

**Item 1: Cover Page**

**Part 2A of Form ADV  
Firm Brochure  
Sub Advisory Program**

March 30, 2020

**BCJ Capital Management, LLC.  
dba BCJ Capital Management**

SEC File No. 801-58087

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This brochure provides information about the qualifications and business practices of BCJ Capital Management. If you have any questions about the contents of this brochure, please contact us at 480-483-1510. 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 with the SEC or state regulatory authority does not imply a certain level of skill or expertise.

Additional information about BCJ Capital Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Item 4 of the brochure is updated to provide a description of models portfolios offered through BCJ.

There are no material changes to the brochure dated June 14, 2019.

## 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.....	5
A. BCJ Capital Management .....	5
B. Advisory Services Offered .....	5
C. Client-Tailored Services and Client-Imposed Restrictions.....	6
D. Wrap Fee Programs.....	7
E. Client Assets Under Management .....	7
Item 5: Fees and Compensation .....	8
A. Methods of Compensation and Fee Schedule .....	8
B. Client Payment of Fees.....	9
C. Additional Client Fees Charged .....	10
Item 6: Performance-Based Fees and Side-by-Side Management.....	11
Item 7: Types of Clients.....	12
Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss .....	13
A. Methods of Analysis and Investment Strategies .....	13
B. Investment Strategy and Method of Analysis Material Risks .....	18
C. Security-Specific Material Risks .....	19
Item 9: Disciplinary Information.....	20
A. Criminal or Civil Actions.....	20
B. Administrative Enforcement Proceedings.....	20
C. Self-Regulatory Organization Enforcement Proceedings .....	20
Item 10: Other Financial Industry Activities and Affiliations.....	21
A. Broker-Dealer or Representative Registration .....	21
B. Futures or Commodity Registration.....	21
C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest.....	21
D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest.....	22

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	23
A. Code of Ethics Description.....	23
B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest.....	23
C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest.....	23
D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest.....	24
Item 12: Brokerage Practices .....	25
A. Factors Used to Select Broker-Dealers for Client Transactions.....	25
B. Aggregating Securities Transactions for Client Accounts.....	29
Item 13: Review of Accounts .....	32
A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved.....	32
B. Review of Client Accounts on Non-Periodic Basis.....	32
C. Content of Client-Provided Reports and Frequency.....	32
Item 14: Client Referrals and Other Compensation.....	33
A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest.....	33
B. Advisory Firm Payments for Client Referrals.....	34
Item 15: Custody .....	35
Item 16: Investment Discretion.....	36
Item 17: Voting Client Securities.....	37
Item 18: Financial Information .....	38
A. Balance Sheet.....	38
B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients.....	38
C. Bankruptcy Petitions During the Past Ten Years .....	38

## Item 4: Advisory Business

### A. BCJ Capital Management

BCJ Capital Management, LLC ("BCJ" and/or "the firm") is a privately held, employee owned, independent registered investment advisory firm registered with the United States Securities and Exchange Commission ("SEC") since January 1996. The principals of the firm are Justin Young, President; Ben Bimson, Chief Investment Officer; Stephen Captain, Vice President; and Mark Johnson, Member.

### B. Advisory Services Offered

BCJ offers sub-advisory services to registered investment advisers including the operation of an investment sub-advisory program under which advisers may direct how the assets of their clients are allocated and managed. Under this program, BCJ provides advisers with access to model portfolios that are either developed, monitored, and rebalanced by BCJ or its subcontractors. The investment adviser selects the model portfolios into which client assets are invested. Please note that BCJ's services are predicated on information and data obtained from the investment adviser firm. Agreements for services are separately negotiated with the investment adviser and will require trading authorization by the end client so that BCJ may effect securities transactions on a discretionary basis for clients electing to utilize the services and strategies of BCJ.

In addition to providing BCJ with information regarding their personal financial circumstances, investment objectives and tolerance for risk, the investment adviser firm is required to provide BCJ with any reasonable investment restrictions that should be imposed on the management of the client's portfolio, and to promptly notify BCJ of any changes in such restrictions or in the client's personal financial circumstances, investment objectives, goals and tolerance for risk.

The program services also provide related operational and administrative services that assist and support the adviser with providing investment advice to their clients.

#### B.1 Model Portfolios

BCJ offers various model portfolios that are managed by BCJ or selected third parties.

The BCJ Special Opportunity Strategy is a tactical multi-factor model that is offered and managed by BCJ Capital Management. The fund is managed using technical analysis and a weight of evidence approach. The analysis incorporates factors including momentum, mean reversion scores, oversold indicators, relative strength, seasonality, and the macro environment. The portfolio is actively managed and draws from a pool of over 200 ETFs across all asset classes, specialty or sectors, and alternatives.

BCJ Tactical Overlay is a multi-factor model that seeks to maximize returns in attractive equity environments and to avoid losses when global macro environments turn negative. The model will construct an unconstrained, equity-based, global asset allocation portfolio using selected index-based Exchange Traded Funds ("ETFs").

The BCJ NDR Dynamic Allocation Strategy trades 13 highly liquid ETFs based on an objective, weight-of-the-evidence model designed to minimize drawdowns. The model portfolio can make allocations to six equity ETFs, six fixed income ETFs, as well as a cash ETF. The top-level macroeconomic model determines the appropriate allocation to equity and fixed income. Then, within the equity and fixed income sleeves, independent indicator models determine the ETF allocations. Each indicator within the equity and fixed income sub-models has an equal weighting that contributes to its relative position and allocation within the sleeve. The tactical weight recommendations are unconstrained at both levels.

The BCJ NDR Sector Allocation Strategy is a systematic, evidenced-based approach to sector allocation in an attempt to capture the majority of major upside market moves while avoiding major downside moves. Each month, sector-specific indicators are modelled to evaluate the relative attractiveness of eleven equity sector ETFs within the U.S. large-cap space. The model output results in the allocating of assets from sectors with unfavorable characteristics to sectors with favorable characteristics and providing downside protection to the portfolio by allocating to defensive sectors during large market declines.

The BCJ NDR Fixed Income Allocation Strategy is a systematic, evidenced-based approach to fixed income allocation in an attempt to capture the majority of major upside market moves while avoiding major downside moves. Each month, macroeconomic and technical indicators are combined to evaluate the relative attractiveness of nine fixed income ETFs across sectors and geographies, reallocate assets from sectors and geographic regions with unfavorable characteristics to areas with favorable characteristics, and provide downside protection to the portfolio by lowering duration and reducing credit risk during weak economic environments.

The BCJ Strategic Portfolios utilize research from BlackRock® to create portfolios that are designed to match client risk tolerance with an appropriate long-term asset allocation. Portfolios are rebalanced on a quarterly basis with respect to the selected allocation and risk-reward profile. The Strategic Portfolios are offered in risk classes ranging from conservative to aggressive.

The BCJ Multi-Asset Income model is designed for clients seeking income while retaining the opportunity to grow the value of the portfolio over time. The portfolio utilizes mutual funds with the objective of providing income and growth.

The BCJ Fixed Income Portfolio utilizes research from JPMorgan's fixed income analysts and is designed to create a flexible fixed income allocation of mutual funds or ETFs. The portfolios are based on the fixed income analysts' forward interest rate views and expected interest rate environments.

### **C. Client-Tailored Services and Client-Imposed Restrictions**

Each client's account will be managed on the basis of the client's financial situation and investment objectives and in accordance with any reasonable restrictions imposed by the client on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio.

#### **D. Wrap Fee Programs**

BCJ recommends clients to the Betterment wrap fee program. While BCJ does not sponsor a wrap fee program, it may recommend third-party wrap fee programs depending on the needs of a particular client. (Wrap fee programs offer services for one all-inclusive fee.)

#### **E. Client Assets Under Management**

As of December 31, 2019, BCJ manages \$1.017 billion of discretionary assets, which includes \$421,000 of Betterment program assets.

## Item 5: Fees and Compensation

### A. Methods of Compensation and Fee Schedule

#### A.1. Investment Management Services Fees

As compensation for our services, clients will be charged fees for participating in the program. All Fees will be billed in accordance with the Investment Advisory Agreement between the investment adviser and the client.

The Client Fees are comprised of:

- Adviser Fee – the investment advisory fee payable from the client to the investment adviser
- BCJ Fee - The fee payable to BCJ for providing subadvisory services in managing the client account
- Platform Fee - The fee payable to BCJ for maintaining the client investment portfolio and other support services.
- BCJ Portfolio Fee - The client will be charged additional fees imposed by BCJ for certain BCJ Portfolios identified in the schedule below.
- Service Provider ("Atria") Fees – The client will be charged a fee for services provided by Atria and Adhesion and for third-party portfolios selected by the investment adviser that are managed on Atria or Adhesion platform.

The Adviser Fee combined with the BCJ Fee is referred to as the Program Fee. The Program Fee is negotiable as long as the Program Fee is within the minimum and maximum fee provided in the schedule below. All fees are payable either monthly or quarterly, in advance, as mutually agreed to by the client and their investment adviser.

Fee Type	Explanation	Fee Amounts†		
Program Fees	Program Fees are based upon the assets in the Client’s Account with Adviser using the indicated cumulative fee schedule (the BCJ Fees are on a household basis):		Minimum Annual Program Fee	Maximum Annual Program Fee
		Account Value		
		\$0 to \$250,000	0.75%	2.00%
		\$250,001 to \$500,000	0.70%	1.75%
		\$500,001 to \$1,000,000	0.65%	1.50%
		\$1,000,001 to \$2,500,000	0.50%	1.25%
		\$2,500,001 to \$5,000,000	0.40%	1.00%
		\$5,000,001 to \$10,000,000	0.30%	0.85%
		\$10,000,001 and Above	0.25%	0.70%
†Client acknowledges that the Adviser will receive 85% of the Program Fees.				



Fee Type	Explanation	Fee Amounts	
BCJ Portfolio Fees	BCJ manages the indicated BCJ Portfolios for which it charges the additional indicated amounts:	<b>BCJ Portfolio</b>	<b>Additional Annual Fee</b>
		BCJ Special Opportunity	0.35%
		BCJ NDR Dynamic Allocation	0.35%
		BCJ NDR Sector Allocation	0.35%
		BCJ NDR Fixed Income Allocation	0.35%

**Other Portfolios:** Other BCJ Portfolios and third-party manager-provided Portfolios charge additional amounts as described by Adviser. Thirdparty managers may impose a minimum Portfolio size, minimum fee, or otherwise condition use of their Portfolios.

Fee Type	Explanation	Fee Amounts†‡	
Platform Fee	Client's Account (on a household basis) will be charged the indicated Platform Fee to cover the costs of firm expenses such as trading, portal, operations, systems, research and liability:	Account Value	Platform Fee Rate
		\$0 to \$250,000	0.25%
		\$250,001 to \$500,000	0.20%
		\$500,001 to \$1,000,000	0.175%
		\$1,000,001 to \$2,500,000	0.15%
		\$2,500,001 to \$5,000,000	0.125%
		\$5,000,001 to \$10,000,000	0.10%
		\$10,000,001 to \$25,000,000	0.075%
† Client's Account is subject to a minimum annual Platform Fee of \$200.			
‡ The ETF Select account annual Platform Fee is 0.10%.			

**Atria Fees:** The Atria Fees range from 0.02% - 0.13% annually, per Account, depending on the size of the Account, the number and type of Adhesion Portfolios.

## B. Client Payment of Fees

Under each client agreement, BCJ requires clients to authorize BCJ to direct each custodian to (1) deduct Program Fees, Platform Fees, and any BCJ Portfolio Fees directly from the client accounts and to remit those fees to BCJ. From these fees, BCJ will remit the Adviser Fee to the Adviser; (2) deduct the service provider or Atria fees from the client accounts and to remit the same to Atria; and (3) deduct the Custodian's custodial and execution charges from the client accounts. Clients will also directly pay all fees and expenses charges by the Custodians and any product charges.

The custodian's periodic statements will show each fee deduction from the account.

The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

A client investment advisory agreement may be canceled by either party upon 30 days' prior written notice. Upon termination, any unearned, prepaid fees will be promptly refunded. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

### **C. Additional Client Fees Charged**

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by exchange-traded funds, mutual funds, separate account managers, broker-dealers, and custodians retained by clients. Such fees and expenses are described in each exchange-traded fund and mutual fund's prospectus, each separate account manager's Form ADV and Brochure and Brochure Supplement or similar disclosure statement, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully. If a mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus.

Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

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

BCJ does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in their best interests.

## **Item 7: Types of Clients**

BCJ provides, or has the capability to provide, investment advisory services to a variety of clients, including individuals, high net worth individuals, pension and profit sharing trusts, Taft-Hartley plans, foundations, charitable organizations, and other "institutional clients".

BCJ generally requires a minimum account size of \$100,000. BCJ, in its sole discretion, may waive the required minimum. Third-party managers may impose additional restrictions; please refer to the third-party manager's disclosure brochure.

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

### A. Methods of Analysis and Investment Strategies

#### A.1. Overview

The methods of analysis include fundamental and technical analysis; computer-based risk/return analysis; and statistical and/or computer models utilizing long-term economic criteria. BCJ may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

BCJ manages model portfolios for clients using three primary investment strategies:

- *Strategic Models* – These models are ETF and mutual fund-based and are constructed with two strategies in mind. Our Strategic Accumulation Models are managed with a long-term horizon and are composed of a mix of equity and fixed income securities. These models are rebalanced on a quarterly basis. Our Distribution Models have a specific focus on income and are composed of fixed income and dividend paying equities. These models are also rebalanced on a quarterly basis.
- *Tactical Models* – These models are ETF-based and are actively managed. We utilize a proprietary rules-based strategy that is based on buy/sell signals to avoid significant market drawdowns.
- *Tactical and Fixed Income Hybrid Models* – These models are a combination of tactical equity-based portfolios that are focused on accumulation, and fixed income models to provide an additional level of asset allocation that is appropriate for more conservative investors.

#### A.2. Our Philosophy

Our general philosophy regarding investment strategies and risk is built around a goal-based approach and that our primary value offer is helping clients accomplish the goals that are important to them without taking unnecessary risk. This approach is in sharp contrast to the traditional investment approach of maximizing risk to maximize return and a value offer of relative returns to an artificial benchmark. In a goal-based model, the relative returns to an artificial benchmark approach is an inadequate measure of success, primarily because it is possible to create returns in excess of the benchmark each and every year and still not meet a client's retirement goal. To that end, we don't believe there is only "one way" to manage assets. We realize that different time periods may call for different investment approaches to accomplish a specific client goal. These time periods and different investment approaches relate to secular or long-term trends in the investment markets and the cyclical or short-term trends that occur within the longer-term trend. What this means is that we will work with clients to determine the specific uses or goals for the portfolio and develop an investment strategy specific to each goal; that considers the client's priorities attached to each goal and that looks to take only the risk necessary to meet the goal.

### **A.3. Forward Looking Portfolio Construction**

Decisions about movements along the portfolio strategy spectrum will have a major impact on your long-term investment results. Although we measure and back test with historical data, we are forward-looking in our views, incorporating macro trends with returns, risks and correlations to construct the recommended portfolios.

Each advisor then works with their clients to get agreement on the final investment strategy and portfolio recommendations.

### **A.4. Method of Analysis**

Our analysis methodology would be considered a blend of fundamental and technical analysis. At times, manager selection can add appreciably to returns, particularly in secular bear environments. We pay close attention to the portfolio construction process. Using a disciplined process of quantitative and qualitative metrics, we select the blend of investments and managers that “play well together” in the context of overall portfolio interactions that produce a match for client’s needs and risk tolerance.

Our security selection and monitoring process starts with a quantitative screening to determine an asset allocation based on market fundamentals and macroeconomic conditions. Trend and macroeconomic analysis is used to determine exposure to certain asset classes. Once the list of securities is limited to a workable number of candidates, additional quantitative analysis, particularly looking at levels of risk, as well as third party reviews and analysis, is conducted to come to a recommendation.

BCJ uses a variety of sources of data to conduct its economic, investment and market analysis, such as financial newspapers and magazines, economic and market research materials prepared by others, conference calls hosted by mutual fund companies, corporate rating services, annual reports, prospectuses, and company press releases. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

BCJ and its investment adviser representatives are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria.

- Optimization involves the use of mathematical algorithms to determine the appropriate mix of assets given the firm’s current capital market rate assessment and a particular client’s risk tolerance.
- Quantitative methods include analysis of historical data such as price and volume statistics, performance data, standard deviation and related risk metrics, how the security performs relative to the overall stock market, earnings data, price to earnings ratios, and related data.
- Technical analysis involves charting price and volume data as reported by the exchange where the security is traded to look for price trends.

- Computer models may be used to derive the future value of a security based on assumptions of various data categories such as earnings, cash flow, profit margins, sales, and a variety of other company specific metrics.

In addition, BCJ reviews research material prepared by others, as well as corporate filings, corporate rating services, and a variety of financial publications. BCJ may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

#### **A.5. Risk Management and Risk of Loss**

Risk management is a vital component of our investment process. Risk management is part of every decision and recommendation that we make. Although our overall approach is of taking only necessary risk, investing in securities involves risk of loss that each client should be prepared to bear.

#### **A.6. Exchange Traded Funds, Mutual Funds, and Individual Securities**

BCJ may recommend ETFs, no-load and load-waived mutual funds, and individual securities (including fixed income instruments)..

A description of the criteria to be used in formulating an investment recommendation for mutual funds, ETFs, individual securities (including fixed-income securities), managers, and pooled investment vehicles is set forth below.

BCJ may utilize additional independent third parties to assist it in recommending and monitoring individual securities, mutual funds, managers and pooled investment vehicles to clients as appropriate under the circumstances.

BCJ reviews certain quantitative and qualitative criteria related to mutual funds and managers and to formulate investment recommendations to its clients. Quantitative criteria may include

- the performance history of a mutual fund or manager evaluated against that of its peers and other benchmarks
- an analysis of risk-adjusted returns
- an analysis of the manager's contribution to the investment return (e.g., manager's alpha), standard deviation of returns over specific time periods, sector and style analysis
- the fund, sub-advisor or manager's fee structure
- the relevant portfolio manager's tenure

Qualitative criteria used in selecting/recommending mutual funds or managers include the investment objectives and/or management style and philosophy of a mutual fund or manager; a mutual fund or manager's consistency of investment style; and employee turnover and efficiency and capacity.

Quantitative and qualitative criteria related to mutual funds and managers are reviewed by BCJ on a quarterly basis or such other interval as mutually agreed upon by the client and BCJ. In addition, mutual funds or managers are reviewed to determine the extent to which their investments reflect efforts to time the market, or evidence style drift such that their portfolios no

longer accurately reflect the particular asset category attributed to the mutual fund or manager by BCJ (both of which are negative factors in implementing an asset allocation structure).

### **A.7. Material Risks of Investment Instruments**

BCJ typically invests in open-end mutual funds and exchange-traded funds for the vast majority of its clients. However, for certain clients, BCJ may effect transactions in the following types of securities:

- Equity securities
- Mutual fund securities
- Exchange-traded funds
- Fixed income securities
- Corporate debt securities, commercial paper, and certificates of deposit
- Municipal securities
- U.S. government securities

#### **A.6.a. Equity Securities**

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

#### **A.6.b. Mutual Fund Securities**

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

#### **A.6.c. Exchange-Traded Funds ("ETFs")**

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs<sup>®</sup>, streetTRACKS<sup>®</sup>, DIAMONDS<sup>SM</sup>, NASDAQ 100 Index Tracking Stock<sup>SM</sup> ("QQQs<sup>SM</sup>") iShares<sup>®</sup> and VIPERs<sup>®</sup>. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro-rata portion of the other investment company's advisory fee and other expenses, in addition to their own expenses.



Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

#### **A.6.d. Fixed Income Securities**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S. or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds have liquidity and currency risk.

#### **A.6.e. Corporate Debt, Commercial Paper and Certificates of Deposit**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S. or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds also have liquidity and currency risk.

Commercial paper and certificates of deposit are generally considered safe instruments, although they are subject to the level of general interest rates, the credit quality of the issuing bank and the length of maturity. With respect to certificates of deposit, depending on the length of maturity there can be prepayment penalties if the client needs to convert the certificate of deposit to cash prior to maturity.

#### **A.6.f. Municipal Securities**

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

#### **A.6.g.U.S. Government Securities**

U.S. government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. government securities may be supported by the full faith and credit of the United States.

### **B. Investment Strategy and Method of Analysis Material Risks**

Our investment strategy is custom-tailored to the client's goals, investment objectives, risk tolerance, and personal and financial circumstances.

#### **B.1. Margin Leverage**

Although BCJ, as a general business practice, does not utilize leverage, there may be instances in which exchange-traded funds, other separate account managers and, in very limited circumstances, BCJ will utilize leverage. In this regard please review the following:

The use of margin leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment.

The use of margin leverage entails borrowing, which results in additional interest costs to the investor.

Broker-dealers who carry customer accounts require a minimum equity requirement when clients utilize margin leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of margin leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

#### **B.2. Short-Term Trading**

Although BCJ, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard, please read the following:

There is an inherent risk for clients who trade frequently in that high-frequency trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

### **B.3. Short Selling**

BCJ generally does not engage in short selling but reserves the right to do so in the exercise of its sole judgment. Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is effected, the investor is expecting the price of the security to decline in value so that a purchase or closeout of the short sale can be effected at a significantly lower price. The primary risks of effecting short sales is the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the security.

### **B.4. Technical Trading Models**

Technical trading models are mathematically driven based upon historical data and trends of domestic and foreign market trading activity, including various industry and sector trading statistics within such markets. Technical trading models, through mathematical algorithms, attempt to identify when markets are likely to increase or decrease and identify appropriate entry and exit points. The primary risk of technical trading models is that historical trends and past performance cannot predict future trends, and there is no assurance that the mathematical algorithms employed are designed properly, updated with new data, and can accurately predict future market, industry, and sector performance.

## **C. Security-Specific Material Risks**

There is an inherent risk for clients who have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There is nothing to report on this item.

### **B. Administrative Enforcement Proceedings**

There is nothing to report on this item.

### **C. Self-Regulatory Organization Enforcement Proceedings**

There is nothing to report on this item.

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

### **A. Broker-Dealer or Representative Registration**

Members and registered advisory personnel of BCJ may be registered representatives of Purshe Kaplan Sterling Investments ("PKS"), a FINRA-registered broker-dealer and member of SIPC. PKS is a financial services company engaged in the sale of investment products.

As a result of BCJ members and registered professionals' affiliation with PKS, such professionals, in their capacity as registered representatives of PKS, are subject to the general oversight of PKS and the Financial Industry Regulatory Authority Inc. ("FINRA"). As such, clients of BCJ should understand that their personal and account information is available to FINRA and PKS for the fulfillment of their regulatory oversight obligations and duties.

BCJ related persons (investment advisor representatives) may also be individual advisory representatives of other registered investment advisory firms. Please refer to the ADV Part 2B brochure supplement regarding your advisor if he / she is a registered representative or a dually registered investment advisor representative.

### **B. Futures or Commodity Registration**

Neither BCJ nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator or commodity trading advisor and do not have an application to register pending.

### **C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

#### **C.1. Broker-Dealer Registration**

BCJ professionals may be registered representatives of Purshe Kaplan Sterling Investments ("PKS"). BCJ professionals who effect transactions for advisory clients may receive transaction or commission compensation from PKS. The recommendation of securities transactions for commission creates a conflict of interest in that BCJ is economically incented to effect securities transactions for clients. Although BCJ strives to put its clients' interests first, such recommendations may be viewed as being in the best interests of BCJ rather than in the client's best interest. BCJ advisory clients are not compelled to effect securities transactions through PKS.

#### **C.2. Insurance Sales**

Certain managers, members, and registered employees of BCJ are licensed insurance agents. With respect to the provision of financial planning services, BCJ professionals may recommend insurance products offered by such carriers for whom they function as an agent and receive a commission for doing so. Please be advised there is a potential conflict of interest in that there is an economic incentive to recommend insurance and other investment products of such

carriers. Please also be advised that BCJ strives to put its clients' interests first and foremost. Other than for insurance products that require a securities license, such as variable insurance products, clients may utilize any insurance carrier or insurance agency they desire. For products requiring a securities and insurance license, clients may be limited to those insurance carriers that have a selling agreement with BCJ's employing broker-dealer.

## **D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest**

### **D.1. SEI**

BCJ may recommend SEI to manage separate account fixed income portfolios for clients. This is a solicitor's arrangement. Please see Item 14.A. for additional disclosure.

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

### **A. Code of Ethics Description**

In accordance with the Advisers Act, BCJ has adopted policies and procedures designed to detect and prevent insider trading. In addition, BCJ has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of BCJ's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer of BCJ. BCJ will send clients a copy of its Code of Ethics upon written request.

BCJ has policies and procedures in place to ensure that the interests of its clients are given preference over those of BCJ, its affiliates and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

### **B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

BCJ does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, BCJ does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

### **C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

BCJ, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase the same securities as are purchased for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which BCJ specifically prohibits. BCJ has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest
- prohibit fraudulent conduct in connection with the trading of securities in a client account
- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions

- prohibit the firm or its employees from profiting or causing others to profit on knowledge of completed or contemplated client transactions
- allocate investment opportunities in a fair and equitable manner
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow BCJ's procedures when purchasing or selling the same securities purchased or sold for the client.

#### **D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

BCJ, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other BCJ clients. BCJ will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation (please refer to Item 12.B.3 Order Aggregation). It is the policy of BCJ to place the clients' interests above those of BCJ and its employees.



## Item 12: Brokerage Practices

### A. Factors Used to Select Broker-Dealers for Client Transactions

#### A.1. Custodian Recommendations

BCJ may suggest that clients establish brokerage accounts with a variety of custodians, depending on client needs, to maintain custody of clients' assets and to effect trades for their accounts. Although BCJ may assist clients in determining the positive and negative attributes of certain custodians, it is the client's sole decision to custody assets with the custodian. BCJ is independently owned and operated and not affiliated with any custodian.

For BCJ clients' accounts, the custodian may or may not charge separately for custody services, but may be compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodian or that settle into the custodian's accounts.

BCJ considers the financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, and related factors in recommending broker-dealers or custodians to advisory clients.

In certain instances, and subject to approval by BCJ, BCJ will recommend to clients certain other broker-dealers and/or custodians based on the needs of the individual client, and taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by BCJ will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

##### A.1.a. How We Select Brokers/Custodians to Recommend

BCJ seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, the following:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear, and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)

- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength, and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below

#### **A.1.b. Client's Custody and Brokerage Costs**

For client accounts that the firm maintains, the custodian generally does not charge clients separately for custody services but is compensated by charging commissions or other fees on trades that it executes or that settle into the custodian's accounts. For some accounts, the custodian may charge a percentage of the dollar amount of assets in the account in lieu of commissions. The custodian's commission rates and asset-based fees applicable to the firm's client accounts were negotiated based on the firm's commitment to maintain a certain minimum amount of client assets at the custodian. This commitment benefits the client because the overall commission rates and asset-based fees paid are lower than they would be if the firm had not made the commitment. In addition to commissions or asset-based fees, the custodian charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that the firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's custodian account. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer. Because of this, in order to minimize the client's trading costs, the firm has the custodian execute most trades for the account.

#### **A.1.c. Soft Dollar Arrangements**

BCJ does not utilize soft dollar arrangements. BCJ does not direct brokerage transactions to executing brokers for research and brokerage services.

#### **A.1.d. Institutional Trading and Custody Services**

The custodian provides BCJ with access to its institutional trading and custody services, which are typically not available to the custodian's retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain minimum amount of the advisor's clients' assets are maintained in accounts at a particular custodian. These services are not contingent upon BCJ committing to a custodian any specific amount of business (assets in custody or trading commissions). The custodian's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

**A.1.e. Other Products and Services**

Custodian also makes available to BCJ other products and services that benefit BCJ but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of BCJ's accounts, including accounts not maintained at custodian. The custodian may also make available to BCJ software and other technology that

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing and other market data
- facilitate payment of BCJ's fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

The custodian may also offer other services intended to help BCJ manage and further develop its business enterprise. These services may include

- compliance, legal and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers

The custodian may also provide other benefits such as educational events or occasional business entertainment of BCJ personnel. In evaluating whether to recommend that clients custody their assets at the custodian, BCJ may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

**A.1.f. Independent Third Parties**

The custodian may make available, arrange, and/or pay third-party vendors for the types of services rendered to BCJ. The custodian may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to BCJ.

**A.1.g. Additional Compensation Received from Custodians**

BCJ may participate in institutional customer programs sponsored by broker-dealers or custodians. BCJ may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between BCJ's participation in such programs and the investment advice it gives to its clients, although BCJ receives economic benefits through its participation in the programs that are typically not available to retail investors. These benefits may include the following products and services (provided without cost or at a discount):

- Receipt of duplicate client statements and confirmations

- Research-related products and tools
- Consulting services
- Access to a trading desk serving BCJ participants
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts)
- The ability to have advisory fees deducted directly from client accounts
- Access to an electronic communications network for client order entry and account information
- Access to mutual funds with no transaction fees and to certain institutional money managers
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to BCJ by third-party vendors

The custodian may also pay for business consulting and professional services received by BCJ's related persons, and may pay or reimburse expenses (including client transition expenses, travel, lodging, meals and entertainment expenses for BCJ's personnel to attend conferences). Some of the products and services made available by such custodian through its institutional customer programs may benefit BCJ but may not benefit its client accounts. These products or services may assist BCJ in managing and administering client accounts, including accounts not maintained at the custodian as applicable. Other services made available through the programs are intended to help BCJ manage and further develop its business enterprise. The benefits received by BCJ or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

BCJ also participates in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and its continued participation may require BCJ to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, BCJ will typically receive benefits similar to those listed above, including research, payments for business consulting and professional services received by BCJ's related persons, and reimbursement of expenses (including travel, lodging, meals and entertainment expenses for BCJ's personnel to attend conferences sponsored by the broker-dealer or trust company).

As part of its fiduciary duties to clients, BCJ endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by BCJ or its related persons in and of itself creates a potential conflict of interest and may indirectly influence BCJ's recommendation of broker-dealers for custody and brokerage services.

#### **A.1.h. The Firm's Interest in Custodian's Services**

The availability of these services from the custodian benefits the firm because the firm does not have to produce or purchase them. The firm does not have to pay for the custodian's services so long as a certain minimum of client assets is kept in accounts at the custodian. These services are not contingent upon the firm committing any specific amount of business to the custodian in trading commissions or assets in custody. This minimum of client assets may give the firm an incentive to recommend that clients maintain their accounts with the

custodian based on the firm's interest in receiving the custodian's services that benefit the firm's business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of client transactions. This is a potential conflict of interest. The firm believes, however, that the selection of the custodian as custodian and broker is in the best interest of clients. It is primarily supported by the scope, quality, and price of the custodian's services and not the custodian's services that benefit only the firm.

## **A.2. Brokerage for Client Referrals**

BCJ does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

## **A.3. Directed Brokerage**

### **A.3.a. BCJ Recommendations**

BCJ, if requested by a client, may recommend a variety of custodians for client's funds and securities and to execute securities transactions depending on the needs of the client.

### **A.3.b. Client-Directed Brokerage**

Occasionally, clients may direct BCJ to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage BCJ derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. BCJ loses the ability to aggregate trades with other BCJ advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

## **B. Aggregating Securities Transactions for Client Accounts**

### **B.1. Best Execution**

BCJ, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold, and the amount of such securities. BCJ recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. BCJ will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future

- The efficiency of error resolution, clearance and settlement
- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, BCJ seeks to ensure that clients receive best execution with respect to clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of BCJ's knowledge, these custodians provide high-quality execution, and BCJ's clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, BCJ believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

## **B.2. Security Allocation**

Since BCJ may be managing accounts with similar investment objectives, BCJ may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by BCJ in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

BCJ's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. BCJ will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

BCJ's advice to certain clients and entities and the action of BCJ for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines and circumstances. Thus, any action of BCJ with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of BCJ to or on behalf of other clients.

## **B.3. Order Aggregation**

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed

and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if BCJ believes that a larger size block trade would lead to best overall price for the security being transacted.

#### **B.4. Allocation of Trades**

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

BCJ acts in accordance with its duty to seek best price and execution and will not continue any arrangements if BCJ determines that such arrangements are no longer in the best interest of its clients.

## Item 13: Review of Accounts

### A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved

Our internal procedures generally require at least an annual review of accounts and updates of any factors that may impact the investment or investment strategies for all of our investment management clients. However, in practice our advisors work with each client to determine the review schedule that they are most comfortable with, which may result in a review schedule that meets more often than annually or that exceeds the general annual review guideline.

Additionally, our technology platform allows daily monitoring of the client portfolios for: the need to raise cash to reach an accounts established cash minimum, to invest cash that exceeds the account cash minimum, or deviation from the allocation model.

**Review of Portfolios** - While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, overall reviews of each portfolio will occur on a periodic basis. The portfolio review interval will vary, but often occurs quarterly and no less than annually. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables, such as the client's individual circumstances, or the market, political, or economic environment. These accounts are reviewed by the assigned investment advisor or the investment committee and compliance teams.

**Review of Financial Plans** - Financial planning reviews may occur at different stages depending on the nature and terms of the specific engagement. For ongoing financial planning services clients, reviews normally correspond with the client's periodic meeting schedule. Reviews occur no less than annually. Unless otherwise contracted for, reviews will not be conducted for project-based (non-recurring) financial planning clients.

### B. Review of Client Accounts on Non-Periodic Basis

BCJ may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how BCJ formulates investment advice.

### C. Content of Client-Provided Reports and Frequency

You will receive statements from the custodian/broker-dealer at least quarterly. These statements identify your current investment holdings, the cost of each of those investments, and their current market values. If agreed upon, you will also receive reports that provide detailed performance measurement and other data relating to your individual holdings in an investment portfolio.

We urge clients to compare the account statements that they receive from their account custodian with the statements that they receive from BCJ. In the event of discrepancies, the statement from the custodian will be the official record.



## Item 14: Client Referrals and Other Compensation

### A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest

#### A.1. Solicitor Services

BCJ will enter into contractual agreements to act as a solicitor permitted by Rule 206(4)-3 of the Investment Advisers Act of 1940 ("Act"). Pursuant to these agreements, BCJ receives compensation for referring prospective clients to third-party investment managers. Such arrangements will comply with the cash solicitation requirements under the Investment Advisers Act of 1940. Generally, these requirements require the solicitor to have a written agreement with the referral partner. The solicitor must provide the client with a disclosure document describing the fees it receives from the referral partner, whether those fees represent an increase in fees that the referral partner would otherwise charge the client, and whether an affiliation exists between BCJ and the referral partner. BCJ will provide prospective clients with all applicable written disclosures required by the Act or as otherwise required by state or federal securities regulatory authorities.

#### A.2. TD Ameritrade Additional Services

BCJ participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade Inc. ("TD Ameritrade"), member FINRA/SIPC. In addition to benefits the firm receives for custody and brokerage services described under Item 12 of this Brochure, BCJ also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisers participating in the program. Specifically, the Additional Services include Envestnet/Tamarac, Ned Davis Research, Trade Warrior, FactRight and Optuma. TD Ameritrade provides the Additional Services to BCJ in its sole discretion and at its own expense, and BCJ does not pay any fees to TD Ameritrade for the Additional Services. BCJ and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

BCJ's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to BCJ, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, BCJ's client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with BCJ, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, BCJ may have an incentive to recommend to its clients that the assets under management by BCJ be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. BCJ's receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including to seek best execution of trades for client accounts.

## **B. Advisory Firm Payments for Client Referrals**

BCJ will enter into agreements with solicitors who refer prospective advisory clients to BCJ in return for a portion of the ongoing investment advisory fee. Such arrangements will comply with the cash solicitation requirements SEC: of Rule 206(4)-3 under the Investment Advisers Act of 1940. Generally, these requirements require the solicitor to have a written agreement with BCJ. The solicitor will provide the client with a disclosure document describing the fees it receives from BCJ, whether those fees represent an increase in fees that BCJ would otherwise charge the client, and whether an affiliation exists between BCJ and the solicitor.

## Item 15: Custody

BCJ is considered to have custody of client assets for purposes of the Advisers Act for the following reasons:

- The client authorizes us to instruct their custodian to deduct our advisory fees directly from the client's account. The custodian maintains actual custody of clients' assets.
- Our authority to direct client requests, utilizing standing instructions, for wire transfer of funds for first-party money movement and third-party money movement (checks and/or journals, ACH, Fed-wires). The firm has elected to meet the SEC's seven conditions to avoid the surprise custody exam, as outlined below:
  1. The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
  2. The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
  3. The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
  4. The client has the ability to terminate or change the instruction to the client's qualified custodian.
  5. The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
  6. The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
  7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Individual advisory clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances, and portfolio holdings in their accounts. Clients are urged to compare the account balance(s) shown on their account statements to the quarter-end balance(s) on their custodian's monthly statement. The custodian's statement is the official record of the account.

## **Item 16: Investment Discretion**

Clients may grant a limited power of attorney to BCJ with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In those cases, BCJ will exercise full discretion as to the nature and type of securities to be purchased and sold, and the amount of securities for such transactions. Investment limitations may be designated by the client as outlined in the investment advisory agreement. In addition, subject to the terms of its investment advisory agreement, BCJ may be granted discretionary authority for the retention of independent third-party investment management firms.

BCJ does provide for automatic portfolio / account rebalancing services. This may be to raise cash, invest cash, adjusting the asset allocation back to within model tolerances due to: asset allocations made by the investment committee, removal or addition of managers or funds, and/or allocation drift due to changes in asset values.

## **Item 17: Voting Client Securities**

BCJ does not take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, BCJ will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. BCJ has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. BCJ also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, BCJ has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where BCJ receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

## **Item 18: Financial Information**

### **A. Balance Sheet**

BCJ does not require the prepayment of fees of \$1200 or more, six months or more in advance, and as such is not required to file a balance sheet.

### **B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

BCJ does not have any financial issues that would impair its ability to provide services to clients.

### **C. Bankruptcy Petitions During the Past Ten Years**

There is nothing to report on this item.