information or capabilities provided by selected vendors, rating services, market data, and the issuers themselves. Therefore, while our firm makes every effort to determine the accuracy of the information received, we cannot predict the outcome of events or actions taken or not taken, or the validity of all information researched or provided which may or may not affect the advice on or investment management of an account.

### Long-Term Trading

Long-term trading is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

### Margin Transactions

Margin transactions use leverage that is borrowed from a brokerage firm as collateral. When losses occur, the value of the margin account may fall below the brokerage firm's threshold thereby triggering a margin

call. This may force the account holder to either allocate more funds to the account or sell assets on a shorter time frame than desired.

### **Selection of Other Advisers**

Although we seek to select only money managers who will invest clients' assets with the highest level of integrity, our selection process cannot ensure that money managers will perform as desired. We also have no control over the day-to-day operations of any of our selected money managers. We would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift," or even regulatory breaches or fraud.

## **Security-Specific Material Risks**

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

### **Equity (Stock) Risks**

Equity investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments. Stocks are susceptible to general stock market fluctuations and to volatile increases or decreases in value as market confidence in and perceptions of their issuers change. If an investor held common stock or common stock equivalents of any given issuer, they may be exposed to greater risk than if they held preferred stocks and debt obligations of the issuer.

Some types of stocks carry more risk than others. For example, small companies often have narrower markets and limited financial resources, so investments in these stocks present more risk than investments in larger, more established companies. Value Stocks, which are companies that are thought to be "undervalued," may never reach their full estimated market value, and they may underperform growth stocks or other investments during given periods.

### **Fixed Income Risks**

Fixed income investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best-known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, duration risk, reinvestment risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (which is generally considered to be extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

### **ETF and Mutual Fund Risks**

The risks of owning ETFs and mutual funds reflect their underlying securities (e.g., stocks, bonds, securities futures, etc.) and may result in investment losses. These forms of securities typically carry additional expenses based on their share of operating expenses and certain brokerage fees, which lower investment



returns and may result in the potential duplication of certain fees. We do not recommend leveraged or inverse ETFs due to their inherent heightened risks.

### **Real Estate Risks**

Real estate funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

### **Annuities Risks**

Annuities are a retirement product for those who may have the ability to pay a premium now and want to guarantee (based on the creditworthiness of the insurance company) that they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

### **Options Risks**

There are various risks involving options trading which are detailed in the Chicago Board Options Exchange's "The Characteristics and Risks of Standardized Options" brochure that we will provide to you upon request or may be found at their website at: <http://www.cboe.com>.

### **Private Placements Risks**

Private placements carry a substantial risk as they are subject to less regulation than are publicly offered securities, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and the liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets.

Investing in limited partnerships involves certain risks related to investing in their underlying assets, as well as the risks associated with pooled investment vehicles (certain pooled investments may be less regulated than others). In addition, limited partnerships that concentrate in an industry or a geographic region are subject to risks associated with that specific industry or region. A potential benefit derived from a limited partnership is also dependent on the holding being treated as a partnership for federal income tax purposes; if part or all the limited partnership is not, it may have potentially adverse tax consequences on the portfolio.

### **Hedge Fund Risks**

Hedge funds often engage in leveraging and other speculative investment practices that may increase the risk of loss; can be highly illiquid; are not required to provide periodic pricing or valuation information to investors; may involve complex tax structures and delays in distributing important tax information; are not subject to the same regulatory requirements as mutual funds; and often charge high fees. In addition, hedge funds may invest in risky securities and engage in risky strategies.

## Private Equity Risks

Private equity funds carry certain risks. Capital calls can be made on short notice, and the failure to meet capital calls can result in significant adverse consequences, including but not limited to a total loss of investment.

## Venture Capital Funds

Venture capital funds invest in start-up companies at an early stage of development in the interest of generating a return through an eventual realization event; the risk is high as a result of the uncertainty involved at that stage of development.

## Commodities

Commodities are tangible assets used to manufacture and produce goods or services. Commodity prices are affected by different risk factors, such as disease, storage capacity, supply, demand, delivery constraints, and weather. Because of those risk factors, even a well-diversified investment, such as through a mutual fund or ETF, in commodities can be uncertain.

## Non-U.S. Securities

Non-U.S. securities present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

## Item 9: Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events of their firm or certain management personnel which would be material to the evaluation of the firm or the integrity of the firm's management of client's investments.

Neither the firm nor its management has been involved in any criminal or civil action in a domestic, foreign or military jurisdiction, an administrative enforcement action, or self-regulatory organization (SRO) proceeding that would reflect poorly upon our offering advisory business or its integrity.

## Item 10: Other Financial Industry Activities and Affiliations

Blue Barn Wealth always acts in the best interest of our clients. Firm policies require associated persons to conduct business activities in a manner that avoids conflicts of interest between the firm and its clients, or that may be contrary to law. Blue Barn Wealth will provide disclosure to each client prior to and throughout the term of an engagement regarding any conflicts of interest involving its business relationships that might reasonably compromise its impartiality or independence.

Our advisory firm is not registered nor has an application pending to register as a Financial Industry Regulatory Authority (FINRA) or National Futures Association (NFA) member firm, nor are we required to be registered with such entities. Our representatives are not registered or have pending applications to become either a representative of a broker-dealer, a futures commission merchant, commodity pool operator, or commodity trading advisor, nor are they required to do so. Neither our firm nor its management is or has a material relationship with any of the following types of entities:

- accounting firm or accountant
- another financial planning firm
- bank, credit union or thrift institution, or their separately identifiable department or division
- insurance company or insurance agency
- lawyer or law firm
- pension consultant

- real estate broker or dealer
- sponsor or syndicator of limited partnerships
- trust company
- issuer of a security, to include investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)

As referenced in Item 4 of this brochure, we may recommend pre-screened, sub-advisors or third-party investment managers (who are also required to be registered as investment advisers) to service part of or the entire client portfolio. In such cases, clients will pay Blue Barn Wealth its standard fee (as described in Item 5) in addition to the standard fee for the advisers to which it directs those clients. This relationship will be memorialized in each contract between Blue Barn Wealth and each third-party advisor. The fees will not exceed any limit imposed by any regulatory agency. Blue Barn Wealth will always act in the best interests of our clients, including when determining which, if any, third-party investment adviser to recommend to clients. Blue Barn Wealth will ensure that all recommended advisers are licensed, or notice filed in the states in which Blue Barn Wealth is recommending them to clients.

Clients are welcome to review all of our investment program offerings and their stated fee ranges, and they should review their fee schedule referenced in their agreement with our firm before the engagement. There is the potential for clients' fees assessed via a sub-advisor engagement to be higher than had a client obtained those services directly from that portfolio manager. As stated in Item 5, each client has the option to purchase recommended or similar investments through their own selected service provider. It should be noted that certain sub-advisors may not be available to self-directed investors.

## Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Blue Barn Wealth and its associates will act in the utmost good faith, performing in a manner believed to be in the best interest of our clients. We believe that our business methodologies, ethics rules, and adopted policies are designed to eliminate or at least minimize material conflicts of interest, and to appropriately manage any material conflicts of interest that may remain. It is important to point out that no set of rules can anticipate or relieve all material conflicts of interest. Our firm will disclose to its advisory clients any material conflict of interest relating to the firm, its representatives, or any of its employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

### Code of Ethics Description

We have adopted a Code of Ethics that establishes policies for ethical conduct for our personnel. Our firm accepts the obligation not only to comply with all applicable laws and regulations but also to act in an ethical and professionally responsible manner in all professional services and activities. Firm policies include provisions relating to the confidentiality of client information and prohibitions against insider trading, circulation of industry rumors, and certain political contributions, among others. We periodically review and amend our Code of Ethics to ensure that they remain current, and we require firm personnel to annually attest to their understanding of and adherence to the firm's Code of Ethics. A copy of the firm's Code of Ethics is made available to any client or prospective client upon request.

### Investment Recommendations and Conflicts of Interest

Blue Barn Wealth does not recommend that clients buy or sell any security in which Blue Barn Wealth or a related person to Blue Barn Wealth has a material financial interest. An associate of Blue Barn Wealth is prohibited from borrowing from or lending to a client unless the client is an approved lending institution. Blue Barn Wealth does not trade for its own account (e.g., proprietary trading).

From time to time, representatives of Blue Barn Wealth may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of Blue Barn Wealth to buy or sell the same securities before or after recommending the same securities to clients, resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, no person employed by the firm shall prefer his or her own interest to that of the client nor make personal investment decisions based on investment decisions of the clients. As such, Blue Barn Wealth will not engage in trading that operates to the client's disadvantage if representatives of Blue Barn Wealth buy or sell securities at or around the same time as clients.

## Item 12: Brokerage Practices

### Factors Used to Select Custodians and/or Broker/Dealers

Blue Barn Wealth does not maintain physical custody of client assets (see Item 15). Accounts must be separately maintained by a qualified custodian (generally a broker-dealer, bank, or trust company) that is frequently reviewed for its capabilities to serve in that capacity by their respective industry regulatory authority. Our firm is not a custodian nor is there an affiliate that is a custodian.

When engaged to provide an investment consultation component of our financial planning service, we may recommend the service provider where client assets are currently maintained. Should a client prefer a new service provider, a recommendation made by the firm would be based on client need, overall cost, and ease of use.

Accounts served by a third-party investment manager are to be maintained at one or more custodians that have been selected by the respective third-party investment manager, and they will be disclosed in the third-party investment manager's disclosure documents and account opening forms.

We prefer that our wealth management services clients use Schwab Institutional, a division of Charles Schwab & Co., Inc., a registered broker-dealer and member of FINRA/SIPC, to maintain custody of the client's assets and to effect trades for their accounts. Our firm is independently owned and operated; we are not legally affiliated with Schwab Institutional. While we recommend Schwab Institutional as custodian of record, the client will decide whether to do so and will open their account in their name with the custodian by entering into an agreement directly with them. We do not technically open the account for a client, but we will assist the client in doing so. If a client does not wish to place their assets with Schwab Institutional as the custodian of record, we may be able to serve as investment adviser with another custodian of the client's choice, if the other custodian's policies allow us to do so.

Schwab Institutional offers independent investment advisers various services which include custody of client assets, trade execution, clearance and settlement, etc. Our firm may receive certain benefits from Schwab Institutional through participation in its independent adviser support program (please refer to Item 14 for further details), however, there is no direct link between our firm's participation in their program and the investment advice we may provide to our clients. Our firm periodically conducts an assessment of any recommended service provider (including Schwab Institutional) which generally involves a review of the range and quality of services, reasonableness of fees, among other items, and in comparison to industry peers. We do not receive referrals from our custodian, nor are client referrals a factor in our selection of our custodian.

While Blue Barn Wealth has no formal soft dollars program in which soft dollars are used to pay for third party services, we may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). We may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will

benefit from soft dollar research, whether or not the client's transactions paid for it, and we do not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. We benefit by not having to produce or pay for the research, products or services, and we may have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that our acceptance of soft dollar benefits may result in higher commissions charged to the client; however, we do not consider any of these additional benefits, which include research or soft dollar benefits, to be a factor in our selection of Schwab Institutional, and there is no conflict of interest in not having to pay for them.

## Best Execution

"Best execution" means the most favorable terms for a transaction based on all relevant factors, including those listed in the earlier paragraphs and in Item 14. We recognize our obligation in seeking best execution for our clients; however, it is our belief that the determinative factor is not always the lowest possible cost but whether the selected custodian's transactions represent the best "qualitative execution" while taking into consideration the full range of services provided. Our firm will seek services involving competitive rates, but it may not necessarily correlate into the lowest possible rate for each transaction. We have determined that having our wealth management clients' accounts trades completed through our recommended custodian is consistent with our obligation to seek best execution of client trades. A review is regularly conducted with regard to recommending a custodian to our clients in light of our duty to seek best execution.

## Directed Brokerage

Our internal policy and operational relationship with our custodian requires client accounts custodied with them to have trades executed per their order routing requirements. We do not direct which executing broker should be selected for client account trades; whether that is an affiliate of our preferred custodian or another executing broker of our custodian's choice. As a result, the client may pay higher commissions or other transaction costs, experience greater spreads, or receive less favorable net prices on transactions than might otherwise be the case. In addition, since we routinely recommend a custodian to our advisory clients, and that custodian may choose to use the execution services of its broker affiliate for some or all of our client account transactions, there is an inherent conflict of interest involving our recommendation since our advisory firm receives various products or services described in Item 14 from that custodian. Note that we are not compensated for trade routing/order flow, nor are we paid commissions on such trades. We do not receive interest on an account's cash balance.

Client accounts maintained at our custodian are unable to direct brokerage. As a result, they may pay higher commissions or other transaction costs, potentially experience greater spreads, or receive less favorable net prices on transactions for their account than would otherwise be the case if they had the opportunity to direct brokerage.

For accounts maintained at a custodian of the client's choice (e.g., held-away accounts), the client may choose to request that a particular broker is used to execute some or all account transactions. Under these circumstances, the client will be responsible for negotiating, in advance of each trade, the terms and/or arrangements involving their account with that broker, and whether the selected broker is affiliated with their custodian of record or not. We will not be obligated to seek better execution services or prices from these other brokers, and we will be unable to aggregate transactions for execution via our custodian with other orders for accounts managed by our firm. As a result, the client may pay higher commissions or other transaction costs, potentially experience greater spreads, or receive less favorable net prices on transactions for their account than would otherwise be the case.

## Aggregating Securities Transactions

Trade aggregation involves the purchase or sale of the same security for several clients/accounts at approximately the same time. This may also be termed “blocked” or “batched” orders. Aggregated orders are effected in an attempt to obtain better execution, negotiate favorable transaction rates, or to allocate equitably among multiple client accounts should there be differences in prices, brokerage commissions or other transactional costs that might otherwise be unobtainable through separately placed orders. Our firm may, but is not obligated, to aggregate orders, and our firm does not receive additional compensation or remuneration as a result of aggregated transactions.

Transaction charges and/or prices may vary due to account size and/or method of receipt. To the extent that the firm determines to aggregate client orders for the purchase or sale of securities, including securities in which a related person may invest, the firm will generally do so in accordance with the parameters set forth in SEC No-Action Letter, SMC Capital, Inc., or similar guidance if the jurisdiction in which the client resides provides such direction.

Please note that when trade aggregation is not allowed or infeasible and necessitates individual transactions (e.g., withdrawal or liquidation requests, odd-lot trades, non-discretionary accounts, etc.), an account may potentially be assessed higher costs or less favorable prices than those where aggregation has occurred.

We review firm trading processes on a periodic basis to ensure they remain within stated policies and regulation. Our clients will be informed, in advance, should trading practices materially change at any point in the future.

## Trading Errors

From time-to-time, we may make an error in submitting a trade order on a client’s behalf. When this occurs, we may place a correcting trade with the custodian 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 Schwab Institutional is the custodian, Schwab Institutional will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, Blue Barn Wealth will pay for the loss. Schwab Institutional will retain 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. Schwab Institutional will be obligated to disclose in their own literature to account holders whether such recipients’ receipt of such donations presents a material conflict of interest.

## Client Referrals from Custodians

We do not receive referrals from our preferred custodian, nor are client referrals a factor in our selection of a custodian.

## Item 13: Review of Accounts

### Periodic Reviews

#### Financial Planning Services

Periodic financial check-ups or reviews are recommended if you are receiving our financial planning services. We believe they should occur on an annual basis whenever practical. Reviews will be conducted by

one of our investment adviser representatives and typically involve analysis and possible revision of your previous financial plan or investment allocation. A copy of revised plans or asset allocation reports will be provided to the client upon request. Unless provided for in your engagement agreement, reviews are generally conducted under a new or amended agreement and will be assessed at our current fee rate.

### **Portfolio Management Services**

Investment accounts are reviewed by one of our investment adviser representatives on a quarterly or more frequent basis to assess asset allocation and investment performance. Client-level reviews are also recommended on at least an annual basis. A copy of a revised investment guideline or asset allocation report will be provided to the client upon request.

### **Third-Party Investment Management Services**

For accounts served by a recommended third-party investment manager, one of our investment adviser representatives will periodically review reports provided to you by your third-party investment manager. The firm will contact you at least annually to review your financial situation and objectives. We will communicate information to your third-party investment manager as warranted and assist you in understanding and evaluating the services provided by the third-party manager. In certain instances, you may be able to communicate directly with your selected third-party investment manager, but we ask that you coordinate any contact with our firm.

## **Non-Periodic Reviews**

### **Financial Planning Engagements**

You should contact our firm for additional reviews when you anticipate or have experienced changes in your financial situation (e.g., changes in employment, an inheritance, the birth of a new child, etc.), or should you prefer to change requirements involving your investment account. Non-periodic reviews are conducted by one of our investment adviser representatives, and fees may be assessed at our published rate. A copy of revised plans or asset allocation reports will be provided to the client upon request.

### **Portfolio Management Engagements**

Additional reviews by your investment adviser representative may be triggered by news or research related to a specific holding, a change in our view of the investment merits of a holding, or news related to the macroeconomic climate affecting a sector or holding within that sector. A portfolio may be reviewed for an additional holding or when an increase in a current position is under consideration. Account cash levels above or below what we deem appropriate for the investment environment, given the client's stated tolerance for risk and investment objectives, may also trigger a review.

## **Content and Frequency of Regular Reports Provided to Clients**

Each client of our advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, asset allocation, investment performance, and invoice showing the calculation of fees.

Whether you have opened and maintained an investment account on your own or with our assistance, you will receive account statements sent directly from custodians (e.g., Schwab Institutional), mutual fund companies, transfer agents, brokerage companies, and other third-party investment managers where your investments are held. We do not back-test nor certify reports from an external party. We urge you to carefully review and compare these account statements for accuracy and clarity, and to ask questions when something is not clear.

## Item 14: Client Referrals and Other Compensation

As disclosed in Item 12, our firm may receive economic benefit from Schwab Institutional in the form of various products and services they make available to the firm and other independent investment advisers that may not be made available to a “retail investor.” There is no direct link between our firm’s participation in their program and the investment advice we may provide to our clients. These benefits may include the following products and services (provided either without cost or at a discount):

- receipt of duplicate client statements and confirmations
- research related products and tools
- access to trading desks serving our clients
- access to block trading services
- the ability to have advisory fees deducted directly from a client’s accounts (per written agreement)
- resource information related to capital markets and various investments
- access to an electronic communications networks for client order entry and account information
- access to mutual funds with no transaction fees and/or select investment managers
- discounts on marketing, research, technology, and practice management products or services provided to our firm by third-party providers

Some of the noted products and services made available by Schwab Institutional may benefit our advisory firm but may not directly benefit a client account, and certain research and other previously referenced services may qualify as “brokerage or research services” under Section 28(e) of the Securities Exchange Act of 1934. The availability of these services from Schwab Institutional benefits our firm because it does not have to produce or purchase them as long as firm clients maintain assets in accounts at Schwab Institutional.

These benefits create a conflict of interest, since our firm has an incentive to select or recommend a custodian based on our firm’s interest in receiving these benefits rather than your interest in receiving favorable trade execution. However, it is important to mention that the benefit received by our firm through participation in any custodian’s program does not depend on the amount of brokerage transactions directed to that custodian, and our selection of a custodian is primarily supported by the scope, quality, and cost of services provided as a whole—not just those services that benefit only our advisory firm. Further, we will act in the best interest of our clients regardless of the custodian we may select. Please refer to Items 10 and 12 for additional information with respect to our offerings and the potential conflict of interest they may present.

We do not engage in solicitation activities involving unregistered persons. If we receive or offer an introduction to a client, we do not pay or earn a referral fee, nor are there established quid pro quo arrangements. Each client has the right to accept or deny such referral or subsequent services.

An associate of the firm may hold individual membership or serve on boards or committees of professional industry associations. Generally, participation in any of these entities require membership fees to be paid, adherence to ethical guidelines, as well as in meeting experiential and educational requirements. A benefit these entities may provide to the investing public is the availability of online search tools that allow interested parties (prospective clients) to search for individual participants within a selected state or region. These passive websites may provide means for interested persons to contact a participant via email, telephone number, or other contact information, in order to interview the participating member.

The public may also choose to telephone association staff to inquire about an individual within their area and would receive the same or similar information. A portion of these participant’s membership fees may be used so that their name will be listed in some or all of these entities’ websites (or other listings). Prospective



clients locating our advisory firm or an associate via these methods are not actively marketed by the noted associations. Clients who find our firm in this way do not pay more for their services than clients referred in any other fashion. The firm does not pay these entities for prospective client referrals, nor is there a fee-sharing arrangement reflective of a solicitor engagement.

## Item 15: Custody

Client accounts are to be maintained by an unaffiliated, qualified custodian. Assets are not held by our firm or any associate of our firm. In keeping with this policy involving our clients' funds or securities, Blue Barn Wealth:

- Prohibits any associate from having authority to directly withdraw securities or cash assets from a client account. Although we may be deemed to have "constructive custody" of the client accounts since we may request the withdrawal of advisory fees from an account, we will only do so through the engagement of a qualified custodian maintaining the client assets, via the client's prior written approval, and following our delivery of our written notice;
- Does not accept or forward client securities (e.g., stock certificates) erroneously delivered to our firm;
- Will not collect advance fees of \$1,200 or more for services that are to be performed six months or more into the future; and
- Will not authorize an associate to have knowledge of a client's account access information (e.g., online 401(k), brokerage or bank accounts) if such access would allow physical control over account assets.

The custodian of record will provide the client with the account transaction confirmations and statements, which will include all debits and credits, as well as reference to our firm's advisory fee for that period. Statements are provided on at least a quarterly basis and confirmations are provided as transactions occur within the client account.

Clients that receive periodic reports from our advisory firm that includes investment performance information are urged to carefully review and compare these reports with their account statements that they have received directly from their custodian of record.

## Item 16: Investment Discretion

We typically provide our portfolio management services on a discretionary basis. Similar to a limited power of attorney, discretionary authority allows our firm or selected sub-advisor to implement investment decisions, such as the purchase or sale of a security on behalf of the client account, without requiring the client's prior authorization for each transaction in order to meet the client's stated investment objectives. We will also have the authority to select or terminate sub-advisors without client prior approval. This authority will be granted through the client's execution of both our engagement agreement and the selected custodian's account opening documents. Note that the custodian will specifically limit our firm's authority within our clients' accounts to the placement of trade orders, the request for the deduction of our advisory fee, and other limited powers based on the client's authorization, such as initiating money transfers to and from our clients' internal or external accounts.

Our firm prefers to not manage client accounts on a nondiscretionary basis, but we may accommodate such requests on a case-by-case basis. Such account authority requires the client's ongoing prior approval involving the investment and reinvestment of account assets, portfolio rebalancing, or for our firm to give instructions to the custodian maintaining the account.

Our advisory contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, we generally manage the client's account and makes investment

decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share.

## Item 17: Voting Client Securities

Our clients may periodically receive proxies or other similar solicitations sent directly from the custodian of record or transfer agent. Should we receive a duplicate copy, we do not forward these or any correspondence relating to the voting of the client securities, class action litigation, or other corporate actions.

Our firm does not vote proxies on a client's behalf, including those accounts that we have discretionary authority over; nor do we offer specific guidance on how to vote proxies. Clients should direct all proxy questions to the issuer of the security.

If your account is supervised by a third-party investment manager, you should review the third-party investment manager's Form ADV Part 2 to determine their proxy voting policies. Otherwise, you will maintain exclusive responsibility for directing the way proxies solicited by issuers of securities that are beneficially owned by you shall be voted, as well as making all other elections relative to mergers, acquisitions, tender offers or other legal matters or events pertaining to your holdings. You should consider contacting the issuer or your legal counsel involving specific questions you may have with respect to a particular proxy solicitation or corporate action.

## Item 18: Financial Information

Our firm will not take physical custody of your assets, nor do we have the type of account authority to have such control. Fee withdrawals must be done through a qualified intermediary (e.g., your custodian of record), per your prior written agreement, and following your receipt of our firm's written notice (termed "constructive custody").

Engagements with our firm do not require that we collect advance fees from a client of \$1,200 or more for our advisory services that we have agreed to perform six months or more into the future. Blue Barn Wealth also adheres to statutes in which the client resides with respect to advance payment of advisory fees. The State of Utah has established a threshold of \$1,200; others jurisdictions may rely on a \$500 threshold for advisory services that are to be rendered six months or more in advance.

Neither our firm nor its management serve as general partner for a partnership or trustee for a trust in which the firm's advisory clients are either partners of the partnership or beneficiaries of the trust.

The firm and its management do not have a financial condition likely to impair its ability to meet commitments to clients, nor has the firm and its management been the subject of a bankruptcy petition.

Due to the nature of our firm's advisory services and operational practices, an audited balance sheet is not required nor included in this brochure.

## Item 19: Requirements for State-Registered Advisers

For further information involving firm principal executive and management personnel, their business activities as well as material conflicts of interest, please refer to areas previously disclosed in Items 6 and 9 through 11, as well as the firm's Form ADV Part 2B brochure supplement.

Blue Barn Wealth does not accept performance-based fees or other fees based on a share of capital gains or on capital appreciation of the assets of a client. Neither our firm nor a member of its management has been part of a civil, self-regulatory organization, or arbitration proceeding. In consonance with Item 10 and Item

11 of this brochure, neither our firm nor a member of its management has a material relationship with the issuer of a security.